



Fife Visitor Levy Early Engagement Consultation Analysis and Economic Impact

Report prepared by:

EKOS Limited
St. George's Studios
93-97 St. George's Road
Glasgow
G3 6JA

Reg 145099
www.ekos-consultants.co.uk



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Executive summary

Introduction

Fife Council designed and undertook an early engagement exercise to explore the potential of introducing a visitor levy scheme in the region. The survey opened on 3 November 2025 and was subsequently extended from closing on 19 December 2025 to 31 January 2026.¹ This consultation exercise was undertaken to ascertain:

- levels of support and concern around the possible introduction of a visitor levy.
- preferred design features of a local visitor levy scheme, including rate type (percentage versus flat), number of chargeable nights, seasonality, and local exemptions.
- priorities for reinvesting revenue in line with the [Fife Tourism Strategy 2023-2030](#) and wider council goals.
- potential impacts on businesses, communities, and visitors.

The early engagement exercise comprised a survey (855 responses received), nine in-person drop-in sessions held in locations across Fife and two online information events (circa 60 attendees in total).

EKOS was commissioned by the council to undertake the independent consultation analysis and to prepare an economic impact assessment (EIA).

The research findings will inform council discussions on whether a draft visitor levy scheme should be developed for Fife. If councillors agree to proceed to the next stage, the council will then undertake a formal 12-week statutory consultation. No decision on whether to implement a visitor levy in Fife will be taken until that statutory consultation has been completed and its findings considered by Fife Council.

¹ The survey was due to close on 19 December 2025 and was extended to the 31 January 2026 in response to the Scottish Government proposal to amend the legislation. Additional questions were added to explore options for a flat rate model in addition to a percentage rate model.

Background context

The Scottish Parliament passed the [Visitor Levy \(Scotland\) Act](#) in May 2024, giving local authorities a new discretionary power to raise revenue from overnight visitors and to reinvest it in services and facilities that support the visitor economy and make a contribution to local areas. Since then, the Scottish Government has made amendments to the legislation in response to feedback from councils and the tourism sector. These changes are designed to address practical and administrative challenges identified in the original 2024 Act and to support smoother, more consistent delivery of visitor levy schemes across Scotland.

The [Visitor Levy \(Amendment\) \(Scotland\) Bill](#) passed the Scottish Parliament on 24 March 2026 making some technical adjustments to support the operation of the 2024 Act, which will take effect automatically two months after Royal Assent. This new legislation will give local authorities the extra option to introduce a fixed rate visitor levy (per room/area, per night²) alongside the existing percentage based model. It will also enable councils to vary visitor levy rates by location, season, or accommodation type, supporting alignment with local tourism patterns and pressures. The new powers are expected to commence in Autumn 2026, subject to regulations being laid in Parliament.

Survey findings

In reviewing the survey findings it should be noted that not all respondents answered the additional questions which were added when Falkirk Council extended the survey timescales. Response rates were lower to questions related to a fixed rate visitor levy.

Respondents

Eighty-three percent of the 855 survey responses to the early engagement exercise were from individual respondents, with the remainder (17%) from businesses and organisations. A more detailed breakdown of respondent type is provided in **Table 1**.

² The option for a per person, per night charge was not part of the amendments approved by Parliament, and was not known at the time of the early engagement survey.

Table 1: Which category best describes you as a respondent to this consultation?

Respondent type	Number	Percentage of all respondents
I am a resident of Fife	608	71%
I run, or am responding on behalf of, a business in Fife	130	15%
I am a visitor to Fife	37	4%
I invest in or own property in Fife, but I do not live in the area	25	3%
I am part of a representative group for business or tourism	24	3%
I am a representative of a local community council or other community group	19	2%
I work in Fife, but I do not live in the area	12	1%
I have never been to Fife	0	0%
Other	0	0%

Base=855 respondents.

Forty-four percent of residents' survey responses were from people who lived in North East Fife. Responses from those who lived in other areas of Fife were lower, **Table 2**.

Table 2: If you live in Fife, which area do you live in?

Area	Number	Percentage of all respondents who answered this question
North East Fife	331	44%
Dunfermline	125	17%
Kirkcaldy	97	13%
South and West Fife	72	10%
Levenmouth	70	9%
Cowdenbeath	32	4%
Glenrothes	21	3%

Base=748 respondents.

Survey results and feedback

Views were mixed on the introduction of a visitor levy scheme in Fife. Overall, in principle support for a visitor levy scheme (47%) was broadly similar to opposition (45%), with residents more supportive in principle (55%) and businesses least supportive (22%).

Qualitative feedback highlighted affordability and competitiveness concerns, in particular for price-sensitive domestic visitors and a tourism sector often described as financially fragile. Businesses and organisations emphasised a range of issues and challenges for the sector, including short term let licensing, increasing regulatory pressures, planning rules, high business rates and high operating costs, as well as concerns about integrating a visitor levy into existing booking systems. Responses emphasised that accommodation providers operate in a highly competitive, price-sensitive market and would be particularly vulnerable to additional bureaucracy and costs.

Further, a small number of organisation respondents suggested that the council should pause work on a visitor levy until there is greater clarity on how schemes are being implemented elsewhere in Scotland – allowing time to learn what works, what does not, and what impacts are emerging – and until updated national guidance from the recent legislative changes becomes available. As well as calls for a detailed and independent EIA to be carried out to quantify the potential positive and negative impacts of a visitor levy in Fife.

