

COMMITTEE:	East Lothian Council
MEETING DATE:	23 June 2026
BY:	Depute Chief Executive – Resources and Economy
REPORT TITLE:	East Lothian Visitor Levy
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 To summarise the engagement and evidence gathered to inform consultation on a Draft Visitor Levy Scheme for East Lothian, and
- 1.2 To seek approval to undertake statutory consultation on a Draft Visitor Levy Scheme, prepared in accordance with the Visitor Levy (Scotland) Act 2024.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Approve the publication of the Draft East Lothian Visitor Levy Scheme, attached as Appendix 1, for the purposes of statutory consultation, and
- 2.2 Note that a further report will be presented to Council following consultation seeking a decision on whether a Visitor Levy should be introduced in East Lothian.

3 BACKGROUND

Legislative Context

- 3.1 The Visitor Levy (Scotland) Act 2024 (the Act) provides local authorities with discretionary powers to introduce a levy on overnight stays in paid accommodation. The legislation sets out a mandatory process which must be followed before a levy can be introduced, including:
 - Preparation and publication of a draft scheme;
 - A statutory consultation period; and

- A minimum 18-month lead-in period between a decision to implement a levy and the commencement date.
- 3.2 The guidance accompanying the legislation highlights the importance of engaging with a wide range of stakeholders during the development of a Draft Levy Scheme, particularly representatives of communities, tourism businesses and visitor organisations. The engagement activity undertaken by the Council and its consultants to date has been designed to support this objective.
- 3.3 The Act also requires the establishment of a Visitor Levy Forum within six months of any decision to implement a scheme. The Forum must include representation from communities, tourism businesses and relevant organisations in its area and has an advisory role in relation to the operation of the scheme, the use of revenues, and future scheme development.
- 3.4 The Act places a statutory requirement on local authorities to use net levy proceeds to support the delivery of the scheme's objectives and, in so doing, develop, support and sustain facilities and services that are substantially for or used by visitors.

Strategic Context

- 3.5 East Lothian has a significant and growing visitor economy which supports employment, local businesses and community assets across the county. Visitor activity can also create pressures on infrastructure, destination management and local services, particularly in peak periods and key visitor locations.
- 3.6 The Council's existing economic development, tourism and place-based strategies recognise both the opportunities and pressures associated with visitor growth, and support sustainable approaches to management and investment.
- 3.7 Within this context, the Act provides the Council with an opportunity to consider, following statutory consultation, whether a visitor levy should be introduced in East Lothian and whether it could support additional investment in facilities and services substantially used by visitors, in line with the requirements of the legislation.

Work Undertaken to Date

- 3.8 Following Council's decision on 29 October 2024 to proceed with development of proposals for a potential East Lothian Visitor Levy, East Lothian Council commissioned evidence gathering, stakeholder engagement and indicative financial analysis to inform this process. The work undertaken to date provides evidence and analysis to assist Members in considering whether to progress to statutory consultation.
- 3.9 This work included:
- Analysis of the scale and characteristics of East Lothian's visitor economy.

- Stakeholder engagement with businesses, organisations and individuals.
- Indicative economic and financial modelling of potential levy scenarios.
- Review of emerging visitor levy approaches elsewhere in Scotland.

Stakeholder Engagement

3.10 A programme of engagement was undertaken during the autumn/winter of 2025, including:

- An online survey completed by 375 respondents, including 152 businesses, 16 other organisations and 207 individuals.
- A series of in-depth interviews with tourism and hospitality businesses across East Lothian.
- Analysis of data from the 2024 East Lothian Visitor Survey.

3.11 The engagement undertaken to date does not constitute the statutory consultation required under the Act. Rather, it has informed preparation of a Draft Visitor Levy Scheme that Members are now being asked to consider for the purposes of statutory consultation. A summary of the engagement findings is set out below, with further details contained within Appendix 2.

