

Integrated Impact Assessment – Summary Report

Interim IIA

1. Title of proposal

A Visitor Levy for Edinburgh – draft scheme

2. What will change as a result of this proposal?

[The Visitor Levy \(Scotland\) Act 2024](#):

New legislation which commenced on 20 September 2024 gives Local Authorities in Scotland the power to implement a visitor levy (VL) on overnight accommodation in their area. The City of Edinburgh Council is planning to utilise these powers, which would be the payment of a levy on overnight stays in certain type of accommodation.

The Council will use the funds raised by the Visitor Levy to support investment in the city and support, sustain, and develop the visitor economy.

This IIA examines the impact of the visitor levy draft scheme, which was [agreed](#) at the Policy and Sustainability Committee on 22 August 2024.

3. Briefly describe public involvement in this proposal to date and planned

During public engagement and consultation exercises, information has been provided from those who work in tourism and accommodation provision in Edinburgh. This includes those involved in Edinburgh Festivals, ETAG, Edinburgh World Heritage, Transport for Edinburgh, Edinburgh Airport, Essential Edinburgh, VisitScotland and more.

Extensive stakeholder engagement, consultation and surveys have been carried out in relation to the Visitor Levy in Edinburgh including:

- [Consultation on the Edinburgh Transient Visitor Levy](#) (Oct – Dec 2018)
- Stakeholder engagement with industry networks, individual representatives from various organisations, and local political party groups starting from [August 2023](#) to March 2024
- [Survey for visitors and residents](#) – Nov 2023 – Jan 2024
- Formal, public consultation was carried out from 23 September 2024 – 15 December 2024.
- The results of the consultation will be published on the Council website, along with the amended final scheme. This will be debated at the Policy and Sustainability committee meeting on 17 January 2025.

4. Is the proposal considered strategic under the Fairer Scotland Duty?

Yes.

5. Date of IIA

Interim IIA workshop: Tuesday 10th December 2024

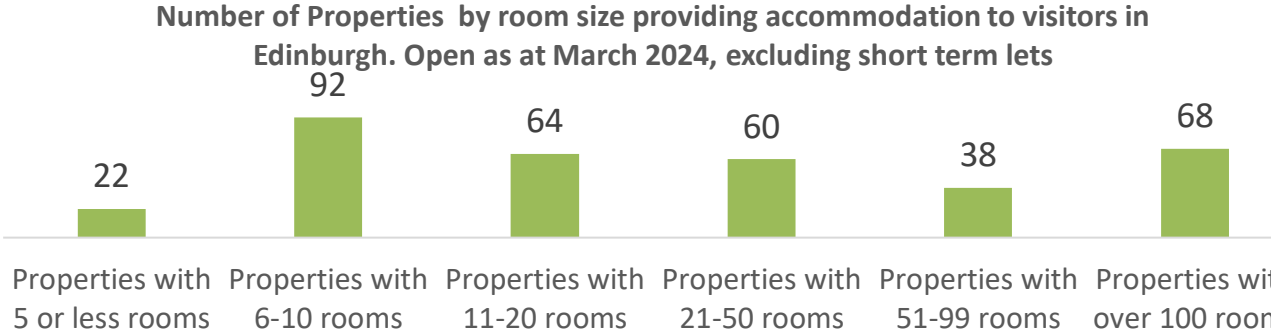
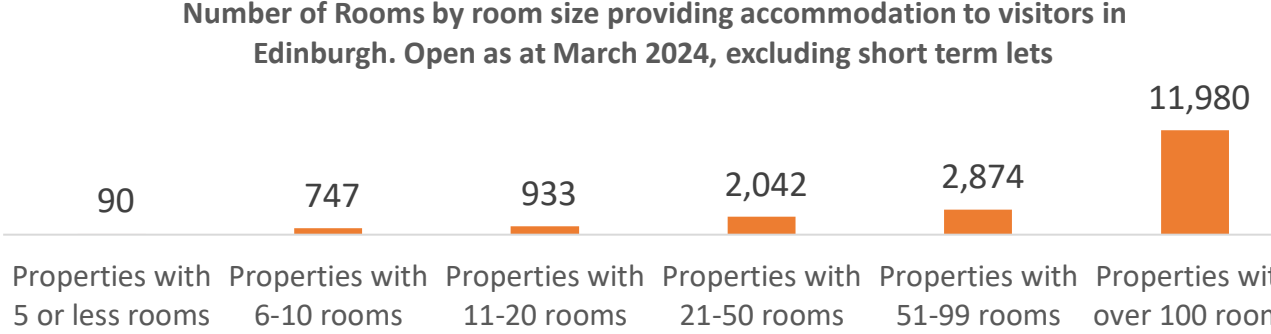
6. Who was present at the IIA? Identify facilitator, lead officer, report writer and any employee representative present and main stakeholder (e.g. Council, NHS)

Name	Job Title	Date of IIA training
Katherine Kennedy Facilitator	City of Edinburgh Council, Project Manager - Visitor Levy	December 2022
Fiona Hunter	City of Edinburgh Council, Destination Marketing and Contracts Manager – Forever Edinburgh	October 2022
Elin Williamson	City of Edinburgh Council, Head of Business Growth & Inclusion	
Neil Christison	VisitScotland Regional Director	n/a
Karen Christie	Programme Manager, Edinburgh Visitor Economy Partnership	n/a
Sabina McDonald	Population Health Project Manager - Edinburgh City	n/a

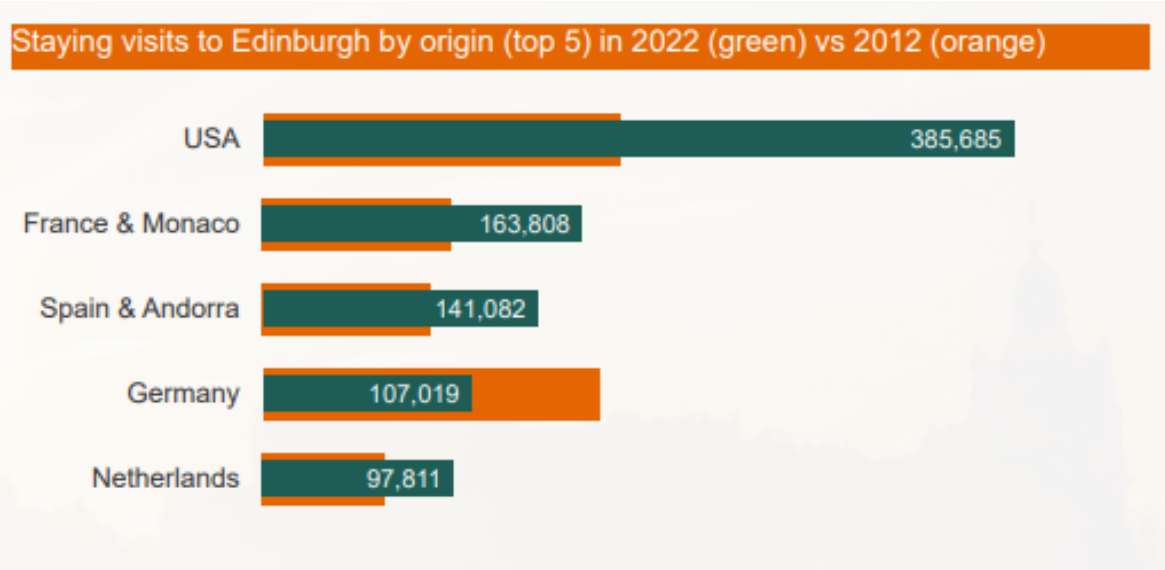
7. Evidence available at the time of the IIA

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your proposal
Summary of Visitor Levy	<p>Visitor Levy (Scotland) Act, AND A Visitor Levy for Edinburgh: Update on progress and stakeholder engagement March 2024</p> <p>AND A Visitor Levy for Edinburgh – Draft Scheme August 2024</p>	<p>A Visitor Levy will introduce a new payment of a levy on overnight stays in certain type of accommodation. The new costs of the levy may be passed on to visitors who stay overnight in the area, in certain type of accommodation. Under the legislation the accommodation provider is liable to collect and remit this to the Council.</p> <p>The City of Edinburgh Council agreed a draft scheme on 22 August 2024, and this scheme has been publicly consulted on between 23 September – 15 December 2024. The final scheme will be debated by elected members in January 2025.</p> <p>According to the Visitor Levy Act, which commenced on 20 September 2024, the Levy must be charged at a percentage rate of the price paid. The calculation of the levy is explained in further detail below.</p> <ul style="list-style-type: none"> • Calculation of levy is based on the chargeable transaction for the pre-VAT accommodation portion. The levy as a % is applied to the revenue that the accommodation provider makes net of items such as breakfast, entertainment, food, parking etc. and net of any commission charges. VAT is charged on top of the levy. <p>According to a public survey carried out in November 2023 - January 2024, the majority of respondents suggested a rate between 3% and 5%. The draft Edinburgh scheme proposes a levy rate of 5%.</p> <p>The Visitor Levy Act states that a "local authority operating a VL scheme must use the net proceeds of the scheme... for the purposes of... developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting for leisure or business purposes (or both)." This means that a Visitor Levy may raise new income for the area to benefit the visitor economy as well as residents, visitors and businesses.</p>