If a visitor levy was introduced in Fife, a similar proportion of respondents who answered this question supported a flat rate per night (52%), as those who supported a percentage of the accommodation cost model (48%), and the pros and cons of both approaches were identified in survey responses. Survey responses emphasised that a visitor levy rate should be affordable and convenient for visitors to pay, and be straightforward and easy for accommodation providers to collect and transfer to the council.

In terms of a percentage rate, survey feedback shows in principle support for a percentage visitor levy rate of 5% or lower in order to keep Fife affordable and to avoid deterring visitors. A visitor levy rate of 3% was the most common response. Some respondents emphasised a cautious approach to test its introduction, build acceptance and for the council to demonstrate tangible investment in local tourism infrastructure and services.

If a fixed rate was to be introduced, points to note from the survey included:

- a higher level of in principle support for application on a per night basis.
- a majority did not think there should be a tiered fixed rate approach.
- support for a £2 or less per person per night charge.

- support for a £3 or less per accommodation unit charge.

Wider views on visitor levy design were also mixed.

There was stronger levels of support (64%) for capping the number of chargeable nights. While seven consecutive nights was most commonly selected, greater levels of support was expressed for a cap of five consecutive nights or less.

Around half (54%) favoured applying a visitor levy across all of Fife and 27% felt the council could explore applying it on a geographically selective basis to help balance tourism pressures and opportunities across the Fife Council area. The remainder were unsure. There was some survey feedback that an approach that targeted specific areas could: confuse visitors; distort competition; penalise accommodation providers near boundaries; be difficult to administer; and raise issues over where revenue generated by a visitor levy would be spent within Fife.

Forty-five percent of survey respondents supported year-round application of a visitor levy, while 33% preferred peak-season only, citing winter fragility and encouraging visits outside of the busy tourism periods in support of this viewpoint.

There was strong support for local exemptions to be applied, particularly for Fife residents (74%), and mixed views on exemptions for those accompanying disabled visitors. Respondents mentioned other possible groups for exemptions, including (but not limited to): patients staying in paid accommodation whilst travelling for medical appointments and treatment; workers staying in Fife temporarily due to employment commitments; and accommodation providers below the VAT threshold to avoid pushing them into VAT liability. Respondents emphasised that any exemption process must be simple and manageable, with minimal administrative burden, and a preference that exempt visitors do not pay a visitor levy upfront.

Survey respondents expressed strong expectations around transparency and governance. They said revenue generated should provide genuine additionality and be ring-fenced for visitor-related infrastructure and services that provide direct benefit to the Fife visitor economy. They intimated clear priorities for reinvesting revenue in public facilities, transport, road maintenance, and public realm improvements.

Respondents also called for a strong Visitor Levy Forum with sector/industry and community representation to ensure that local needs are represented and articulated and alignment with tourism priorities.

Over half (53%) supported allowing accommodation providers to retain a percentage of visitor levy revenue to help offset administrative costs, though views varied on the appropriate level. There were calls for specific considerations for micro and small accommodation providers who may be disproportionately burdened by the introduction of a visitor levy.

There were also requests that any visitor levy scheme design must deliver on objectives around fairness, proportionality, simplicity, and sustainability, while supporting Scotland's diverse visitor economy and protecting the competitiveness of the tourism and hospitality sector. As well as efforts to address concerns that a complicated system could create challenges for collection and for accommodation businesses.

EIA

EKOS has undertaken an impact assessment of the proposed introduction of a visitor levy scheme in Fife, modelling the potential economic impacts on the accommodation sector and wider visitor economy. The analysis accounts for uncertainty in three key areas:

- final charging structure of a visitor levy (flat rate or percentage rate).
- the impact of a visitor levy on visitor demand and sector turnover (via price elasticity).
- the extent to which reinvestment of visitor levy revenues generates positive economic effects.

Given limited empirical evidence on visitor levies, a range of model scenarios have been developed, reflecting different assumptions on costs, demand response, and investment returns. Results vary across these scenarios, highlighting that overall success depends on balancing demand impacts with effective reinvestment of funds.

For comparison purposes, we have assessed the impacts of two different rate structures:

1. A £2.50 per night flat rate visitor levy applied to all overnight stays.
2. A 5% visitor levy applied to the total cost (room-rate) of the accommodation.

Results

The Fife Council financial cost benefit analysis assesses the gross tax receipts generated by a visitor levy against the set-up and implementations costs and ongoing administration costs of a visitor levy faced by Fife Council.

Table 3: Fife Council financial cost benefit analysis results (£millions)

Charging structure	Tax revenue generated	Cost of set-up and admin	Net Present Value (NPV)	Benefit-Cost Ratio (BCR)
Flat rate	£30.9	£2.7	£28.2	11.3
Percentage rate	£88.9	£3.4	£85.6	26.5

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Both charging structures generate extremely high BCRs to Fife Council from a purely financial perspective. However, we note that in terms of NPV, a percentage rate could generate significantly larger financial benefit – driven by the relatively higher tax rate.

The accommodation sector cost benefit analysis compares turnover gains from visitor levy-funded investment against direct costs (set-up and administration) and indirect costs (lost turnover due to price increases).

Table 4: Accommodation sector businesses financial cost benefit analysis results (£millions)

Charging structure	Turnover uplift	Set-up and admin costs	Turnover lost	Total cost	NPV	BCR
Flat rate	£25.4	£4.3	£8.6	£12.9	£12.5	2.0
Percentage rate	£73.6	£18.6	£22.3	£40.9	£32.7	1.8

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

The results show that both charging structures generate net positive financial outcomes for accommodation businesses, with a flat rate generating a slightly higher BCR at 2.0, compared to 1.8 for a percentage rate. The percentage rate model generates significantly higher absolute gains (£32.7m NPV) but also much higher costs.