Summary of Engagement Findings

3.12 On overall sentiment towards a Visitor Levy, the engagement work highlighted a range of perspectives and differing views across stakeholder groups. Individuals, and representative community and industry organisations were generally more supportive of a potential Visitor Levy than accommodation businesses, where views were more mixed and often dependent on the detailed design of any scheme. Key findings included:

- In the 2024 East Lothian Visitor Survey, 73% of respondents indicated support for a visitor levy where revenue is ring-fenced, with the majority stating that it would not affect their decision to visit. In the 2025 engagement work, individuals and other organisations expressed current or potential future support for a Visitor Levy (62% and 69% respectively).
- In the 2025 engagement with businesses, views were mixed, with a combination of opposition (46%), conditional support (21%), and support (25%). Where support was expressed, it was typically dependent on scheme design, fairness, transparency and governance arrangements, and visible reinvestment of proceeds.

- Across all stakeholder groups, common themes included the importance of transparency, minimising administrative burden (particularly for small businesses), clarity on how levy funds would be used, and alignment with neighbouring authorities.

Perceived Impacts, Design Considerations and Use of Levy Income

3.13 Engagement undertaken as part of the feasibility work identified a range of perspectives on the potential impacts, implementation and design of a Visitor Levy:

- Business concerns focused primarily on the potential impact on visitor numbers and visitor spending, increased accommodation costs and the administrative burden associated with implementation, particularly for smaller operators. Respondents also highlighted practical considerations including integration with booking systems and the complexity associated with exemptions or variable charging approaches.
- Those supportive of a levy highlighted the potential to generate additional investment in tourism infrastructure, facilities and the sustainable management of visitor destinations. As noted above, across stakeholder groups, there was strong emphasis on the importance of transparency, clear governance arrangements and visible reinvestment of levy income in visitor-related infrastructure and services.
- Views on scheme design were mixed, with no clear consensus emerging in relation to e.g. percentage or fixed-rate approaches, seasonal variations, caps on chargeable nights or additional exemptions.

3.14 Overall, the findings highlight that the perceived impacts and acceptability of a Visitor Levy are closely linked to scheme design, implementation and governance arrangements, reinforcing the importance of statutory consultation in informing any future decision on whether a levy should be introduced and how any scheme should operate.

Income Modelling

3.15 As part of the commissioned work, indicative modelling was undertaken to understand the potential scale of revenues, costs and sensitivities associated with a range of possible levy designs. The modelling was illustrative and designed to highlight trade-offs between different options, rather than to predict a single outcome.

3.16 The analysis demonstrates that:

- Revenue outcomes vary significantly depending on levy rate, structure, and exemptions.

- Administrative and set-up costs are a material consideration, particularly in early years.
 - The balance between revenue generation, simplicity, fairness and administrative burden is a key design consideration.
- 3.17 Emerging Visitor Levy schemes across Scotland have generally been developed within a common range. For the purposes of the modelling undertaken as part of this work, a 5% levy rate was used as a baseline assumption to test potential revenue and operational implications. This rate was identified through stakeholder engagement as one of a range of possible approaches and was considered suitable for illustrative modelling purposes.
- 3.18 Using this baseline assumption and applying only the statutory exemptions (see Appendix 1, Section 5) set out in the legislation, this scenario indicates potential gross annual revenues of approximately £1.5 million. After allowing for indicative administration costs and a small percentage to be deducted by accommodation providers to contribute towards the cost of collecting and remitting the levy, this would generate estimated net revenues of £1.2 million per annum. These figures are illustrative only and actual revenues would depend on final scheme design, visitor behaviour, market conditions and operational arrangements.
- 3.19 In parallel to estimating potential revenues, consideration has also been given to the areas in which any levy income could be deployed, informed by emerging practice and stakeholder engagement. Reflecting this, four investment themes have been developed within the draft scheme. These provide a framework for how levy revenues could be utilised, see Appendix 1, Section 7.
- 3.20 These considerations reinforce the importance of further consultation, as required by the Act, to gather feedback on proposed approaches, assumptions and impacts before any decision on implementation is taken.