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Data on populations in need	CoStar Data	<p>Council Officers proposed portfolio of programmes which could be carried out with revenue generated by the Visitor Levy. Following the deduction of administration and contingency costs, a fixed annual amount could be assigned to: Housing and tourism mitigation (£5m annually); and Participatory budgeting (£2m over 3 years, approx. 2% of total available funds).</p> <p>Accommodation providers will also be entitled to a reimbursement of 2% of the levy funds they have collected.</p> <p>The remaining funds could then be invested in three themes: City Operations and Infrastructure (50%); Culture, Heritage and Events (35%); and Destination and Visitor Management (15%).</p> <p>Accommodation Properties</p> <p>Around 390 properties provide accommodation services to visitors in Edinburgh as of March 2024. There are 22 accommodation properties in Edinburgh with 5 or less rooms, 92 properties with between 6-10 rooms, 64 properties with between 11-20 rooms, 60 properties with between 21-50 rooms, 38 properties with between 51-99 rooms, and 68 properties with over 100 rooms. Most of the offered rooms available are from large purpose built properties (over 100 rooms per property).</p>

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	Edinburgh by Numbers 2023 Short Term Let Licensing Data (Apr 2024)	<p style="text-align: center;">Number of Properties by room size providing accommodation to visitors in Edinburgh. Open as at March 2024, excluding short term lets</p>  <table border="1" data-bbox="757 295 2024 630"> <thead> <tr> <th>Room Size</th> <th>Number of Properties</th> </tr> </thead> <tbody> <tr> <td>5 or less rooms</td> <td>22</td> </tr> <tr> <td>6-10 rooms</td> <td>92</td> </tr> <tr> <td>11-20 rooms</td> <td>64</td> </tr> <tr> <td>21-50 rooms</td> <td>60</td> </tr> <tr> <td>51-99 rooms</td> <td>38</td> </tr> <tr> <td>over 100 rooms</td> <td>68</td> </tr> </tbody> </table> <p style="text-align: center;">Number of Rooms by room size providing accommodation to visitors in Edinburgh. Open as at March 2024, excluding short term lets</p>  <table border="1" data-bbox="757 678 2024 1013"> <thead> <tr> <th>Room Size</th> <th>Number of Rooms</th> </tr> </thead> <tbody> <tr> <td>5 or less rooms</td> <td>90</td> </tr> <tr> <td>6-10 rooms</td> <td>747</td> </tr> <tr> <td>11-20 rooms</td> <td>933</td> </tr> <tr> <td>21-50 rooms</td> <td>2,042</td> </tr> <tr> <td>51-99 rooms</td> <td>2,874</td> </tr> <tr> <td>over 100 rooms</td> <td>11,980</td> </tr> </tbody> </table> <p>There are a further nine hotels (or 1,059 rooms) currently under construction in Edinburgh that are due to open in 2024 and 2026.</p> <p>The supply of accommodation for visitors has changed over time. The net change, measured as the number of hotel development completions was +1,782 rooms in 2014 to 2016, +2,434 rooms in 2017 to 2019, and +1,057 rooms in 2020 to 2020.</p> <p>For short term lets, there are 1,287 properties issued a licence in Edinburgh as at April 2024, with a further c2,700 properties under consideration. The total number of rooms</p>	Room Size	Number of Properties	5 or less rooms	22	6-10 rooms	92	11-20 rooms	64	21-50 rooms	60	51-99 rooms	38	over 100 rooms	68	Room Size	Number of Rooms	5 or less rooms	90	6-10 rooms	747	11-20 rooms	933	21-50 rooms	2,042	51-99 rooms	2,874	over 100 rooms	11,980
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	<p>Reported in Edinburgh by Number 2021 with data sourced from Visit Scotland</p> <p>Edinburgh by Numbers 2023</p>	<p>available from the already licenced properties in Edinburgh amount to around 2,400 rooms. 188 of the 1,287 properties have a secondary letting licence, this may mean that the entire property is available throughout the year to let.</p> <p>Tourism is Edinburgh Edinburgh has a resident population of approximately 526,000 and in 2022, the city receives around 20 million overnight visitor nights in Edinburgh per year – overseas and domestic.</p> <p>Domestic:</p> <table data-bbox="730 603 1379 746"> <tr> <td>Number of Visits / Trips:</td> <td>2.7 million</td> </tr> <tr> <td>Number of Nights:</td> <td>6.8 million</td> </tr> <tr> <td>Average trip duration (nights):</td> <td>2.5</td> </tr> <tr> <td>Tourist Expenditure:</td> <td>£674 million</td> </tr> </table> <p>Overseas:</p> <table data-bbox="730 826 1379 970"> <tr> <td>Number of Visits / Trips:</td> <td>2.2 million</td> </tr> <tr> <td>Number of Nights:</td> <td>12.4 million</td> </tr> <tr> <td>Average trip duration (nights):</td> <td>5.6</td> </tr> <tr> <td>Tourist Expenditure:</td> <td>£1.19 billion</td> </tr> </table> <p>Edinburgh total:</p> <table data-bbox="730 1050 1379 1193"> <tr> <td>Number of Visits / Trips:</td> <td>4.9 million</td> </tr> <tr> <td>Number of Nights:</td> <td>19.2 million</td> </tr> <tr> <td>Average trip duration (nights):</td> <td>4.5</td> </tr> <tr> <td>Tourist Expenditure:</td> <td>£1.17 billion</td> </tr> </table>	Number of Visits / Trips:	2.7 million	Number of Nights:	6.8 million	Average trip duration (nights):	2.5	Tourist Expenditure:	£674 million	Number of Visits / Trips:	2.2 million	Number of Nights:	12.4 million	Average trip duration (nights):	5.6	Tourist Expenditure:	£1.19 billion	Number of Visits / Trips:	4.9 million	Number of Nights:	19.2 million	Average trip duration (nights):	4.5	Tourist Expenditure:	£1.17 billion
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		 <p>The Edinburgh data on the origin of staying visitors shows that Edinburgh continues to be a draw for overnight international visitors. USA visitors are a growing market, although we are losing numbers in visitors from Germany.</p>
Data on service uptake/access		N/A
Data on socio-economic disadvantage e.g. low income, low wealth, material	Scottish Government – Sustainable Tourism briefing March 2024	In 2022, employment in the Sustainable Tourism sector was highest in Scotland in City of Edinburgh (37,000 people). Median weekly full time earnings across the Scotland stood at £498.3 in 2023, which was lower than the Scottish average at £702.8.

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deprivation, area deprivation.	<p data-bbox="495 421 707 639">Eurostat – Characteristic s of Jobs in Tourism industries – January 2022</p> <p data-bbox="495 754 707 1082">Market Research on visitors November 2018 for Council’s consultation on Transient Visitor Levy.</p> <p data-bbox="495 1123 707 1230">Visitor Levy (Scotland) Act, Section 4</p>	<p data-bbox="730 276 2007 344">The Gross value added per head of Sustainable Tourism sector in Edinburgh was £16,181 in 2021, which is lower than the average GVA per head in Edinburgh at £48,281.</p> <p data-bbox="730 421 1973 489">There is little demographic or characteristic information available about jobs in tourism in Edinburgh or Scotland, some international analysis concluded the following points:</p> <ul data-bbox="779 497 2007 794" style="list-style-type: none"> • The workforce for tourism industries included more female workers than male workers. • Part time employment is significantly higher in tourism industries than the rest of the jobs in the economy. • Tourism also attracts a young workforce. • Many foreign citizens are employed in tourism. • Jobs are less stable in tourism than in other parts and hourly earnings are below average. <p data-bbox="730 839 2018 1018">There is limited visitor data for Edinburgh and Scotland on socio-economic disadvantage. Some evidence from a sample of visitors in 2018 shows that visitors to Edinburgh are typically from the higher socio-economic groups of (AB and C1) around 78% in the summer and 62% in the Autumn. The observed difference by season is likely to be because lower social-economic groups may be more likely to plan trips during the off-peak season.</p> <p data-bbox="730 1098 2029 1166">The Visitor Levy Bill has been drafted to protect those who are experiencing socio-economic disadvantage from being liable to pay the levy.</p> <p data-bbox="730 1206 2007 1313">The wording of the Act excludes the following groups from the scope of a Visitor Levy, as it only applies on overnight accommodation where the person does not otherwise have an ordinary place of residence due to:</p> <ul data-bbox="779 1321 1951 1390" style="list-style-type: none"> • being homeless or at risk of homelessness • very poor housing conditions (such as overcrowding, serious damp or disrepair)

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	<p data-bbox="495 533 674 671">Visitor Levy (Scotland) Act, Section 14</p> <p data-bbox="495 1161 674 1342">Edinburgh Transient Visitor Levy Consultation 2018 Report</p>	<ul data-bbox="779 277 1608 384" style="list-style-type: none"> • experiencing domestic abuse or other forms of violence • someone’s residence being unfit for habitation • someone being an asylum seeker or refugee <p data-bbox="730 427 2029 533">The Act also states if a visitor or any other person utilising the right to reside in the overnight accommodation is in receipt of benefits, payments or allowances for a disability listed below, they are not liable for the levy:</p> <ul data-bbox="779 544 2029 879" style="list-style-type: none"> • under section 71 of the Social Security Contributions and Benefits Act 1992 (disability living allowance), • specifically for working age people given in accordance with regulations made under section 31 of the Social Security (Scotland) Act 2018 (disability assistance), • under section 64 of the Social Security Contributions and Benefits Act 1992 (attendance allowance), • specifically for older people given in accordance with regulations made under section 31 of the Social Security (Scotland) Act 2018 (pension age disability benefit), or • under Part 4 of the Welfare Reform Act 2012 (personal independence payment) <p data-bbox="730 954 1995 1023">In addition, the Act explicitly excludes members of the Gypsy/Traveller community staying on dedicated sites from being liable to pay the Visitor Levy.</p> <p data-bbox="730 1066 2029 1209">Edinburgh currently has the highest number of homeless households in Scotland, with 4,920 households in temporary accommodation on 24 November 2023. The accommodation providers who provide accommodation for homeless households will not be liable to pay the Visitor Levy on the provision of this accommodation.</p> <p data-bbox="730 1252 2018 1390">The draft Visitor Levy for Edinburgh scheme proposes that, unless a visitor is accessing housing via a Council, the visitor levy will be paid upfront and claimed back afterwards. The claim will be made through an online form, and if eligible, the refund will be issued within 5 working days.</p>