The socioeconomic cost benefit analysis assesses the net additional Gross Value Added (GVA) generated in the Fife economy as a result of visitor levy-funded investment, relative to public and private implementation costs.

Table 5: Socioeconomic cost benefit analysis results (£millions)

Charging structures	Net additional GVA	Council cost of set-up and admin	Business cost of set-up and admin	Total cost	NPV	BCR
Flat rate	£20.3	£2.7	£4.3	£7.0	£13.3	£2.9
Percentage rate	£61.9	£3.4	£18.6	£22.0	£39.9	£2.8

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Both charging structures produce positive economic impacts, with very similar BCRs (2.9 and 2.8). It should be noted that the percentage-based charging structure generates substantially higher total economic impact, measured by NPV when compared to the flat rate structure. This is driven by the significantly higher effective tax rate under the 5% structure.

Approved visitor levy schemes in Scotland

Edinburgh, Glasgow, Aberdeen, Stirling, and West Dunbartonshire have converged around a percentage rate (these schemes were approved prior to the recent amendments to legislation), year-round, whole-area schemes, with provider reimbursement and local reinvestment built in. Most have approved a visitor levy rate between 3%-5% as a way to balance revenue generation with competitiveness.

Whether a cap on the number of nights a visitor levy applies varies. Edinburgh has adopted a five-night cap, Stirling offers reimbursement after seven nights, while Glasgow has no cap, for example. Caps can be popular with seasonal/temporary workers and long-stay visitors but can also reduce revenue and add complexity.

Local exemptions varies across the schemes. Glasgow has no local exemptions and has prioritised simplicity in scheme design and administration while others have targeted local exemptions such as for medical travel (Aberdeen), local residents (Stirling), and discretionary local exemption for charity-occupied accommodation for charitable stays (Edinburgh and West Dunbartonshire).

Accommodation provider reimbursement is an expected feature, and typically ranges between 1.5% and 3% across the approved schemes.

Clear and transparent investment priorities are vital for building public trust. Other councils focus on infrastructure, culture, events, marketing, community benefit and business support. Administrative burden also needs to be considered, including consideration of system integration, compliance, enforcement, exemptions, as well as guidance and communications.

1 Introduction

1.1 Visitor Levy legislation in Scotland

The Scottish Parliament passed the [Visitor Levy \(Scotland\) Act](#) in May 2024, which gives local authorities the ability to charge a set percentage on overnight accommodation paid by visitors and tourists. There are elements in the current legislation which councils cannot change, and it retains an element of flexibility – councils have the discretion to decide certain aspects of a visitor levy scheme which considers the characteristics and circumstances of the local area, as well as consultation and impact assessment findings.

Appendix A provides a high-level summary of the legislation, outlining what the current legislative framework permits and restricts, and clarifying which elements local authorities can and cannot amend.

1.2 Amendments to the visitor levy legislation

The Scottish Government announced on 2 December 2025 that it intended to [amend the visitor levy legislation](#) in response to feedback from local authorities and the tourism sector. This was with a view to addressing practical and administrative challenges identified in the original legislation and to give councils greater flexibility over how they design and implement a visitor levy.

The [Visitor Levy \(Amendment\) \(Scotland\) Bill](#) passed the Scottish Parliament on 24 March 2026 making some technical adjustments to support the operation of the 2024 Act, which will take effect automatically two months after Royal Assent. This new legislation will give local authorities the option to introduce a fixed rate visitor levy (per room/area, per night³) or the existing percentage rate model.

Councils will also be able to vary the rate depending on factors such as geographical location, time of year, or type of accommodation, enabling them to better reflect local tourism patterns and economic conditions.

³ The option for a per person, per night charge was not part of the amendments approved by Parliament, and was not known at the time of the early engagement survey.

In addition, the legislation clarifies operational aspects of the visitor levy, including the responsibilities of accommodation providers in collecting, reporting, and remitting the charge, as well as the treatment of bookings made through third-party platforms. Alongside these changes, the Bill introduces a number of technical amendments aimed at improving the overall functionality of the 2024 Act. These adjustments are intended to reduce complexity, ensure consistency in implementation, and support smoother administration of the visitor levy across Scotland.

The new powers are expected to commence in Autumn 2026, subject to regulations being laid in Parliament.

Visitor levy schemes in Scotland

Visitor levy schemes are intended to generate annual funding to be reinvested locally in the visitor economy and tourism infrastructure services and facilities substantially used by business and leisure visitors. This includes things to: enhance the visitor experience; support the local visitor economy; and improve amenities that benefit the wider community such as public facilities (for example, public toilets), place/destination marketing and signage, roads maintenance, events programming, and new visitor attractions, for example.

Five local authorities in Scotland approved a visitor levy scheme before the announcement of the proposed legislative amendments. This includes the [City of Edinburgh](#), [Glasgow City](#), [Aberdeen City](#), [Stirling](#), and [West Dunbartonshire](#). There are similarities as well as differences when approved visitor levy schemes are considered – this could provide useful learning for Fife Council, see **Table 1.1**.