Draft Visitor Levy Scheme

- 3.21 A Draft East Lothian Visitor Levy Scheme has been prepared in accordance with the requirements of the Act and is attached as Appendix 1. The draft scheme sets out indicative objectives, scope, administrative arrangements and governance structures to support statutory consultation.
- 3.22 The draft scheme is intended to provide a clear basis for consultation and includes indicative proposals to support consideration of key design elements. Feedback from the statutory consultation will build on work undertaken to date and will inform any future recommendations to Council, including whether a Visitor Levy should be introduced and, if so, the final design of any scheme.

- 3.23 The modelling and engagement work informed development of the draft scheme design. While views varied across stakeholder groups and no single approach attracted universal support, a number of factors informed the proposals included within the draft scheme.
- 3.24 A percentage-based levy was considered to provide a more proportionate approach, as the amount paid varies according to the cost of accommodation purchased. This means that visitors staying in lower-cost accommodation pay a lower levy than those staying in higher-cost accommodation. By contrast, a fixed-rate charge would apply equally regardless of the price of accommodation and would therefore represent a proportionately higher cost for visitors using lower-cost accommodation. A percentage-based approach also maintains its value over time without requiring regular adjustment.
- 3.25 The draft scheme does not propose a cap on the number of chargeable nights. While stakeholder views on caps were mixed, analysis of visitor stay patterns indicates that the majority of visits to East Lothian are of relatively short duration. In this context, a cap was not considered likely to materially affect the majority of visitors, while introducing additional complexity to scheme administration and compliance arrangements.
- 3.26 The draft scheme proposes only those exemptions required by the Visitor Levy (Scotland) Act 2024. This reflects the absence of a clear consensus in favour of additional local exemptions through the engagement process and recognises the trade-off between additional exemptions, administrative complexity and potential impacts on levy revenues. The statutory consultation will provide a further opportunity to test views on this approach before any final decision is taken.
- 3.27 Feedback received through statutory consultation would help inform any refinement of scheme design prior to any future decision by Council on whether a Visitor Levy should be introduced and, if so, the form that any scheme should take.

Next Steps

- 3.28 Subject to Council approval, a 12-week statutory consultation will be undertaken. It is proposed that consultation would commence on 26 June 2026.

The consultation would include:

- A public online consultation open to all stakeholders, including residents, visitors, businesses and representative organisations.
 - Targeted engagement sessions with accommodation providers, recognising their central role in the operation of any scheme.
 - Targeted engagement and/or briefings with tourism, business and community representatives, as appropriate.
- 3.29 A further report would be presented to Council following the consultation period, setting out the consultation findings and any proposed

refinements to the draft scheme, and seeking a decision on whether to introduce a Visitor Levy in East Lothian and, if so, approval of a final scheme design. Should Council subsequently decide to introduce a Visitor Levy, the legislation requires a minimum implementation period of 18 months between that decision and the commencement of any scheme. Based on the indicative timetable set out above, the earliest potential commencement date would be spring 2028.

4 POLICY IMPLICATIONS

- 4.1 Progressing a Draft Visitor Levy Scheme to consultation represents a significant policy step, enabling East Lothian Council to consider whether a locally retained levy on overnight visitor accommodation should be introduced. The statutory consultation process will provide an opportunity to test the draft scheme, gather stakeholder views and inform any future policy decisions in relation to a Visitor Levy.
- 4.2 Subject to Council approval to consult, a draft Visitor Levy Scheme would be published for a statutory public consultation period. This process would seek views from residents, businesses, visitors, and key stakeholders, including the tourism and hospitality sector, to inform any future recommendations to Council regarding the design of a scheme and the potential use of levy revenues.
- 4.3 Following consideration of consultation feedback, a further report would be presented to Council setting out the consultation findings and seeking a decision on whether a Visitor Levy should be introduced in East Lothian.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance:
 - 5.1.1 The financial implications of introducing a Visitor Levy would be dependent on the final scheme design approved by Council. Indicative modelling undertaken as part of the evidence-gathering process is summarised in Section 3 and detailed within the supporting appendices.
 - 5.1.2 Should Council subsequently decide to introduce a Visitor Levy, there would be ongoing administration costs associated with operating the scheme. Indicative modelling assumes annual operating costs of approximately £225,000, although actual costs would depend on final scheme design and operational arrangements.
- 5.2 Human Resources:
 - 5.2.1 No additional human resource implications arise from the recommendation.
- 5.3 Other (e.g. Legal/IT/Risk):