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	A Visitor Levy for Edinburgh: Update on progress and stakeholder engagement March 2024	<p>The local authority can impose local exemptions to types of properties, persons or caps to the volume of nights. The findings from the 2018 consultation highlighted that a significant percentage (31%) of stakeholders favoured exempting campsites from the scheme. The proposed scheme has recommended that temporary campervan and tent pitches are exempt.</p> <p>In engagement sessions, stakeholders re-emphasised the need for simplicity, discussed challenges in administering local exemptions, and explored considerations for residents, festival performers and large groups of business visitors (e.g. large conferences where organisers often book hundreds of rooms in one booking).</p> <p>Opinions varied on festival performer exemptions (from the point of protecting performers at one end to a recognition that they use the city’s public services the same as any other visitor) and often in connection with a 7-night cap being sufficient to ‘protect’ performers. In the draft scheme, a 7-night cap has been proposed – where a visitor will only pay the levy on the first 7 consecutive nights of their stay.</p>															
Data on equality outcomes	Market Research on visitors November 2018 for Council's consultation	<p>There is a general lack of demographic data relating to Overnight visitors to Edinburgh and the owners or managers of overnight accommodation providers in Edinburgh.</p> <p>Some evidence is available from a sample of visitors in 2018 that shows the age profile of visitors to Edinburgh varies during the time of year reflecting price variations, with a younger age profile more likely to visit in the off-season compared to the peak summer months.</p> <table data-bbox="730 1198 1088 1375"> <tr> <td>Summer:</td> <td></td> <td></td> </tr> <tr> <td>16-34 year</td> <td></td> <td>32%</td> </tr> <tr> <td>35-54 years</td> <td></td> <td>39%</td> </tr> <tr> <td>Over 55s</td> <td></td> <td>29%</td> </tr> <tr> <td>Base Number</td> <td></td> <td>561</td> </tr> </table>	Summer:			16-34 year		32%	35-54 years		39%	Over 55s		29%	Base Number		561
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	<p>on Transient Visitor Levy</p> <p>Scottish Tourism Index – Making Tourism More Accessible January 2024</p> <p>Visitor Levy (Scotland) EqIA</p>	<p>Autumn:</p> <table border="0"> <tr> <td>16-34 year</td> <td>38%</td> </tr> <tr> <td>35-54 years</td> <td>41%</td> </tr> <tr> <td>Over 55s</td> <td>20%</td> </tr> <tr> <td>Base Number</td> <td>323</td> </tr> </table> <p><i>Note: the data above was collected using quota sampling method using age and gender and is therefore not a representative sample of the population, however it may be useful to determine the differences between summer and autumn visitors.</i></p> <p>The Scottish Tourism Index from January 2024 details the views of Scottish households living with health conditions and impairments on the current barriers they face when travelling for leisure.</p> <p>It should be noted that the figures relate to Scottish people living with disabilities and their experiences of barriers to leisure travel. There is no data relating to travel to Edinburgh specifically, but the report notes that 42% of those interviewed named Scotland as their first choice of destination.</p> <p>The Scottish Government carried out an EqIA (Equalities Impact Assessment) for the Visitor Levy (Scotland) Act. They found that some groups with protected characteristics may be impacted by the implementation of a Visitor Levy, but only introduced an exemption for people in receipt of certain UK/Scotland disability benefits, payments and allowances. They have also granted Local Authorities the ability to apply exemptions which fit with their local context.</p> <p>A Visitor levy may apply to all visitors staying in bookable overnight accommodation that is not their usual place of residence, and does not make any distinction based on disability,</p>	16-34 year	38%	35-54 years	41%	Over 55s	20%	Base Number	323
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	Medical travel to Edinburgh	<p>age, gender, sexual orientation, pregnancy and maternity, race, marriage and civil partnership, religion or belief.</p> <p>A summary of the key findings of the Act’s potential impacts on people with each protected characteristic can be found at this link. There is limited information available but some mentioned in the report are highlighted below:</p> <ul style="list-style-type: none"> • The largest age group of international visitors to the UK was 25-34 years old or 19.9% of arrivals. Persons over 65 made up 10.5% of international arrivals, while children under 16 made up just 3.4%. (Source: Air Passenger survey (Q2 2022)) • Younger age groups had notably higher rates of attending a cultural event or visiting places of culture than older age groups (Source: Scottish Household Survey). • In examining other tourist levies in use overseas, one exemption that is often applied is for children and young people. In Barcelona, children under 16 are exempt from the levy. Other authorities such as Berlin offer a specific exemption for children staying as part of a study trip by an authorised school. • A small minority of people will visit Scotland for religious purposes. In 2021 there were 23,000 international visits (4.8% of the total) where the purpose of the trip was designated as miscellaneous, which includes for religious reasons, as well as other reasons such as health, or to study. • It is evident that the more exemptions offered the more complicated a VL scheme becomes to operate. <p>Some people need to travel to Edinburgh for medical purposes. Figures and reimbursement approaches will vary between the 12 NHS Boards in Scotland. A contact at NHS Shetland has provided the following information, however exact figures were not immediately available.</p> <ul style="list-style-type: none"> • A small proportion of people leaving Shetland for medical treatment come to Edinburgh, generally children or more specialised treatments. Most go to Aberdeen or Glasgow.

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		<ul style="list-style-type: none"> • Patients can reclaim up to £65 per night for accommodation, but this sometimes does not cover the full cost of the accommodation. • Generally a carer or someone travelling with the patient for emotional support would not have their travel or accommodation costs covered.
Research/literature evidence	<p>Edinburgh Festivals Impact Study 2023</p> <p>Scottish Parliament - Stage 1 report on Visitor Levy Bill – summary findings December 2023.</p> <p>Scottish Government Financial Memorandum on Visitor Levy – May</p>	<p>During the development process of the Visitor Levy scheme, a body of evidence has been used to inform and influence the decision making process.</p> <p>Some of this evidence includes:</p> <ul style="list-style-type: none"> • Edinburgh’s festivals are worth approx. £407 million to the Edinburgh economy with a national economic impact of £367 million. This impact creates over 7,000 full time equivalent jobs in the city, and 8,500 jobs across Scotland. Non-ticket spending from audiences is estimated at £42m in the city’s cafes, bars, pubs and restaurants (food and drink), and a further £85m on hotels, B&Bs, guest houses etc (accommodation). • A Committee in the Scottish Parliament examined evidence on the behaviour impact of a visitor levy and concluded that the introduction of a levy at a modest rate in certain local authority areas, would be unlikely to have a significant deterrent effect on visitor numbers and therefore on the visitor economy in Scotland. • The Scottish Government commissioned a literature review of tourism price sensitivity and tourist behaviour and concluded that the imposition of a visitor levy will have a negligible impact on visitor behaviour. • The impact of a visitor levy on accommodation providers’ competitiveness and profitability depends on a number of factors: <ul style="list-style-type: none"> ○ whether the accommodation providers pass on the cost to visitors by increasing the price of accommodation; ○ the behavioural response of visitors to a change in accommodation prices; and ○ how the net proceeds from a visitor levy are used to support and sustain the visitor economy in the local area and improve aspects of a destination that

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	<p>2023. Paragraph 69</p> <p>Portugal Tourism Tax news Publico Sept 2023; Porto News, January 2023</p> <p>A Visitor Levy for Edinburgh – Draft Scheme August 2024 (Appendix 2)</p>	<p>contribute to the overall competitiveness, such as digital and transport infrastructure, tourist services, and natural and cultural resources.</p> <ul style="list-style-type: none"> • There is no evidence of a negative impact on visitor demand in places with a tourist tax recording continued growth in overnight stays such as in Porto and Lisbon. <ul style="list-style-type: none"> ○ In the first year of collecting the tourist tax, Porto collected 10.4 million euros. In 2019, considered, until then, the best period ever for tourism, Porto recorded close to 7.4 million overnight stays, having reached 15 million euros in revenue from the tourist tax. The continued grow in overnight stays continues in 2022 which was Porto’s best year in terms of record overnight stays and for 2023, Porto expects to collect around 20 million euros. <p>The City of Edinburgh Council, in partnership with The University of Edinburgh, carried out a forecast and impact assessment on a Visitor Levy for Edinburgh. This was published in full in the report brought to Edinburgh’s Policy and Sustainability Committee on 22 August 2024, with a summary of the findings below:</p> <ul style="list-style-type: none"> • Assuming an introduction in mid-2026 (from 1 July 2026), a 5% levy capped at seven consecutive nights will raise up to the following in Edinburgh: £30-34 million for July 2026 to March 2027; £43-46 million in 2027/28 and £45-50 million in 2028/29. • A seven-day cap will have a minimal impact on forecasted revenue. As a policy, this may have potential local economic benefits and may assist performers in Summer Festivals and others working in Edinburgh long-term. • 45% of the revenue generated from the levy will come from the summer period defined as the four months for June to September. This period is characterised by higher accommodation prices and greater occupancy levels. • There are likely to be additional costs to accommodation providers in the collection and remitting returns to the Council. • The introduction of a visitor levy will raise additional operating costs for the business including card payments, taxes and commission rates. Therefore, based on examples set internationally and a desire to maximise the data opportunity from the