Table 1.1: Approved visitor levy schemes in Scotland

Feature	Comparison across the approved schemes
The visitor levy rate varies	This ranges from 3% (Stirling) to 7% (Aberdeen City)
Whether a cap on the number of nights a visitor levy applies varies	- Edinburgh caps at five nights - Stirling offers reimbursement after seven nights - The other three approved schemes have no cap
The use of local exemptions varies	- Glasgow has no local exemptions - Aberdeen includes medical travel - Stirling will exempt local residents - Both Edinburgh and West Dunbartonshire have a discretionary local exemption for charity-occupied accommodation for charitable stays
Revenue generation scale differs significantly	This is reflective of differing visitor numbers and levy rate, for example
Investment frameworks vary in structure	Some councils specify fixed percentages and others offering broad thematic allocations for priority areas for investing net proceeds
Proportion accommodation providers can retain to help cover some of the direct costs of administering a visitor levy	This ranges from 1.5% (Glasgow) to 3% (Stirling)

Some local authorities with large rural, remote and island populations have paused work on a visitor levy scheme. Reasons for this include to allow time to advocate for changes to the legislation (for example, a fixed flat rate) and/or for a potential introduction of a 'point-of-entry' levy, which could be charged at ports and airports.

Several others are at an early stage or are undertaking statutory consultation exercises.

1.3 Exploring a visitor levy in Fife – a timeline

Fife Council, at a [Cabinet Committee Meeting on 3 April 2025](#), considered a report by the Executive Director (Place) which provided an overview of the Scottish Government visitor levy legislation and sought approval to commence early engagement on a potential visitor levy scheme for Fife, recognising the importance of tourism to the local economy and the requirement for engagement with stakeholders.

This report noted that a draft visitor levy scheme would be developed using the intelligence gathered from initial engagement and information gleaned from early adopter councils such as City of Edinburgh which would then be brought back to the Cabinet Committee for approval before being subject to statutory consultation.

Table 1.2 provides the current indicative timeline of activity. The earliest a visitor levy scheme could be introduced in Fife (if agreed by the council) would be June 2028. This timeline may, however, change depending on the Scottish Government's timeline for amendments to the visitor levy legislation.

Table 1.2: Indicative timeline for exploring a visitor levy scheme for Fife

Actions	Timeline
Early engagement period incorporating forecasting research work and development of draft visitor levy scheme	April 2025 to May 2026
Cabinet Committee meeting – consideration of feedback from early engagement. Decision on whether to proceed with statutory consultation	June 2026
Formal consultation period	12 weeks
Cabinet Committee meeting – consideration of feedback from formal consultation. Decision on implementation of a visitor levy scheme	December 2026
Implementation period	18 months
Launch of visitor levy scheme (if implementation is agreed)	June 2028

The [Let's talk about Council spending Final report](#) (January 2026) acknowledged that, like all councils, Fife has experienced a rising demand for services, particularly as the cost-of-living crisis continues to impact people and families across Fife.

"Fife's financial position is stronger than many other councils. Prudent use of resources and careful investment has meant council tax rates have stayed among the lowest in Scotland, and bigger cuts to services seen elsewhere have been avoided. But more will need to be done over coming years to balance the books and protect Fife's strong position."

Between 8 December 2025 and 11 January 2026, local residents were invited to help shape options as to how Fife Council spend or save its budget for the year ahead and beyond.

In total 2,840 people shared their views. From a pre-defined list of options, residents were asked what they thought of potential ways to make savings or cover costs, among other things.

Fife residents expressed a moderate level of support for introducing a visitor levy scheme through the Let's talk about Council spending exercise. When asked to choose one savings idea to support, the top three were: introducing a visitor levy scheme; making more use of technology in frontline services; and reducing the number of council buildings used by communities across Fife.

1.4 Early engagement exercise

This report presents the independent analysis of responses received to Fife Council's early engagement exercise on the potential introduction of a visitor levy scheme. The consultation period opened on 3 November 2025 and closed on 19 December 2025. The survey was extended to the 31 January 2026 in response to the Scottish Government proposal to amend the legislation.

Following a procurement exercise and scoring process, Fife Council commissioned EKOS to undertake: the independent consultation analysis; and a full economic impact assessment (EIA) of implementing and not implementing a visitor levy scheme in Fife. The research contract commenced with an inception meeting held between the client working group and the EKOS study team on 6 January 2026, and concluded with a final report submitted on 21 May 2026.

The early engagement exercise was commissioned to inform council decision-making processes by helping Fife Council to better understand:

- levels of support or concern about introducing a visitor levy scheme in Fife.
- how a visitor levy scheme might best be structured locally – for example, a percentage rate versus a flat rate, number of nights, seasonal considerations, and exemptions.

- priorities for how revenue could be spent, such as on infrastructure, events, community projects or sustainability initiatives – in line with the [Fife Tourism Strategy 2023-2030](#) and wider council priorities such as sustainability, community wealth building and economic growth.
- any potential impacts on businesses, communities, and visitors.

If a draft visitor levy scheme is developed, a formal 12-week statutory consultation will follow before any decision is made by Fife Council on whether to implement a visitor levy scheme in Fife.

2 Methodology and respondents

2.1 Introduction

This chapter describes the early engagement exercise designed and undertaken by Fife Council, summarises the responses received, and provides an analysis of respondent type. It explains EKOS' approach to analysing the feedback, summarises how the EIA was undertaken, and highlights methodological challenges and limitations.⁴

2.2 Online survey and respondents

Original survey

The early engagement survey was designed and hosted by Fife Council on the online Citizen Space platform, and closed on 19 December 2025. There were opportunities for individuals and organisations to submit an email or letter response directly to the council via the dedicated visitor levy mailbox (that is, non-Citizen Space responses). People could ask to receive support from a council officer in completing their survey response.

Opportunities to share views and submit responses were promoted by the council on dedicated visitor levy webpages on Fife Council's website, social media (primarily council channels and where possible on local community Facebook pages), through email subscriptions, through the council's partners, and information was made available in community facilities (including libraries) and in the local press.

As part of the process the council developed [Frequently Asked Questions](#) (FAQs) and signposted respondents to other sources of information and advice, including to FAQs about the visitor levy in Scotland published on the [VisitScotland website](#).