5.3.1 No additional legal, IT or operational implications arise from the recommendation.

6 INTEGRATED IMPACT ASSESSMENT

6.1 **Select the statement that is appropriate to your report by placing an 'X' in the relevant box.**

An Integrated Impact Assessment screening process has been undertaken, and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	YES
Socio-economic disadvantage/poverty	YES
Climate change, the environment and sustainability	YES
Corporate parenting and care-experienced young people	NO
Storage/collection of personal data	YES
Other	NO

The Integrated Impact Assessment screening process has been undertaken. As this report seeks approval to undertake statutory consultation rather than approval of a final Visitor Levy Scheme, no definitive conclusions have been reached regarding impacts. Further impact assessment work will be undertaken alongside the statutory consultation process and will inform any future report to Council.

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

- 7.1 Appendix 1 - Draft Visitor Levy Scheme
- 7.2 Appendix 2 - Stakeholder Engagement Summary
- 7.3 Appendix 3 - Financial Modelling of Visitor Levy

8 BACKGROUND PAPERS

- 8.1 [Development of a Visitor Levy Proposal](#) – Council Paper October 2024
- 8.2 [Guidance on the visitor levy for local authorities](#)
- 8.3 [Visitor Levy \(Scotland\) Act 2024](#)

9 AUTHOR AND APPROVAL DETAILS

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Designation	Head of Development
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Confirmed
Approval Date	15 June 2026

Appendix 1 - East Lothian Draft Visitor Levy Scheme for Consultation

1. Introduction & Purpose of the Scheme

East Lothian Council has prepared this Draft Visitor Levy Scheme for statutory consultation under the powers granted by the Visitor Levy (Scotland) Act 2024 ("the Act"). The Draft Scheme proposes the introduction of a Visitor Levy applicable to persons staying in overnight paid accommodation within the Council boundary.

This proposal aims to:

- Sustain, support and develop infrastructure and amenities used by visitors and residents, supporting inclusive and sustainable economic growth across East Lothian's communities.
- Enhance East Lothian's visitor offer, including its natural, cultural and heritage assets, through reinvestment of levy revenue.
- Ensure tourism growth is sustainable, responsible and aligned with the East Lothian Local Economy Strategy 2024-2034.

2. Scheme Area, Start Date & Duration

- Scheme Area: The entire East Lothian Council geographic boundary.
- Start Date: The commencement date for any Visitor Levy Scheme would be determined by Council following consideration of consultation responses and would be subject to the minimum 18-month implementation period required by the Visitor Levy (Scotland) Act 2024.
- Duration: Indefinite until amended or withdrawn by East Lothian Council.

3. Levy Rate & How It Is Charged

- Levy Rate: 5% of the amount charged for overnight accommodation.
- Chargeable Nights: There is no cap on the number of chargeable nights.
- Seasonality: The levy applies throughout the year with no seasonal variation.
- Remittance and Returns: Levy returns and payments will be submitted free of charge by accommodation providers through the national visitor levy portal <http://www.visitorlevy.scot>

4. Accommodation Types Liable

The levy will apply to all paid overnight accommodation within the East Lothian Council boundary, including accommodation providers whose annual turnover falls below the VAT registration threshold.

This includes:

1. Hotels;
2. Hostels;
3. Guest houses;
4. Bed and breakfast accommodation;
5. Self-catering accommodation, including short-term lets;
6. All paid accommodation on caravan sites and campsites, including temporary tent and campervan pitches
7. Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and
8. Any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

Certain accommodation providers may apply to the Council for a discretionary site exemption if they meet both of the following criteria;

1. The property is occupied by a charity and
2. Overnight stays are wholly or mainly for charitable purposes.

Accommodation providers who do not charge for overnight accommodation, or who cater solely for individuals who are exempted from paying the levy are not liable for the levy.