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		<p>visitor levy, there is a strong case that a sum of 1.5% of the levy amounts collected is retained by the accommodation provider when they submit this return.</p>
Public/patient/client experience information	<p>Policy & Sustainability Committee: A Visitor Levy for Edinburgh: Update on progress and stakeholder engagement March 2024</p>	<p>A survey was carried out between 23 November 2023 – 19 January 2024 to gather views from visitors, residents and other members of the public on Edinburgh’s plans to introduce a Visitor Levy. The full report can be viewed on page 13 of the report brought to the Policy & Sustainability Committee on 12 March 2024.</p> <ul style="list-style-type: none"> • 97% of residents and 87% of visitors were aware of the visitor levy. • Overall, the majority of respondents were supportive of introducing a visitor levy in Edinburgh, (85% provided a more supportive rating on a scale of one to ten, and 60% were totally in favour). However, visitors were less supportive (53% provided a more supportive rating on a scale of one to ten, and only 24% were totally in favour). <p>A formal consultation on the draft Visitor Levy for Edinburgh scheme is ongoing at the time of the IIA workshop on 9 December 2024. The full results from this consultation will be published in January 2025.</p>
Evidence of inclusive engagement of people who use the service and involvement findings		<p>During public engagement and consultation exercises, information has been provided from those who work in tourism and accommodation provision in Edinburgh. This includes those involved in Edinburgh Festivals, ETAG, Edinburgh World Heritage, Transport for Edinburgh, Edinburgh Airport, Essential Edinburgh, VisitScotland and more.</p> <p>Extensive stakeholder engagement, public consultation and surveys have been carried out about the Visitor Levy in Edinburgh including:</p> <ul style="list-style-type: none"> • Consultation on the Edinburgh Transient Visitor Levy (Oct – Dec 2018) • Stakeholder engagement with industry networks, individual representatives from various organisations, and local political party groups • Survey for visitors and residents – Nov 2023 – Jan 2024. The Survey was hosted online, with paper copies made available on request.

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your proposal
		<p>A formal consultation on the draft Visitor Levy for Edinburgh scheme is ongoing at the time of the IIA workshop on 9 December 2024. The full results from this consultation will be published in January 2025. This consultation exercise included in-person and online sessions with a variety of stakeholders including disability access groups, as well as an accessible online questionnaire. Paper copies of the questionnaire were made available and translation services for the questionnaire were also made available.</p> <p>These exercises were used to provide a detailed and robust evidence base from which to inform any decision making. Accessibility and participation will be considered as part of the Council’s internal consultation reviews process from the Consultation Advisory Panel.</p>
Evidence of unmet need		N/A
Good practice guidelines	VisitScotland Visitor Levy Guidance Visitor Levy (Scotland) Act, Section 23	<p>A Guidance document is has been produced by VisitScotland in collaboration with representatives from the tourism industry, COSLA, Scottish Local Authorities and Scottish Government.</p> <p>The Visitor Levy Act includes that a Council must give due regard to the National Guidance before it is introduced. Draft Guidance is expected to be available in Summer 2024.</p>
Carbon emissions generated/reduced data	A Visitor Levy for Edinburgh – Draft Scheme August 2024	<p>TBC from further analysis.</p> <p>It has been proposed that a portion of any revenue raised by the Visitor Levy will be put towards meeting the Council’s commitment to reach Net Zero by 2030.</p>
Environmental data	Edinburgh Tourism Strategy 2030	<p>Environmental ambitions were set out in the Edinburgh Tourism Strategy 2030:</p> <ul style="list-style-type: none"> • Tourism will proactively contribute to Edinburgh’s transition to net zero carbon emissions by 2030.

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your proposal
	<p>– January 2020.</p> <p>Edinburgh by Numbers 2023</p>	<ul style="list-style-type: none"> • Visitors will make more environmentally sustainable choices throughout their visit to the city. • Edinburgh’s tourism businesses will embrace carbon emission and waste reduction as a source of competitive advantage. <p>Some environmental data on Edinburgh is provided in Edinburgh by Numbers:</p> <ul style="list-style-type: none"> • The percentage of people who believe that climate change is an urgent problem continues to increase and it has reached over 88% in Edinburgh, the highest percentage in Scotland. • Edinburgh has 25 green flag parks in 2023, more than other UK cities, with high resident satisfaction scores (92%) and access to green and blue spaces no more than five minutes for 75% of residents.
Risk from cumulative impacts		See research/literature evidence.
Other (please specify)	<p>A Visitor Levy for Edinburgh – Draft Scheme August 2024 (Appendix 4)</p>	<p>The impact of the Visitor Levy scheme and its proposed spending programmes will be monitored by the Council.</p> <p>The details of this monitoring scheme are included in our draft scheme in appendix 4 of the 22 August 2024 report.</p>
Additional evidence required		n/a

Additional evidence: Forecast and Impact on a Visitor Levy for Edinburgh

Executive Summary

This report initially presents the results of the research into the forecast of Visitor Levy (VL) revenue to the City of Edinburgh Council under a number of scenarios for different text rates (from 1% to 10%) which assume no effect on visitors from introducing a visitor levy.

In carrying out the forecasts, a seasonal ARIMA¹ (p,d,q)(P,D,Q) was used because it was considered the best fit for the type of data being examined. The forecasted models therefore account for the strong seasonality in-year prices and a trend of increasing accommodation, as well as events (such as exogenous events (e.g. the impact of COVID-19) and the recovery for a short period afterwards. Other forecasted approaches were considered and confidence intervals indicating the range of potential divergence from the mean have been calculated. However, the report's primary goal is to give the mean forecast for the years from mid-2026 to 2029.

Subsequently, the report presents the adjusted forecast of VL revenues to cover any changes in visitor behaviour and the introduction of a consecutive night cap. The impact of business and in particular on accommodation providers is also summarised in this report.

Findings

- Assuming an introduction in mid-2026 (from 1 July 2026), a 5% levy capped at five consecutive nights will raise up to the following in Edinburgh: £30-33 million for July 2026 to March 2027; £43-45 million in 2027/28 and £43-49 million in 2028/29.
- A five-night cap will have a minimal impact on forecasted revenue. As a policy, this may have potential local economic benefits and may assist performers in Summer Festivals and others working in Edinburgh long-term.
- 45% of the revenue generated from the levy will come from the summer period defined as the four months for June to September. This period is characterised by higher accommodation prices and greater occupancy levels.
- There is a desire to maximise the data gathering opportunity from the visitor levy
- The introduction of a visitor levy will raise additional operating costs for the business including card payments, taxes and commission rates. Data collected from accommodation providers suggests that credit card charges alone tend to be around 1.53-2.82%, and so there is a strong case that a sum of 2% of the

¹ ARIMA stands for Autoregressive Integrated Moving Average it is an advanced econometric model used to forecast key variables that will influence the levy revenue. These models are selected for their proven efficacy in handling time series data with seasonal patterns, which is typical of tourism-related data due to fluctuations in visitor numbers over different periods of the year.

levy amounts collected is returned to the accommodation provider following submission of their return to meet such costs.

These findings and conclusions have been informed by engagement and research carried out to date. Further testing and development will continue to be informed during the implementation phase of the Visitor Levy for Edinburgh.

1. Introduction

This report presents the research results into the revenue forecasts derived from the Visitor Levy (VL) in the City of Edinburgh. The research is a result of collaboration between the City of Edinburgh Council and the academic team from the University of Edinburgh. Edinburgh Futures Institute’s TravelTech for Scotland provided financial support for the research.

Edinburgh welcomes over 4.5 million visitors, annually contributing around £1.2 billion to the local economy. According to VisitScotland’s visitor survey 2023², 64% of visitors to Edinburgh are international, while 36% are domestic visitors including 3% of Scottish residents. Among international visitors, Edinburgh is the most popular tourist destination outside London - with over 2.3 million international visits in 2023, it surpassed international visitor numbers in Manchester (1.7 million visits in 2023) and Birmingham (934,000 visits in 2023). Glasgow is the second most visited Scottish destination; however, it receives significantly fewer visitors than Edinburgh - in 2023, Glasgow recorded 685,000 international visits.³

On average, visitors stayed 3.5 nights in Edinburgh in 2023 staying in a range of different accommodation types including hotels, serviced accommodation, guest houses and B&Bs.⁴ Following the introduction of the Visitor Levy (Scotland) Act 2024, the City of Edinburgh Council are making plans to introduce a VL in the City of Edinburgh. This will mean that a payment is made to the City of Edinburgh Council on activity related to the sale of overnight stays in the area, which is then reinvested by the Council back into services and facilities that support, sustain and develop the visitor offer and/or experience. The number and type of accommodation within the City of Edinburgh Council boundary was previously calculated in 2019 and has been updated as shown in the table below.

Table 1: Estimated Edinburgh Accommodation Supply

Accommodation Type	Number	Number of Units	definition of units
Hotels	181	14,763	Bedrooms
Serviced Apartments	36	1,317	Keys
Hostels	15	2,327	Beds
Guest Houses / B&Bs	178	1,290	Bedrooms

Source: Edinburgh Accommodation Audit 2018 (adjusted to 2024 with new builds added from CoStar)

² <https://www.visitscotland.org/research-insights/regions/edinburgh-lothians>

³ <https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/traveltrends/2023>

⁴ Available from VisitScotland: <https://www.visitscotland.org/research-insights/regions/edinburgh-lothians>

In addition to the above, there are also mostly seasonal accommodation types in Edinburgh, although some of these may be available 365 days a year. These include: Edinburgh Caravan and Motorhome, 35-37 Marine Drive, Linwater Caravan Park, Newbridge, Mortonhall Caravan and Camping Park, student halls that are let out over the summer period (previously reported to be around 35 student halls), and Short Terms Lets (estimated at 1 July 2024 to be around 1,753 properties with a licence active to the end of August 2024). These properties supply 3,920 rooms with a maximum occupancy of 6,565.⁵

Initial Forecasts

The forecasts of Visitor Levy (VL) revenue represent a base model. In the forecasts, the assumption is made that the levy will not have any impact on visitor behaviour or that such impact will be minimal and thus not reflected in the overall visitor behaviour. The initial forecast, therefore, is based on the assumption that the visitor behaviour pattern will not change, and thus no adjustments are needed using a time series approach. It is acknowledged that dynamic pricing is positively used by many hotels. It should be noted that average occupancy (discounting the COVID-19 period) has been increasing over time while new properties continue to be added to the accommodation stock.