A total of 432 online survey responses were received by the 19 December 2025.

⁴ See also **Chapter 4.1** for challenges and limitations associated with the impact assessment.

Survey extension

Fife Council subsequently agreed to extend its early engagement consultation deadline from 19 December 2025 to the 31 January 2026 to allow exploration of views on a fixed flat rate levy option, alongside existing questions on a percentage rate. Fife Council amended the original survey to include additional questions – the original survey questions remained, alongside the new questions. Those who had submitted a survey response by the original timescales were only asked the additional questions⁵ while individuals and organisations who had not previously taken part could submit a full response by the end of January 2026.

A total of 418 new responses were received when the survey closed on 31 January 2026.

Forty-five (of the 432) respondents who submitted a response to the original survey provided a response to the additional questions. Response rates were lower to questions related to a fixed rate visitor levy, for example. It was also not possible for EKOS to match responses as contact details were not collected.

Survey respondents

EKOS reviewed all responses submitted, regardless of how they were submitted. Most responses were submitted through the Citizen Space platform. Some responses were submitted in hard-copy format, that is Fife Council received letter or short email responses. These responses did not always follow the closed- and open-question survey format or answered all questions. Some were supplementary submissions provided specifically in response to the survey extension. In discussion and agreement with the council client team, EKOS reviewed the content of each letter or email response submitted to Fife Council, and:

- used our judgement to determine whether each submission could be treated as a formal consultation response. Very short emails were not classified as formal responses, but all points raised were incorporated into the qualitative analysis.

⁵ There was a filter question 'Did you take part in the Fife Visitor Levy - Early Engagement survey already? (Yes/No) which enabled people to complete the additional questions.

- where a letter or email respondent indicated in their response that they had submitted an online survey response we sought (where possible) to identify this response to then create a composite response to avoid double counting.

A total of 855 validated survey responses were received to the early engagement exercise, see **Table 2.1**.

Table 2.1: Validated responses received to the early engagement survey

Type of response	Number of formal survey responses received
Original online survey responses received by 19 December 2025	431*
New online survey responses received by 31 January 2026	418
Non-citizen space responses treated as a formal survey response	6*
Total responses	855

Note 1: * 432 survey responses were received by 19 December 2025. One response was blank and removed during the data management and cleaning process. This reduced the number of responses from 432 to 431.

Note 2: ** 17 respondents submitted a total of 21 non-Citizen Space responses. In some instances this included more than one response from the same person or organisation (supplementary responses, for example). Six respondents' response(s) have been treated as a new formal survey response and included in the overall survey analysis (that is, closed and open-ended survey analysis) as shown in the table. A further seven have been treated as a composite response (that is, they had submitted an online response and the non-Citizen Space response(s) was reviewed jointly as a single combined submission). Nine non-Citizen Space responses are largely short emails and have not been treated as a formal survey responses, rather all points raised in these emails have been reviewed and reflected in the qualitative survey analysis.

Table 2.2 shows that a vast majority (83%) of survey responses were received from individual respondents.

Table 2.2: Please let us know if you are responding as an individual or on behalf of a business or organisation?

Respondent type	Number	Percentage of all respondents
As an individual	707	83%
On behalf of a business or organisation	148	17%

Base=855 respondents.

Note 1: Six respondents did not answer this question. EKOS reviewed each submission in full and assigned each a respondent type as a best fit to enable cross-tabulations of other survey questions to be undertaken.

The level of response varied across different respondent types, see **Table 2.3**. A majority (71%) of respondents were local residents. The next highest respondent type (15%) was from those who ran a business in Fife or who said they responded on behalf of a local business.

Table 2.3: Which category best describes you as a respondent to this consultation?

Respondent type	Number	Percentage of all respondents
I am a resident of Fife	608	71%
I run, or am responding on behalf of, a business in Fife	130	15%
I am a visitor to Fife	37	4%
I invest in or own property in Fife, but I do not live in the area	25	3%
I am part of a representative group for business or tourism	24	3%
I am a representative of a local community council or other community group	19	2%
I work in Fife, but I do not live in the area	12	1%
I have never been to Fife	0	0%
Other*	0	0%

Base=855 respondents.

Note 1: This was not a multiple response question – it was clear from survey responses, that a number of respondents wore ‘multiple hats’ and provided views on the proposals from different perspectives in their submission. A local resident who also runs a business in Fife would be a good example.

Note 2: * Six respondents selected ‘Other’ and a further four respondents did not answer this question. EKOS reviewed each submission in full and assigned to a pre-defined option as a best fit to enable cross-tabulations of other survey questions to be undertaken.

Forty-four percent of residents’ responses were from people who lived in North East Fife,

Table 2.4. Responses from those who lived in other areas of Fife were lower.

Table 2.4: If you live in Fife, which area do you live in?

Area	Number	Percentage of all respondents who answered this question
North East Fife	331	44%
Dunfermline	125	17%
Kirkcaldy	97	13%
South and West Fife	72	10%
Levenmouth	70	9%
Cowdenbeath	32	4%
Glenrothes	21	3%

Base=748 respondents.

Note 1: Any respondent could answer this question, and the vast majority of respondents did. In other words, those who identified themselves as ‘I am a resident of Fife’ or ‘I am a representative of a local community council or other community group’ (**Table 2.3**) are not the only respondents who answered this question. Respondents who indicate ‘I work in Fife, but I do not live in the area’ or ‘I am a visitor to Fife’ at the earlier question were removed from the analysis of this particular survey question.