5. Exemptions & Reimbursements

The Visitor Levy is payable by anyone staying in accommodation which is not their only or usual place of residence (temporary or otherwise). Individuals who do not have an only or usual place of residence are therefore not required to pay the levy. This includes people who are fleeing domestic abuse, homeless, refugees and asylum seekers and people whose homes are unfit or unsafe for habitation. In addition, individuals defined in s. 14 (1) (i) of the Act are exempt from paying the levy.

Individuals who are exempt or excluded will need to pay the levy to the accommodation provider and request reimbursement from the Council, unless their accommodation has been arranged and paid for directly via the Council. Applications for reimbursement will be made to East Lothian Council using a process to be published on the Council's website. Applicants will be required to

provide evidence demonstrating eligibility for exemption or exclusion and evidence that the levy has been paid. Alternative arrangements will be available for applicants unable to access online services.

As at June 2026, only people in receipt of the following benefit payments are exempted: Disability Living Allowance, Disability Assistance, Attendance Allowance, Pension Age Disability Benefit and Personal Independence Payment.

6. Collecting and enforcing the levy

Accommodation providers within the local authority area will be responsible for collecting and remitting the levy. They will be required to submit quarterly returns detailing the total accommodation charges and levy collected through the national visitor levy arrangements in place at the time the scheme is implemented. Levy payments will be remitted at the same time as returns are submitted.

Accommodation providers are required to keep accurate records of all transactions that are subject to the levy. The Council will conduct inspections, as required, to ensure compliance with the scheme and remittance requirements.

Accommodation providers who fail to comply may be subject to penalties in accordance with the Act.

7. Use of Net Proceeds

The Act stipulates that the net proceeds of a visitor levy must be spent on facilitating the achievement of the scheme's objectives and on "developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting [overnight] for leisure or business purposes (or both)". In applying the net proceeds of the Visitor Levy, East Lothian Council will seek to maximise economic, social and environmental benefit for local communities, while supporting a sustainable, responsible and competitive visitor economy. Investment decisions will be guided by the principles of inclusive growth, community wealth building and place-based development, ensuring that levy revenues support facilities and services substantially used by visitors while delivering wider benefits for local communities.

A deduction from levy revenues collected by accommodation providers will be permitted to contribute towards the administrative costs associated with collection and remittance of the levy. For modelling and consultation purposes this has been assumed at 2%

After administration costs, including a 2% retention, net funds will be applied across the following themes:

- Infrastructure, including capital and revenue expenditure that supports sustainable growth in visitor activity, enhances community assets, and mitigates the impacts of visitor pressure on local places.
- Culture, heritage and events that celebrate East Lothian's distinctive identity, support local participation, and deliver economic and social value to communities.
- Visit East Lothian destination and visitor management and marketing activity that improves accessibility, visitor behaviour, dispersal and environmental sustainability, while enhancing the experience of both visitors and residents.
- Business support activity that improves the quality, sustainability, resilience and productivity of the visitor economy.
- For otherwise developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting East Lothian for leisure or tourism purposes.

East Lothian Council will make decisions on the use of funds after consultation with the Visitor Levy Forum (see detail below). Council will seek to align investment decisions with its wider inclusive growth, fair work, and community wealth building approaches.

8. The Visitor Levy Forum

A Visitor Levy Forum will be established to advise on the Visitor Levy scheme, including the use of net proceeds, review of the scheme and any modifications to the scheme.

The forum will be maintained for the duration of the scheme and will be provided with copies of each annual report in relation to the scheme.

The Forum will comprise representatives of local communities, businesses operating within East Lothian's visitor economy, relevant local and national tourism organisations, and other stakeholders or sector specialists as appropriate.

The purpose of the Forum is to provide a structured mechanism for ongoing engagement between East Lothian Council and representatives of communities, businesses and organisations connected to the visitor economy. The Forum will provide advice on the operation of the scheme, the use of levy revenues, proposed modifications to the scheme and the findings of annual reporting and evaluation.

The Forum will meet at least twice annually in accordance with the requirements of the Act.

9. Monitoring, Reporting & Review

The Council will review the scheme every three years to assess whether it is successfully achieving its objectives and to measure the impact of the scheme on businesses, visitors and communities. The Council will publish annual reports detailing levy income collected, expenditure incurred and the outcomes achieved through levy-funded activity. The findings of each three-year review will also be published.