This scenario examines the effect of introducing a levy rate of 1% to 10% on room costs in Edinburgh, using an ARIMA model, forecasts for Average Daily Rate (ADR) and occupancy rates from July 2026 to 2029. Base Model 1 reflects historic growth in supply of accommodation whilst Base Model 2 reflects new build growth based on the number of new accommodation supply currently under construction in Edinburgh and expected to be open by 2026. Base Model 3 is based on the projected monthly ADR, Occupancy and room supply up to March 2029, where prices become more stable rather than continue to rise based on past performance.

⁵ Link to Edinburgh [Short Term Let Licence register of Properties](#).

Chart 1: Total Forecasted revenue from July 2026 to March 2029 in Edinburgh three models

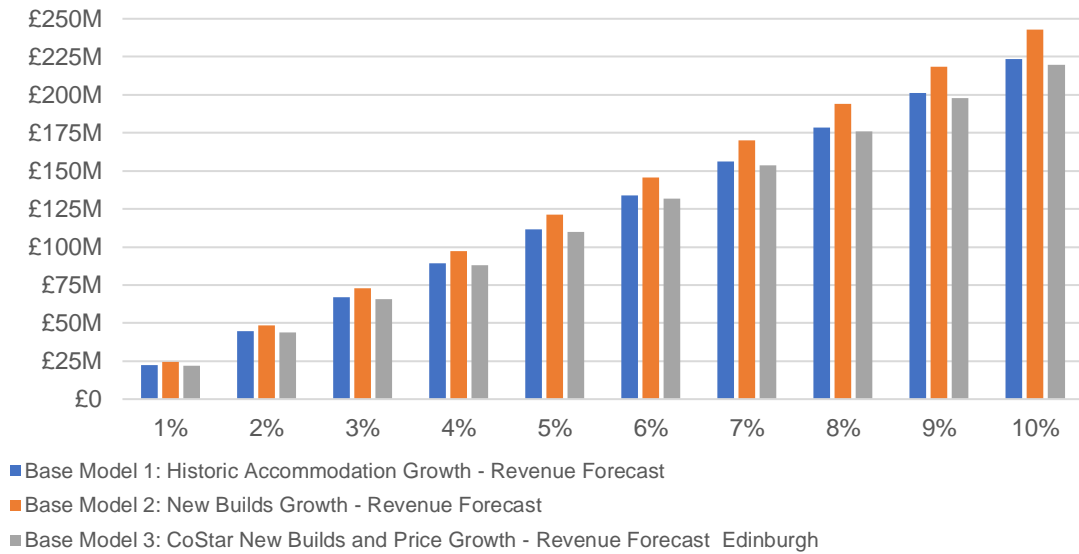
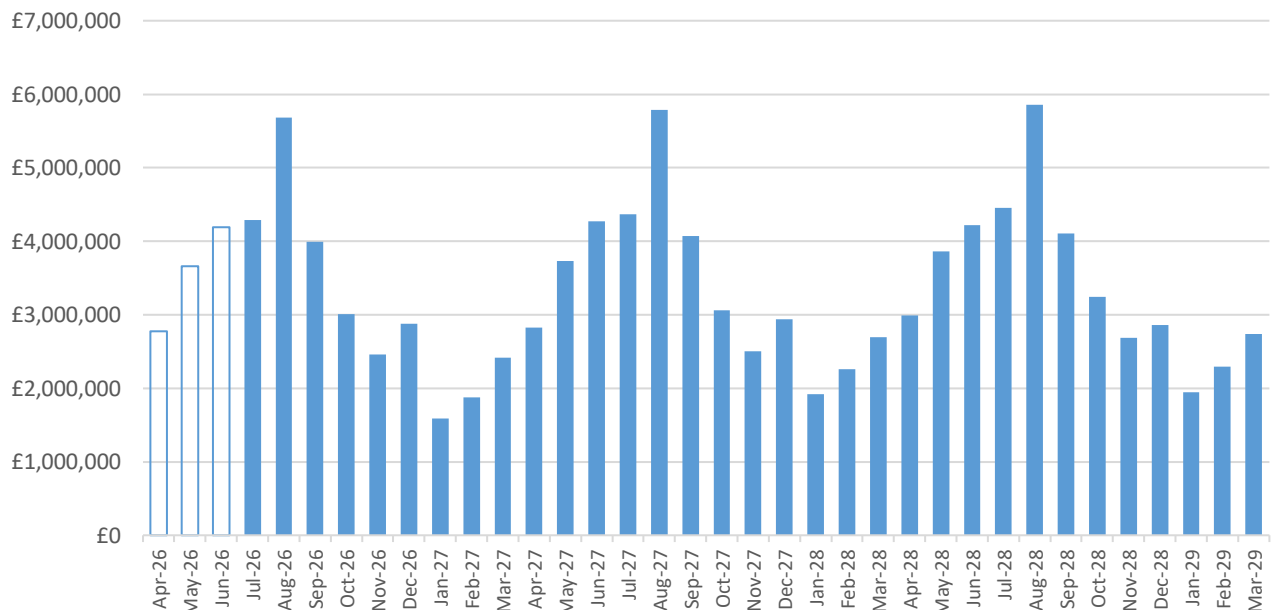


Table 2: Basic characteristics of three forecast models

Model type	Accommodation supply growth	Accommodation price change
Model 1	Based on historic trend (More conservative)	Based on historic price change (More optimistic)
Model 2	Based on expected growth those under construction in 2024 (More optimistic)	Based on historic price change (More optimistic)
Model 3	Based on expected growth those under construction in 2024 (More optimistic)	Based on future stable accommodation price (More conservative)

Chart 2: Forecast revenue from 5% levy rate Model 3 by month up to March 2029



As observed in Chart 2, although the Visitor Levy for Edinburgh will see revenue returns throughout the year, there is a seasonal impact with almost half (around 45%) of the annual total revenue raised within the four summer months between June and September.

Table 3: Revenue Forecast with a 5% levy rate

Model type	Jul-2026- Mar 2027	FY 2027-28	FY 2028-29	Total
Model 1	£27.8 million	£40.9 million	£43.0 million	£111.7 million
Model 2	£31.3 million	£43.0 million	£47.2 million	£121.4 million
Model 3	£28.2 million	£40.4 million	£41.2 million	£109.9 million

Note: estimates are based on detailed information on the 302 accommodation properties in Edinburgh supplying around 19,900 rooms. The estimates do not include seasonal properties including a proportion of short terms lets, student accommodation, campsites and caravan parks.

Information on Edinburgh’s supply of short-term-let accommodation was not included in the Revenue Forecast shown in Table 3. Since a long history of ADR is not available, the approach starts with assessing the mean, then making the assumption that this sector’s behaviour is similar to the other parts of the accommodation industry in terms of seasonality and growth. These results are potentially conservative and will depend on the future registration of properties, and changes in preferences or visitor behaviour.

Estimates are based on sampling from shared platforms to estimate average tariffs and supply, along with the register of short term lets, to obtain a mean price at a single point in time. It has then been assumed that generally this market would be similar to the economy accommodation in performance over the year. It is further assumed that the average annual occupancy per listing is 33%.⁶ As such there are a few caveats on the estimates and caution is required when observing these results.

Table 4: Additional Revenue Forecast from Short-Term-Let Accommodation supply with a 5% levy rate

Rate	Year	Estimated Levy Revenue
5%	July 2026 -March 2027	£ 4,582,458.56
	April 2027 -March 2028	£ 6,333,942.51
	April 2028 -March 2029	£ 6,504,209.13

⁶ [Edinburgh | Inside Airbnb](#) have estimated that there are 5,484 listings in Edinburgh with an average of 123 nights booked per listing per year. A lower annual occupancy rate of 33%, based on the average number of nights that were booked over the last 12 months.

Impact of a Five or Seven-Night Stay Cap on Revenue

Several tourist destinations have capped the number of days where a levy applies, to benefit those who would stay longer in the location. This is deemed an encouragement for visitors to stay longer, but also not drive away visitors who are required to be in Edinburgh for work, such as summer festival performers.

It is expected that a seven-night cap would have a minimal impact on VL revenue as, according to VisitScotland’s visitor survey report, on average visitors stayed 3.5 nights in Edinburgh in 2023.⁷ Visitor survey data shows that in 2018 many visitors that stayed in Edinburgh spent less than seven nights, although marginally more people stay longer than seven nights in the summer (98% of visitors stay less than seven nights in autumn and 93% of visitor stay less than seven night in the summer). From the public consultation on the Edinburgh Visitor Levy (September to December 2024) it was reported that a 5-night cap would further benefit more visitors to Edinburgh. This in particular would benefit festival workers and performers which in turn supports and sustains the cultural offer of the city as well as encourage business travel and longer stays. A new estimate is provided in Table 5 estimating a revenue loss of around £500,000 over a full year.

Chart 2: 2018 Survey on Visitors staying overnight in Edinburgh accommodation during summer and Autumn period.