Table 2.5 shows the breakdown of respondents who had a business located in Fife, by area. Similarly, North East Fife was the most common response (59%). The number of responses from businesses located in other parts of Fife was lower.

Table 2.5: If you have a business in Fife, where is it located?

Respondent type	Number	Percentage of all respondents who answered this question
North East Fife	161	59%
Kirkcaldy	35	13%
Levenmouth	29	11%
Dunfermline	23	8%
Fife Wide	19	7%
Glenrothes	12	4%
South and West Fife	10	4%
Cowdenbeath	4	1%

Base=273 respondents.

Note 1: Multiple response question where respondents could select more than one option and all that applied. Percentages may total more than 100% as a result.

Note 2: Any respondent could answer this question. In other words, those who identified themselves as 'I run, or am responding on behalf of, a business in Fife' or 'I am part of a representative group for business or tourism' (see **Table 2.3**) are not the only respondents who answered this question. It has not been possible to clean the dataset to remove respondents who should not have answered this question based on their previous response.

Survey analysis

The survey was structured in a way that allowed respondents to answer questions independently, in recognition that respondents might answer some questions without expressing views on others. There was considerable repetition of views expressed across the open-ended questions, and judgement was applied to determine the most appropriate placement for each theme within **Chapter 3** (survey findings).

EKOS undertook quantitative and qualitative analysis of the survey responses. For analysis purposes (closed and open-ended questions), the respondent types presented in **Table 2.3** were recoded into a smaller number of broader categories (**Table 2.6**), and these terms have been used throughout the survey analysis chapter.

Table 2.6: Which category best describes you as a respondent to this consultation? (recoded)

Respondent type grouping	Original response	Number	Percentage of all respondents who answered this question
Residents	I am a resident of Fife I am a representative of a local community council or other community group	627	73%
Businesses	I invest or own property in Fife, but I do not live in the area I run, or am responding on behalf of, a business in Fife I am part of a representative group for business or tourism	179	21%
Visitors	I am a visitor to Fife I work in Fife, but I do not live in the area	49	6%

Base=855 respondents.

The lower absolute number of responses for visitors and businesses in comparison to residents limits the extent to which firm conclusions can be drawn by respondent type. Findings should be interpreted with caution, as they might not be representative of the wider population. Small changes in response patterns can disproportionately influence the results.

Responses to the question about where respondents live in Fife has been recoded into a smaller number of broader categories, **Table 2.7**. See **Appendix D** for additional survey tables based on these categories.

Table 2.7: If you live in Fife, which area do you live in? (recoded)

Area	Number	Percentage
North East Fife	331	44%
Cowdenbeath, Glenrothes, Kirkaldy, and Levenmouth	313	42%
South and West Fife, and Dunfermline	104	14%

Base=748 respondents.

This report aims to convey both the strength and frequency of the themes raised to open-ended survey questions. To assist the reader in interpreting survey findings, we used the following framework to convey the most to least commonly identified themes in responses to these types of question:

- the most common/second most common theme – the most frequently identified themes.
- some respondents – a prevalent or recurring theme, but not the most common.
- a few/a small number of respondents – a less commonly mentioned theme.
- one/two respondents – a singular comment or a view identified in two responses.

The analysis gave equal weight to all responses, regardless of whether they were submitted by residents, businesses, visitors, or organisations.

The report includes anonymised quotes – this does not indicate that these comments will be acted upon or given greater weight than others.

2.3 Drop-in and online events and attendees

Fife Council arranged and held nine drop-in events across the region during November and December 2025, and most were not well attended, **Table 2.8**. The informal drop-in events were promoted in the same way as the online survey and gave businesses, community groups, and residents a chance to share views, raise concerns, ask questions, and discuss how a visitor levy could work locally and support tourism and local services.

Table 2.8: Drop-in events held in Fife (2025)

Area	Venue	Date	Number of attendees
Dunfermline	Dunfermline Carnegie Library and Galleries	10 November	0
North Fife - St Andrews	St Andrews Town Hall	13 November	15
Kirkcaldy	Kirkcaldy Galleries	18 November	5
Glenrothes	Lomond Centre	25 November	4
North Fife - East Neuk	Crail Town Hall	27 November	12
Inverkeithing	Inverkeithing Civic Centre	1 December	2
Cowdenbeath	Lochore Meadows Willie Clarke Centre	4 December	5
North Fife	Larick Centre	8 December	5
Leven	Aurrie Mor	16 December	6
Total number of attendees			54

Source: Information provided by Fife Council.

Fife Council arranged a further two online information events, including an event on 15 January 2026 (two attendees) and another on 20 January 2026 (one attendee). To ensure sessions ran to time and to go through as many questions as possible, only council officers were able to speak. Attendees were invited to submit comments and questions prior to the online sessions and could submit questions during the events using the chat function in MS Teams.

The council answered questions and committed to providing responses to other questions following the online information events (through emails responses and weblink to the FAQs webpage/document). During each session a council representative presented information on the draft proposals and raised awareness of the survey.

Points raised and questions asked at the drop-in and online events were captured by council officers (using a Microsoft form). EKOS' role was to review the information provided by the council and to identify key messages and insights. A thematic summary of the points captured at the drop-in events is provided in **Appendix C**.