If the Council proposes changes to the scheme, it will undertake any consultation required by the Act and publish a report setting out the proposed changes and the reasons for them.

Any approved changes to the scheme will take effect in accordance with the requirements of the Visitor Levy (Scotland) Act 2024 and any implementation arrangements specified by the Council.

Significant changes to the scheme include:

- Increasing the scheme area;
- Increasing the rate charged; and/or
- Removing any exemptions.

Appendix 2 - Stakeholder Engagement Findings

Stakeholder Engagement Findings

During October and November 2025, 56 Degree Insight undertook a programme of research to explore views on the potential introduction of a visitor levy in East Lothian.

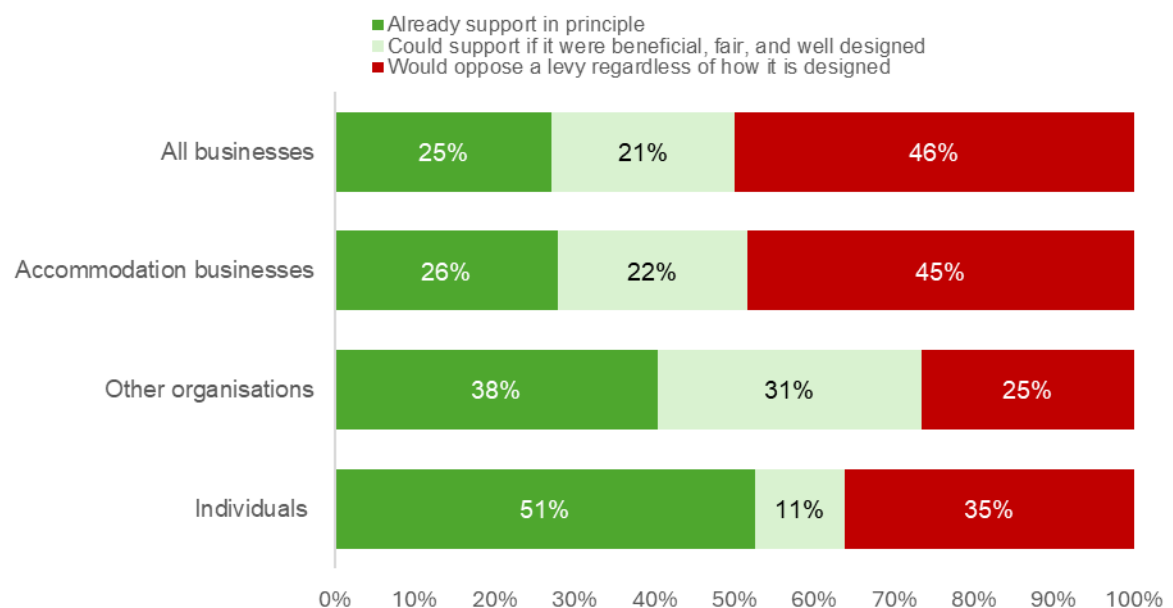
This comprised an online survey completed by 375 respondents, including 152 businesses, 16 other organisations and 207 individuals, and 14 in-depth interviews with tourism and hospitality operators.

In addition to this programme of research, questions regarding the potential introduction of a visitor levy were included in the 2024 East Lothian Visitor Survey undertaken by Visit East Lothian. This survey involved over 1,000 interviews with visitors to the area and found that 73% would support plans for a levy if the money collected could be 'ring fenced' to be spent on improvements that would benefit tourists. The majority indicated that the implementation of a levy would make no difference to future plans to visit the area (64%), while 19% were unsure of the impact and 17% stated they would be less likely to visit.

Overall Sentiment

As shown below, attitudes to a visitor levy differed between audiences. Most individuals and other organisations expressed current or potential future support (62% and 69% respectively) while business views were mixed (46% already support / could support if well designed, 46% would oppose regardless, 8% unsure).

Figure 1 – Levels of support and potential / conditional support



Base: All businesses (152), Accommodation businesses (88), Other organisations (16), individuals completing on personal basis (207). Note: respondents who selected 'unsure' are not shown.