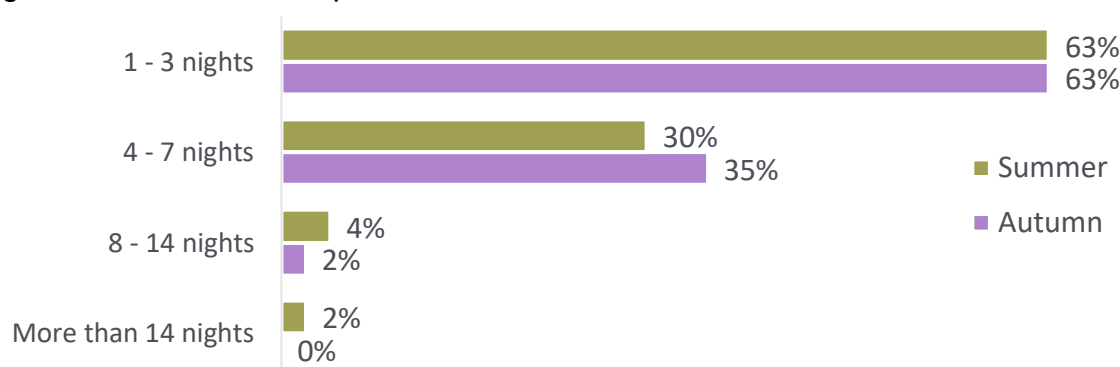


Table 5: Forecasted Revenue Loss due to 5 or 7 night cap at the 5% rate level.

Financial Year	Loss due to 7-night cap (with a 5% levy rate)	Loss due to a 5-night cap (with a 5% levy rate)
July 2026-March 2027	£38,052.11	£371,385.44
April 2027-March 2028	£56,054.77	£556,054.77
April 2028-March2029	£58,878.48	£558,878.48

A five night cap may therefore assist performers in Summer Festivals and others working in Edinburgh long-term. It does not seem to be overly impactful to receipts.

⁷ Available from VisitScotland: <https://www.visitscotland.org/research-insights/regions/edinburgh-lothians>

The analysis was based on survey data to assess this and the value estimated appears small. Future work is required to maintain and update this estimate based on actual data collected. This type of data may be collected as part of the data return from accommodation providers provided to the Council.

Impact on Visitors

There are several studies that have indicated that visitor demand is generally unaffected by the introduction of a VL. There is a caveat that clearly depends on the specifics of the location.

A visitor's willingness to pay depend on many factors such as personal travel budgets, length of travel, their own experience of taxation, the extent of previous visits, propensity to visit, and how their contributions are perceived to be invested. Visitors have reported a higher willingness to pay an additional amount of tax when this is earmarked for improvements in their experiences.

For example, respondents' for visiting Istanbul showed an indifference to price increases was between 3% and 100%. The average ratio of indifference was calculated as 36%. Therefore, the majority of respondents reported that they "might still come" even if the total cost was increased by one third.

It should be emphasised that measuring willingness to pay and stated reactions to a proposed new levy, without considering the overall value proposition, is limited. Interpreting results from willingness-to-pay or price sensitivity surveys should be approached with caution.

Another limiting factor in reported price sensitivity are the gaps between attitudes and behaviours of visitors. Several studies have found that visitors do not always walk the talk and more focus should be made on behaviours rather than attitudes might also provide better insights into the issue. The local authority may therefore wish to consider how the success and impact of the VL scheme on visitor behaviour is monitored throughout the lifetime of a VL scheme.

In cities across Europe there is no evidence of a tourist tax reducing the number of overnight stays. For example, in Porto who introduced a tourist tax on 1 March 2018, the volume of overnight stays has continued to increase. Porto, with a population of 232,000, recorded a 22% increase in overnight stays to 5.9 million in 2023 from 2019, according to Portugal's National Statistics Institute.⁸ Observing revenue receipts across Portugal, where the levy is paid per person who stays overnight shows that over time revenue receipts and therefore also the number of overnight stays increased.

⁸ Information taken from chart in [Bloomberg Article dated July 2024](#) from Portugal's National Statistics Institute.

Table 6: Evolution of Revenue from Tourist tax in Portugal areas (in Euros)

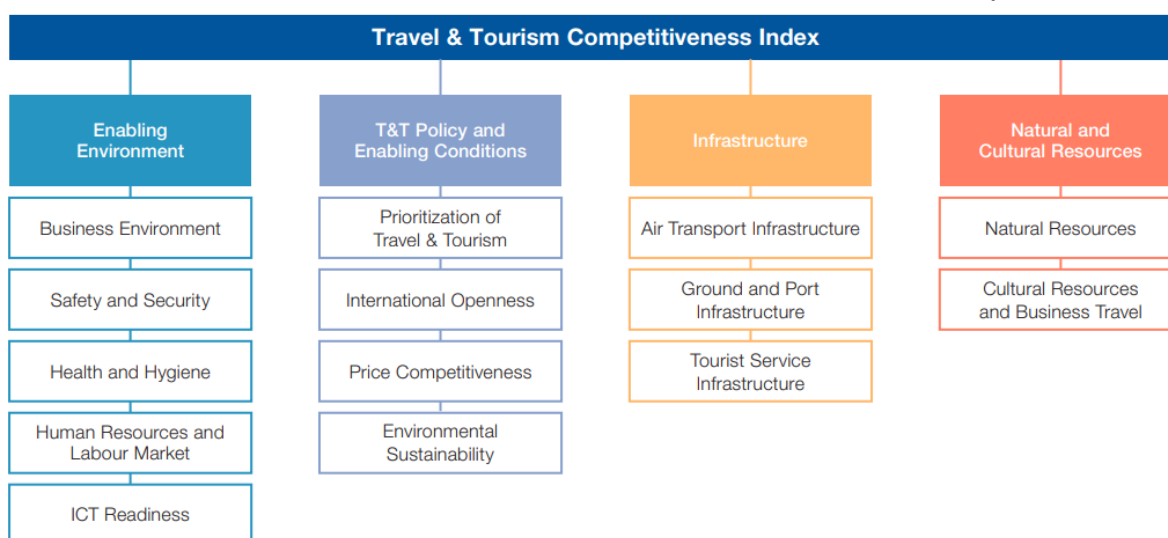
	2019	2022	2023	% change 2022 to 2023	% change 2019 to 2023
Braga		491,085	500,650	1.9%	
Cascais	2,712,748	2,723,400	2,966,691	9%	9%
Faro		1,115,080	1,179,877		
Lisbon	36,079,944	33,062,221	40,237,624	22%	23%
Porto	15,832,876	15,015,139	18,396,028	23%	16%
Vila N. Gaia	1,364,124	1,605,410	1,705,823	6%	25%

Source: [Dinheiro Vivo](#) January 2024

There are many factors influencing a visitor that act as a driver for them to visit an area, such as events, festivals, the culture offer, visitor experience, accessibility of transport, and affordability of the area and cross price and offer effects in other destinations. Reviewed literature also supports the theory that price sensitivity and tourist behaviour differs by a range of factors including the travel purpose (e.g. business, leisure), the source market (where the tourist comes from), the type of tourism product, culture, weather and advertising.

As reported in the World Economic Forum on [Travel and Tourism Competitiveness Report](#) 2019, other factors include the enabling environment, the travel and tourism enabling conditions, infrastructure and the natural and cultural resources.

Chart 4: Factors that influence a destination’s travel and tourism competitiveness



Understanding willingness-to-pay is therefore often problematic. Previous studies have found discouragement to visit a location occurs frequently at much higher rates than 4%, and often beyond 10%. Hence, it may mean that there is no change in behaviour and revenues will remain the same with a reasonable level of levy.

The impact of varying tax rates on revenue and occupancy, especially in different accommodation segments (luxury, mid-range, economy), was analysed to

understand potential shifts in customer behaviour and overall market dynamics (due to the lack of demand data, occupancy was used as a proxy to understand the potential impact of baulking behaviour to the different segments). Table 7 presents the results for the 5% levy rate.

Table 7: Potential losses to VL forecasted revenue of 5% levy rate from Low to High

Year	Low	Moderate-Low	Moderate-High	High
Jul 2026-Mar 2027	£538,506	£1,346,266	£1,884,773	£2,423,279
Apr 2027-Mar 2028	£788,784	£1,971,961	£2,760,746	£3,549,530
Apr 2028-Mar 2029	£827,309	£2,068,272	£2,895,581	£3,722,889

VLs are becoming common globally, particularly if they are aimed at enhancing the residents and visitor experience of the location. It is believed that a reasonable charge will not affect the number of visitors to a location. In fact, it seems from past studies that they have little effect on the number of visitors.

While the initial forecasts of VL revenue represent a base model, it is reasonable to expect some changes in visitor behaviour. This study explored three options, two related to baulking (not visiting) and one associated with change in behaviour (moving to less costly accommodation). The analysis suggests that there may be a decrease in VL revenue with higher VL percentage rates.

Table 7: New Visitor Levy Forecasted Revenue for a 5% levy rate

Model type		Jul-2026- Mar 2027	FY 2027-28	FY 2028-29
Model 1	Base	£27.8 million	£40.9 million	£43.0 million
	Add STL	£4.6 million	£6.3 million	£6.5 million
	Less 5-night cap	£0.37 million	£0.56 million	£0.56 million
	Less High Rev Loss	£2.4 million	£3.5 million	£3.7 million
	Total	£29.6 million	£43.1 million	£45.2 million
Model 2	Base	£31.3 million	£43.0 million	£47.2 million
	Add STL	£4.6 million	£6.3 million	£6.5 million
	Less 5-night cap	£0.37 million	£0.56 million	£0.56 million
	Less High Rev Loss	£2.4 million	£3.5 million	£3.7 million
	Total	£33.1 million	£45.2 million	£49.4 million
Model 3	Base	£28.2 million	£40.4 million	£41.2 million
	Add STL	£4.6 million	£6.3 million	£6.5 million
	Less 5-night cap	£0.37 million	£0.56 million	£0.56 million
	Less High Rev Loss	£2.4 million	£3.5 million	£3.7 million
	Total	£30.0 million	£42.6 million	£43.4 million

Impact on those who collect and remit the visitor levy**Costs for Businesses – Accommodation providers**

Accommodation providers will be required to calculate and collect the visitor levy payable by visitors staying on their premises, and remit all levies collected to the relevant local authority. To comply with these requirements, accommodation providers could potentially incur costs in several areas, which can be broadly split into two categories: initial setup costs and ongoing administration costs.