2.4 Social media posts

Fife Council shared details of social media posts that the council was aware of regarding the visitor levy early engagement exercise. The social media posts shared with EKOS have been reviewed – they have not been counted or included as a formal response to the survey. These were posts made by a mix of individuals (including local elected members) and local groups and organisations (community councils and friends' groups, for example) who:

- aimed to raise awareness and encourage local residents, businesses and community groups to share their views via the survey and/or through attendance at the drop-in sessions.
- highlighted concerns that had been raised by local communities – concerns raised in social media posts included: that a visitor levy could deter visitors to Fife; the administrative burden for small accommodation providers; concerns around fairness and consistency, in particular around third-party platforms and exemptions; decision-making processes for how revenue generated would be invested (that is, what it should and should not fund); how revenue generated would be fairly and transparently allocated and monitored/reported on.
- ran online polls to capture feedback from local communities on Fife Council's proposals to introduce a visitor levy scheme.
- posted comments to highlight their own personal views on the proposals and/or on the engagement process itself, including perceived issues with survey design.

2.5 Economic impact assessment

In discussion with the council, the EIA compared the impacts of a £2.50 per night flat rate visitor levy charging structure and a 5% visitor levy rate. The assessment considered the following three analyses:

1. a financial cost benefit analysis from the perspective of Fife Council measuring the tax revenue generated against the cost of implementing and operating a visitor levy.
2. a financial cost benefit analysis from the perspective of Fife accommodation providers who would act as collecting agents and be responsible for remitting these funds to the council to reinvest in local tourism infrastructure and services.

This considered the:

- benefits - uplift in business turnover/income as a result of investment by Fife Council in the visitor economy using funds collected from a visitor levy.
 - costs:
 - direct costs to accommodation businesses for the implementation and ongoing administration of a visitor levy scheme.
 - indirect costs in terms of business turnover/income lost due to consumer behavioural changes in response to price increases (price elasticity of demand).
3. an economic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (Gross Value Added) generated through visitor levy funded investment against the public sector and private (accommodation) sector costs of implementing and operating a visitor levy.

A range of model specifications were produced to account for uncertainty in the effects of implementing a visitor levy scheme over a 10-year period. This included changing values of key model variables, such as set-up and implementation costs, price elasticity of demand values, and investment impact. The EIA is presented in **Chapter 4** and provides a baseline model to allow for direct comparison between the two visitor levy charging structures, with technical information provided in **Appendix E**.

2.6 What other local authorities are doing

Local authorities in Scotland are at different stages of considering or implementing a visitor levy scheme, albeit it should be noted that this is an evolving landscape. A summary is presented in **Appendix D**, including a comparator table for visitor levy schemes which have been approved.

2.7 Presentation of findings

EKOS presented the findings of this independent consultation analysis and EIA to the council's internal visitor levy group on 7 May 2026.

2.8 Challenges and limitations

The main limitations of the consultation and impact assessment process are outlined below, and provide useful learning points for Fife Council should it decide to move forward to the statutory consultation exercise stage.

Self-selecting nature of public consultations

Similar to other public consultations, respondents to the early engagement survey were self-selecting, and the responses might not be representative of the population of Fife as a whole. The very nature of public consultations is that they attract responses from individuals and organisations (and in some cases campaign groups) who hold strong or polarised views on the subject matter.

Limited response from the business community

The survey data showed that 17% of all survey respondents responded on behalf of a business or organisation (the remainder were residents, some of whom might also run a local business). The more detailed breakdown of respondent types showed that a slightly lower proportion (15%) said that they ran a local business or responded on behalf of a Fife-based business. This likely includes a mix of accommodation providers as well as other local businesses.

Limited response from some geographical areas of Fife

With the exception of North East Fife, survey responses from those who live and/or ran a business in other parts of Fife was lower.

Low attendance at the drop-in events

Attendance at the drop-in events was lower than anticipated. Attendance might have been negatively affected by timing, as these were largely held in the run up to the festive season.

Survey design/process issues

Initially, after the survey went live on 3 November 2025, there was a technical issue which resulted in survey respondents automatically skipping from the first page of survey questions to the last page.

This meant these respondents were not able to see and answer all questions. This issue was quickly identified and resolved by 09.30am on the 4 November 2025 and affected 45 survey responses.

The council amended the list of exemption options while the survey was live due to incorrect initial wording, which resulted in a larger set of selectable options. **Table 2.9** summarises the original options, the additions, and how EKOS analysed responses in the survey chapter.

Table 2.9: Should people whose main residence is in Fife be exempt from paying the visitor levy when staying overnight within the area?

Original responses	Updated responses	How revised options have been analysed
- No, Fife residents shouldn't pay any visitor levy. - Yes, Fife residents should a levy pay*. - Other. - Not sure/no preference.	- Yes, Fife residents should be exempt from paying a visitor levy. - No, Fife residents should pay any visitor levy. - Other. - Not sure/no preference.	Yes (combining): - Yes, Fife residents should be exempt from paying a visitor levy. - No, Fife residents shouldn't pay any visitor levy. No (combining): - Yes, Fife residents should pay a levy pay.* - No, Fife residents should pay any visitor levy. Other. Not sure/no preference.

Note: Incorrect wording used when the survey went live.

Response rates to the additional questions included when the survey was extended were lower than for the original questions, as many respondents who completed the survey by the initial deadline did not return to answer the new questions. The results are unlikely to fully reflect the views of all survey respondents.

Some survey respondents commented on the design and wording of certain questions, and said they felt the survey assumed support for a visitor levy and did not give them sufficient opportunity to express opposition. A small number of organisation respondents were critical of the council's decision to extend its survey by adding new flat-rate questions after the original consultation had closed, and felt this could undermine the integrity, comparability and reliability of the survey and its findings.

3 Survey findings

3.1 Introduction

This chapter presents the quantitative and qualitative analysis of responses to the survey. It also draws on the qualitative feedback from email and letter responses not considered a formal response. This chapter presents findings for all respondents who provided a response and draws out findings, where appropriate by respondent type.