Perceived Impacts

When asked about the potential effects of an introduction of a levy of around 5%, half (51%) of businesses anticipated that a levy at this level could have a negative impact on their business, while others indicated that the extent of any impact would depend on factors such as the level of the charge, how it is implemented and how revenues are used.

The most common potential issue raised by those who opposed a levy was that higher accommodation prices might deter some visitors or lead to reduced visitor spend in local shops and attractions. The increased administrative burden was also a concern for some, as described further below.

Those who supported the introduction of a levy saw the main benefits as the opportunity to obtain funding for tourism infrastructure and facilities, as a means to 'protect' residents from bearing tourism related costs and to manage visitor impacts and support sustainable tourism.

Implementation concerns

The most frequently cited potential implementation concern was the risk of increased administrative burden (70% mentioned). Other potential issues mentioned by smaller percentages included a lack of certainty over the integration of the levy requirements with existing systems and processes (21%) and the particular pressures which may need to be borne by small or family-run businesses (18%).

Design preferences

Views on how a levy should be structured were mixed:

- Preferences between a percentage and a fixed amount were evenly balanced among accommodation businesses (35% percentage vs 34% fixed amount), while individuals leaned towards a percentage (45%).
- Where a percentage model was considered, 5% was the most frequently cited reasonable rate.
- Support for seasonal variation was divided: 45% of accommodation businesses supported the idea, 32% opposed and 24% were unsure.
- 44% favoured a cap on chargeable nights, most commonly at seven nights.
- A minority (21% of accommodation businesses) felt exemptions on visitors to be charged the levy should be considered. Some of those opposed to this idea questioned how these could be verified fairly.

Use of levy income

There was a general view across the stakeholder groups that income from a levy should be ring-fenced for projects that directly support tourism businesses. This was seen as important by 80% of accommodation businesses.

The highest priorities for use of revenue were tourism infrastructure, public toilets, beach and town-centre maintenance, transport and parking, signage and destination marketing.

Many respondents stated that regular clear communications on areas such as income and expenditure would be important to them if a levy was implemented.

Summary

The engagement and analysis undertaken identified a range of views on the potential introduction of a Visitor Levy in East Lothian. Individuals, visitors and representative organisations were generally more supportive of a levy than accommodation businesses, where views were more mixed and often dependent on the detailed design of any scheme.

Across stakeholder groups there was broad agreement on the importance of transparency, clear governance arrangements, visible reinvestment of levy revenues and minimising administrative burden. While concerns were raised regarding potential impacts on visitor numbers, visitor spending and business operations, particularly amongst accommodation providers, there was also recognition of the opportunity to generate additional investment in facilities, services and infrastructure that support the visitor economy.

The findings highlight the importance of scheme design, implementation arrangements and governance in determining the acceptability and perceived impacts of a Visitor Levy. The evidence gathered through this engagement is intended to inform the development of a Draft Visitor Levy Scheme and support Members in considering whether to proceed to statutory consultation.

Appendix 3 - Modelling of Visitor Levy Options

East Lothian's Visitor Economy

East Lothian has a substantial and growing visitor economy. In 2024, the area attracted approximately 1.56 million visitors, comprising 577,000 overnight visitors and 985,000 day visitors. Visitor activity generated an estimated £379 million of economic impact and supported approximately 4,626 FTE jobs.

The Council's visitor accommodation database identifies approximately 634 accommodation providers across East Lothian, providing around 6,800 visitor bedspaces. The accommodation sector is predominantly made up of self-catering accommodation, alongside hotels, guest houses, bed and breakfast accommodation, campsites and caravan parks.

This scale of visitor activity provides the basis for assessing the potential revenue implications of a Visitor Levy.

Financial Assessment Findings

A financial model was developed to assess the indicative cost and revenue implications of a range of visitor levy scenarios, including different percentage rates, fixed amounts and exemption policies. The modelling is intended to illustrate the relative implications of different scheme design choices rather than predict a single expected outcome.