Initial Setup Costs

This comprises of costs associated with undertaking or commissioning necessary updates or changes to existing property management systems, resource costs such as training for existing staff to learn new systems for remitting and billing with a visitor levy, and staff time in testing and piloting the new collection system.

Another component are costs associated with renegotiating existing contracts with third parties (such as third-party booking platforms or online travel agents) where a commission is based on the price of accommodation sales to exclude the cost of a VL.

Ongoing Administrative Costs

The Council has undertaken conversations with international cities who have implemented a similar type of VL, read international literature on the development and management of a VL, and talked directly with industry representative groups. On

the specifics about administration of the scheme, one factor which has been raised is that other taxes (such as VAT, business rates, corporation tax) impact businesses across many different sectors. While some small businesses are exempt from Non-Domestic Rates (NDR) and Value Added Tax (VAT), the proposed VL is a type of levy that is specifically focused on one sector.

Ten different members of The Edinburgh Hotels Association (EHA) have estimated implementation costs to be between £0-£1,000 depending on their existing systems and contracts with providers.

For the ongoing costs of running the scheme and collecting the VL, a different consideration is needed. Accommodation providers will be required to compile the relevant data return to comply with their new obligations, submit the data and payment to the local authority.

The ongoing costs are divided into the following:

- Costs associated with preparing regular remittance tax returns to the local authority (assuming one return per quarter).
- Costs associated with performing reconciliation exercises associated with tax returns and due diligence checks to ensure, for example, the correct visitor levy rate is applied to invoices.
- Costs associated with engaging in additional record keeping for the purposes of evidencing where a local exemption to the visitor levy was applied.

Cost Recovery proposal for accommodation providers

When reviewing international examples, it was identified that, for many, no such cost recovery process exists. Many international cities argue that the process is like all regular taxation processes, and that accommodation providers ultimately have the option of setting the price for the accommodation.

Only in a few places, including Lisbon and Porto, is there an ongoing collectors' commission in place amounting to 2.5% of the net total value remitted. It should be noted that, in these cases, the collection process for accommodation providers is from a fixed rate person per night with various exemptions and also includes submitting passport detail of each guest, capturing their age, nationality, and duration of stay. These returns are also submitted to the local authority each month and as result contribute towards the gathering of detailed [tourism statistics](#). The VL therefore offers a data gathering opportunity benefiting the community and businesses operating there. This in turn will help provide more detailed future planning and monitoring that supports the local visitor economy.⁹

⁹ As advised by Visitor Levy Guidance by Visit Scotland, local authorities are encouraged that while these returns are to allow a local authority to monitor and administer a VL scheme, they should also consider the varying capacities of businesses in the local area.

The Scottish Government has argued that the visitor levy operates in a similar way to how VAT is charged: it is not a tax on business, the person who pays it is the one who is consuming the product. ([20 June 2023 – Scottish Parliament Committee](#))

The Scottish Government has also concluded in the Scottish Parliament that the inclusion of a regular cost recovery process would set a precedent in the UK and that they felt such a decision would not be the right approach:

“we are not aware of any precedent in the UK where a business collecting tax is able to extract from their returns a sum to meet the costs of administering a tax. Although we have sought and will seek to keep the administrative costs of a visitor levy as low as possible, we do not think that allowing accommodation providers to retain some of the levy collected to meet administrative costs is the right approach.” ([12 March 2024 – Scottish Parliament Committee](#))

From engagement with stakeholders in some local authorities, it has been argued that the ongoing costs, such as payments to online travel agents and credit card fees associated with payment, are a cost of business and providers can set their rates with reference to their running costs. The minimum 18 month lead time allows for providers in most cases to consider the impact of visitor levy on their accommodation tariff and therefore adjust future pricing.

After public consultation and during their development of a Visitor Levy proposal in 2019, the City of Edinburgh Council reported that an Edinburgh VL scheme would allow for percentage fee of 1.5% of raised revenue to be retained by the providers collecting the charge. ([7 February 2019 Edinburgh Council Committee – Paragraph 3.6.11](#))

During engagement with accommodation providers, it has been argued that there are additional business charges which will apply on top of the levy payment. These additional payments include credit card fees, which account for around 90-95% of transactions, and Online Travel Agents (OTA) commission charges, which reportedly account for a large proportion of bookings and sits between 10-20% of the accommodation price. As amended at Stage 3 of the Visitor Levy (Scotland) Bill, the visitor levy percentage rate applies to OTA commission fees. The combined effect therefore of a levy is to inflate the size of these other payments for the business.

It is important to distinguish that if accommodation providers retain part of the levy raised, this should not be to cover time spent remitting funds, but rather a contribution to meet costs incurred and in relation to expected and normal business transaction such as credit-card and commission payments.

Methodology and Limitations on Forecasting

Forecasting is an art and, as such, depends on the choices that are made by the modeller. Hence, two methodologies were considered for the forecasts and different individuals were engaged on the activity. There was sharing of ideas. Ultimately the decision to use Seasonal ARIMA, seemed appropriate.

For the ARIMA analysis, two people worked on the modelling and finally a judgement was made on the best model in terms of fit to the observed values. Other criterion could have been used, such as standard Times Series measures of error estimates and also the BIC (Bayesian Information Criteria).

Data consisted of four sources:

Main data was from Co-Star. This provided information on ADR for rooms in Edinburgh both combined data and broken down into three categories in our terminology luxury, mid-range and economy. Data initially was supplied from January 1996 to May 2024. (Forecasts going forward were also given.) Given that it was mean data per month, it was impossible to look at any specific day (Event Dates) or any weekly effects (Weekend v Working week). It had to be assumed that the data did not have any specific omissions, missing values. Changes to the accommodation supply was included in the data such as closure of hotels, temporary closures for renovation, and new builds. The definition of the categories was also accepted.

Survey summaries were provided by the City of Edinburgh Council based on market research of around 1,000 visitors to Edinburgh carried out in 2018. This was accepted as reliable source and we did not investigate any potential shortcomings.

Another set of data was sent based on details of hotel accommodation location in the city and would prove useful in looking at area differentials.

Short-term-let data was also provided by the Council. This was extracted from administrative data and assumed reliable at the time of this report.

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8. In summary, what impacts were identified and which groups will they affect?

Equality, Health and Wellbeing and Human Rights and Children’s Rights	Affected populations
Positive	
People in receipt of the UK disability benefits, payments and allowances exempted in the legislation will be protected against negative financial impact.	Those in receipt of UK disability benefits listed in the VL Act.
Negative	
<p>People in receipt of only some benefits are exempt according to the legislation. For some people who may be on benefits not listed, the levy could have a negative impact.</p> <p>Carers would be liable to pay the levy if they are not in receipt of the benefits eligible for an exemption, unless they are sharing a room or other type of accommodation (e.g. short term let) with someone who <i>is</i> in receipt of the eligible benefits.</p> <p>International visitors in receipt of disability benefits won't benefit from this can could be negatively affected.</p> <p>Mitigation: <i>The Levy being charged at a percentage rate means that the Levy is applied proportionately to the budget of accommodation the visitor has chosen.</i></p> <p><i>If a carer is staying in the same accommodation (e.g. hotel room or short term let etc.) as someone in receipt of benefits eligible for an exemption, they would also be exempt from the levy.</i></p> <p>Action: Data-permitting, include monitoring on how people with disabilities are affected by the implementation of a Visitor Levy. Include clear messaging on potential impact in Communications Plan.</p>	<p>People in receipt of benefits not listed as exempt.</p> <p>Carers</p>
<p>Care experienced young people where sharing rooms may not always be appropriate (because of age for example) could arguably be disadvantaged as they would have to book an individual room, and would not be able to split the levy payment with anyone else.</p> <p>Mitigation: <i>The Levy being charged at a percentage rate means that the Levy is applied proportionately to</i></p>	<p>Care experienced young people.</p>

Equality, Health and Wellbeing and Human Rights and Children’s Rights	Affected populations
<i>the budget of accommodation the visitor has budgeted for.</i>	
<p>Young people, more specifically families and school trips staying overnight in Edinburgh may be impacted, as larger room costs are generally higher. There are 6 priority family groups who are more likely to suffer from poverty.</p> <p>Mitigation: <i>The Visitor Levy charge is based on room cost, rather than individuals staying in the room. Depending on hotel/accommodation rules, children under a certain age aren’t allowed to stay in rooms without an adult.</i></p> <p><i>It would be difficult to apply an exemption based on age, due to the difficulties of distinguishing between individuals staying in the accommodation.</i></p> <p><i>It was noted that there are other accommodation options available and that the charge is proportionate to the total cost.</i></p>	<p>Young people and children</p> <p>Lone parents</p> <p>Vulnerable families e.g., young mothers, people experiencing domestic abuse, children at risk of statutory measures, includes disabled adult/child, minority ethnic families</p> <p>Families with a child under 1</p> <p>Larger Families (3+ children)</p>
<p>People in the Gypsy/Traveller community may be impacted by the payment of the levy.</p> <p>Mitigation: <i>Those in the Gypsy/Traveller community are exempt from paying the levy if they are staying on designated sites, as per the VL Act.</i></p> <p><i>It is proposed that the levy is only payable on the first 5 nights stay, which would reduce the impact of the levy for any longer term stays.</i></p>	Gypsy/Traveller community
<p>People experiencing or at risk of homelessness may be impacted by the payment of the levy.</p> <p>Mitigation: <i>Homelessness, and those that are at risk are excluded from the levy as set out in the legislation under section 4. The levy does not apply to those staying overnight in accommodation that is their only or usual place of residence.</i></p>	People experiencing homelessness
<p>For those eligible (e.g. those in receipt of relevant disability benefits), the administrative burden for reclaiming the levy (by themselves or a carer) could have an impact and the delay could leave them “out of pocket”.</p> <p>Mitigation: <i>For those eligible for an exemption, the Council has committed to make assessments and</i></p>	<p>Disabled people</p> <p>Carers</p>