A wider range of scenarios, including fixed-charge models, seasonal approaches and additional exemption arrangements, were also assessed as part of the modelling process and informed development of the Draft Visitor Levy Scheme.

Under the baseline scenario, a 5% levy with statutory exemptions only is estimated to generate approximately £1.51 million in gross annual revenue. After allowing for administrative costs, including payment portal setup, annual operating costs and a 2% accommodation provider deduction allowance, this would equate to indicative net revenues of approximately £1.2 million per annum available for reinvestment in visitor-related facilities and services.

The modelling indicates that revenue outcomes vary significantly depending on levy rate, structure and exemptions. Different approaches involve trade-offs between revenue generation, fairness, administrative complexity, ease of implementation and stakeholder acceptability.

Overall, the analysis suggests that a visitor levy has the potential to provide a significant additional funding source for visitor-related investment in East Lothian. The level of revenue generated would depend on the final scheme design, market conditions and operational arrangements.

Estimated Revenue Outcomes

Under the baseline scenario reflected in the Draft Visitor Levy Scheme, a 5% levy with statutory exemptions only is estimated to generate approximately £1.51 million in gross annual revenue.

Alternative percentage and fixed amount rates were also modelled to illustrate the relationship between levy rate and revenue generation.

Scenario	Estimated Gross Annual Revenue
3% Levy	£0.91 million
5% Levy (Draft Scheme)	£1.51 million
7% Levy	£2.12 million
£5 per night fixed amount	£2.06 million
£2/5 per night tiered fixed amount	£1.75 million

(Tiered fixed amount Scenario – Lower rate £2 modelled on Camping & Touring accommodation assumptions only)

The modelling indicates that revenue outcomes vary significantly depending on levy rate, exemptions and scheme design. While higher rates generate greater revenues, they may also increase concerns relating to affordability, perceived fairness (for example, the proportional impact of percentage-based versus fixed charges across different accommodation types), operational complexity for both the local authority and businesses, and overall stakeholder acceptability. Conversely, lower rates reduce the level of funding available for reinvestment in visitor-related facilities and services.

The 5% levy included within the Draft Visitor Levy Scheme has been selected as the baseline proposal for consultation purposes. Feedback received through statutory consultation will assist Council in considering whether this remains the most appropriate approach and whether any modifications to the proposed scheme should be considered.

Estimated Administration Costs

The financial modelling includes provision for the costs associated with implementing and operating a Visitor Levy Scheme. These costs include system setup and operation, staffing, compliance and enforcement activity, and an allowance for accommodation provider retention in recognition of the role providers would play in collecting and remitting the levy.

For modelling purposes, annual operating costs have been estimated at approximately £225,000, together with one-off implementation and system setup costs. The modelling also incorporates prudent assumptions regarding compliance and payment rates, particularly during the early years of operation.

Actual administration costs and net revenues would depend on the final scheme design, procurement arrangements, system requirements and operational approach adopted by the Council.

Potential Benefits of Investment

The scale of potential revenue generated by a Visitor Levy will depend on the final scheme design approved by Council. However, the modelling indicates that a levy could provide a significant additional source of funding to support facilities and

services substantially used by visitors, in accordance with the requirements of the Visitor Levy (Scotland) Act 2024.

Evidence from visitor economy investment programmes suggests that expenditure on areas such as visitor infrastructure, destination management, transport and accessibility, events, culture and heritage can generate wider economic, social and environmental benefits. While the scale of these benefits varies depending on the nature of the investment and local circumstances, previous evaluations have demonstrated that well-targeted visitor economy investment can support increased visitor spend, business activity, employment and wider community outcomes.

The use of any levy revenues would be determined by Council and informed by consultation feedback, the Visitor Levy Forum and the objectives of any final scheme.

Summary

The financial modelling provides an indicative assessment of the potential revenue implications of a Visitor Levy in East Lothian and demonstrates the influence of key design choices on revenue generation and administration. The analysis has informed development of the Draft Visitor Levy Scheme and provides a basis for consultation on the proposed 5% levy model. Feedback received through the statutory consultation process will inform any future consideration of alternative approaches and any recommendations to Council regarding the final design of a Visitor Levy Scheme.