Equality, Health and Wellbeing and Human Rights and Children's Rights	Affected populations
<p><i>repayments within 5 business days. The Council has also committed to working with access organisations to make materials as accessible as possible and the process as simple as possible.</i></p>	
<p>Some groups (older persons, those receiving gender-affirming treatment, pregnancy and maternity, disabilities) are arguably more likely receive medical treatments and require the use of overnight accommodation, they may be negatively impacted by additional charges for accommodation.</p> <p>Mitigation: <i>Some patients will be exempt from the levy if they are in receipt of the UK disability payments, benefits or allowances listed in the Act.</i></p> <p><i>Most of the patients coming into Edinburgh for medical treatment will be from other parts of Scotland and the NHS Board where they live will reimburse their expenses (at least in part). They will claim the expenses back from their NHS Board of residence.</i></p> <p><i>For patients aged under 18 years there is the Scottish Government Young Patients Family Fund which covers costs for travelling to and visiting young people in NHS Scotland hospitals.</i></p> <p><i>Edinburgh is currently considering charging the Visitor Levy only on the first 5 nights of a stay, which would reduce the impact of the increased cost on longer stays.</i></p> <p>Action: It has been noted that the NHS travel funds do not always cover the full cost of overnight accommodation when travelling to Edinburgh.</p> <p>Monitoring will take place to see how the levy affects people travelling to Edinburgh for medical purposes as the scheme progresses.</p> <p>Further evidence is required on the local scale and prevalence of visitors for medical treatment staying in Edinburgh commercial accommodation, considering geographical factors and whether levy is fully passed on to visitor in higher prices.</p>	<p>Older people and people in their middle years</p> <p>Men (include trans men), Women (include trans women) and non-binary people</p> <p>Disabled people</p> <p>Young people and children</p> <p>Pregnancy and maternity</p>

Equality, Health and Wellbeing and Human Rights and Children’s Rights	Affected populations
<p>Workers in the visitor economy sector, including staff and accommodation providers who are implementing the visitor levy will have some additional duties and changes to their operations, which may negatively impact their workplace experience.</p> <p>Mitigation: <i>Training and clear communication can mitigate potential negative impacts. There is an 18-month implementation period before the levy comes into force which the Council will use to communicate with businesses and share best-practise and how-to guides.</i></p>	<p>Workers in the Edinburgh visitor economy sector</p>
<p>People visiting people in prison or attending court proceedings may be negatively affected, as families affected by imprisonment often face financial stresses.</p> <p>Mitigation: <i>Funding is available (in the UK and in Scotland) for those visiting people in prison, which means that those with the most need will not be negatively affected by the implementation of a Visitor Levy.</i></p>	<p>Those involved in the criminal justice system</p>
<p>The implementation of a Visitor Levy could have a negative impact on Scottish visitors who wish to participate in civic society, given the civic/societal significance of Edinburgh as Scotland’s capital city, the home of the Scottish Parliament and other resources of national significance.</p> <p>Mitigation: <i>There is no evidence from around the world suggesting that the introduction of a visitor levy has a negative impact in visitor demand.</i></p> <p><i>There are various pull factors that influence people’s decision to visit a specific destination, not just the cost of accommodation.</i></p> <p><i>It was also noted that there are other accommodation options available and that the charge is proportionate to the total cost.</i></p>	<p>Scottish residents outside Edinburgh</p>
Environment and Sustainability including climate change emissions and impacts	Affected populations
Positive	
<p>Visitors may be deterred from visiting Edinburgh due to increased costs. This would reduce travel-related carbon emissions. It was noted, however, that there is no evidence suggesting that the introduction of a visitor</p>	

Environment and Sustainability including climate change emissions and impacts	Affected populations
levy has a negative impact in visitor demand. Therefore, the reduction in carbon emissions would be negligible/non-existent.	
No other positive impacts from the implementation of the Visitor Levy in Edinburgh. There may be positive benefit from permissible spend that is raised from the Levy. Potential benefits to be assessed later when further detail is known.	
Negative	
None	

Economic	Affected populations
Positive	
Socio-economic – Those who are paying less for cheaper accommodation will pay less, making contributions towards the visitor levy more equitable.	All
There may be additional positive benefits from permissible spend that is raised from the Levy. Potential benefits to be assessed later when further detail is known.	tbc
Negative	
Visitors may be deterred from visiting Edinburgh due to increased costs. There is also potential that visitors would spend less in the city because of paying the Levy – e.g. spending fewer nights or spending less in the area. Mitigation: <i>There is no evidence from around the world suggesting that the introduction of a visitor levy has a negative impact in visitor demand.</i> <i>It was also noted that there are various pull factors that influence people's decision to visit a specific destination on holiday, not just the cost of accommodation.</i> Action: Monitor whether the visitor levy has negative impact on visitor numbers to Edinburgh.	Edinburgh visitor economy businesses
For accommodation providers, the payment of the levy will introduce a new administrative cost/burden in collecting the Levy. This is in addition to other running costs, which are increasing due to inflation and other economic factors. Mitigation: <i>To reduce and minimise costs, the Council intends to adopt a consistent approach, providing</i>	Local businesses

Economic	Affected populations
<p><i>support and free training for businesses on how to navigate the Levy collections process.</i></p> <p><i>It was also noted that there will be a minimum 18-month implementation period, which will be utilised by the Council to engage and train local businesses/accommodation providers on the collection process and prepare systems ahead of the Levy's introduction.</i></p>	

9. Is any part of this policy/ service to be carried out wholly or partly by contractors and if so how will equality, human rights including children's rights, environmental and sustainability issues be addressed?

The implementation of the Visitor Levy will be carried out in-house.

The payment of the Visitor Levy will likely take place on an online platform, developed by the Improvement Service, which is part funded by the Scottish Government. It is unlikely that their work on the project will have any impact on equality, human rights including children's rights, environmental and sustainability issues. This will be examined in more detail once the online platform's development is more advanced.

10. Consider how you will communicate information about this policy/ service change to children and young people and those affected by sensory impairment, speech impairment, low level literacy or numeracy, learning difficulties or English as a second language? Please provide a summary of the communications plan.

All communications regarding the Visitor Levy will be available on the CEC website. The website content will adhere to communication policy and best practise. Direct communication has been and will continue to be undertaken with stakeholders in the form of written communication, meetings, workshops and messages will be issued through the Council's social media channels.

Formats will be designed to be understood by a range of population groups. The Council also offers an Interpretation and Translation service, which provides interpreters and translations to people who cannot speak English, have problems understanding English, or have a sight or hearing loss. The translations and interpretations are available in a wide range of different languages including British Sign Language, Braille, Large print and Audio.

Additional communications efforts will be made regarding the exemption for those in receipt of the UK disability payments, benefits and allowances listed in the Visitor Levy Act. The Council will engage with organisations with specialist knowledge and

experience working with people with disabilities when developing the communication materials.

11. Is the plan, programme, strategy or policy likely to result in significant environmental effects, either positive or negative? If yes, it is likely that a Strategic Environmental Assessment (SEA) will be required and the impacts identified in the IIA should be included in this. See section 2.10 in the Guidance for further information.

It is not expected that the implementation of the Visitor Levy will have significant environmental effects.

There may be a positive benefit from permissible spend that is raised from the levy. Potential benefits to be assessed later when further detail is known, but it is unlikely this would require an SEA.

12. Additional Information and Evidence Required

This is an interim report. Further information and evidence will be collated once the spending programmes for the revenue generated by the Levy have been confirmed.

13. Specific to this IIA only, what recommended actions have been, or will be, undertaken and by when? (these should be drawn from 7 – 11 above) Please complete:

Specific actions (as a result of the IIA which may include financial implications, mitigating actions and risks of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
Data-permitting, include monitoring on how people with disabilities are affected by the implementation of a Visitor Levy. Include clear messaging on potential impact in Communications Plan.	Visitor Levy team		December 2025
Monitoring will take place to see how the levy affects people travelling to Edinburgh for medical purposes as the scheme progresses.	Visitor Levy team		December 2025
Monitor whether the visitor levy has negative impact on visitor numbers to Edinburgh.	Visitor Levy team		July 2027

14. Are there any negative impacts in section 8 for which there are no identified mitigating actions?

15. How will you monitor how this proposal affects different groups, including people with protected characteristics?

A new annual visitor survey will be set up to monitor the success of the Visitor Levy for Edinburgh scheme.

In this survey, we will include demographic questions to identify people with protected characteristics and their visitor experience in Edinburgh.

16. Sign off by Head of Service

Name Elin Williamson (Head of Business, Growth and Inclusion)

Date 07/11/2025

17. Publication

Completed and signed IIAs should be sent to:

integratedimpactassessments@edinburgh.gov.uk to be published on the Council website www.edinburgh.gov.uk/impactassessments

Edinburgh Integration Joint Board/Health and Social Care

sarah.bryson@edinburgh.gov.uk to be published at

www.edinburghhsc.scot/the-ijb/integrated-impact-assessments/