Respondents could answer as many or as few questions as they wished, meaning base numbers varied and were sometimes below the total of 855 responses.

Some answered questions not intended for them, based on their earlier responses. Further, a number of comments did not fully address the specific question asked, reflecting earlier concerns relating to whether respondents felt able to express opposition to a visitor levy scheme, for example.

3.2 Understanding of the visitor levy in Scotland

What is your current level of understanding about the visitor levy in Scotland?

A vast majority of respondents (89%) said they had at least some understanding about the visitor levy in Scotland, **Table 3.1**, and this was highest among businesses (94%).

Table 3.1: What is your current level of understanding about the visitor levy in Scotland?

Response	Residents	Businesses	Visitors	Overall
An understanding of the Scottish Government visitor levy policy	27%	47%	39%	32%
Some knowledge	61%	47%	47%	57%
Little to no knowledge	12%	6%	14%	11%
Base: number of respondents that provided a response	623	175	49	847

3.3 Level of in principle support for a visitor levy

In principle, do you support the idea of a visitor levy in Fife?

Survey feedback to this question was mixed.

A relatively similar proportion of respondents supported the idea of a visitor levy in Fife (47%), as those who did not (45%), **Table 3.2**. In principle support for a visitor levy in Fife was highest among residents (55%), and lowest among businesses (22%).

Table 3.2: In principle, do you support the idea of a visitor levy in Fife?

Respondent type	Yes	No	Don't know/not sure	Base: number of respondents that provided a response
Residents	55%	38%	6%	586
Businesses	22%	67%	11%	167
Visitors	40%	53%	7%	43
Overall	47%	45%	8%	800

3.4 Percentage visitor levy rate

If a visitor levy were to be introduced in Fife, what do you think is a suitable rate?

Around half of respondents (52%) who answered this question thought a suitable visitor levy rate was 5% or lower, broken down as follows:

- almost one-third (32%) expressed a preference for a visitor levy rate of less than 5% (most selected 3%).
- one-fifth (20%) suggested a visitor levy rate of 5%, **Table 3.3**.

Preference for a visitor levy rate of 5% or lower was highest among residents.

Fewer respondents (8%) expressed a preference for a visitor levy rate of 7% or higher.

One-third of respondents (33%) reiterated that they did not think a visitor levy should be introduced in Fife. This view was highest among businesses (58%), followed by visitors (45%).

Table 3.3: If a visitor levy were to be introduced in Fife, what do you think is a suitable rate?

Rate	Residents	Businesses	Visitors	Overall
1%	10%	12%	18%	10%
3%	22%	11%	16%	22%
5%	20%	7%	7%	20%
7%	6%	1%	5%	6%
Higher rate	2%	0%	0%	2%
I don't think a levy should be introduced	33%	58%	45%	33%
Other	6%	11%	9%	6%
Base: number of respondents that provided a response	561	151	44	756

Note: EKOS recoded 14 responses from 'Other' to the category that best reflected their qualitative feedback in the follow-on open-ended question 'Please tell us the rationale for your answer above.' Almost all (13) were recoded to "I don't think a levy should be introduced", and one was recoded to 'Higher rate'.

If a visitor levy were to be introduced in Fife, what do you think is a suitable rate ('Other', please specify)?

The most common theme reported at this question was that these respondents either:

- did not support a percentage rate. Rather the qualitative responses consistently favoured a flat, fixed, per-person or per-night charge should the council introduce a visitor levy scheme in Fife.
- highlighted pros and cons of both approaches that may need further research/consideration.

There was recognition that a percentage rate may be more proportionate and may avoid placing a heavier burden on low-cost accommodation. It was also noted that a percentage rate could be complex for small businesses to administer, due to fluctuating prices, and harder for visitors to understand. It was also viewed as potentially unfair, as it would charge higher-paying guests more for the same stay and could create issues around commercial confidentiality where rooms were booked and then resold.

A flat, minimal charge was seen as: simpler and fairer (providers and visitors understand it upfront); easier to administer (no need to calculate percentages or adjust for VAT intricacies); more predictable for local authorities (revenue forecasting could be significantly improved); and aligned with UK and international best practice.

A small number of respondents noted that although a flat rate would be simpler to administer, it could still create inequities. They said that without a tiered structure, the marginal cost would be proportionately higher for guests staying in lower-priced accommodation.

“A flat fee of £1-£2 per person per night. A small enough amount not to deter people, but enough to make it worthwhile.” Business

“A fixed fee per night such as £1 per night as done in other countries like Italy.” Business

“Whether a visitor levy is a flat rate or a percentage, it would need to be pitched at a level that would not act as a disincentive to visitors, and further research among Fife visitors will be necessary to determine their price sensitivity. The rate would also need to be balanced against projected council administration costs for such a scheme.” Organisation

There was feedback that a visitor levy rate should be affordable and convenient for visitors to pay, and that it must be straightforward and easy for accommodation providers to collect and transfer to the council.

A small number of respondents suggested alternative visitor levy rates, including 0.5% or 2% or suggested that a tiered approach could be applied according to the size/turnover of the accommodation provider.

Please tell us the rationale for your answer to the question on a suitable visitor levy rate?

Respondents who selected a visitor levy rate of less than 5%

Almost one-third (32%) of respondents selected a visitor levy rate of less than 5%, **Table 3.3**, and the main feedback from these respondents is provided below.

This would help to keep Fife affordable and avoid deterring visitors

The most common theme was that a visitor levy rate below 5% would avoid deterring visitors to Fife. Respondents cited the cost-of-living crisis, high accommodation prices, and Fife’s reliance on domestic tourism in support of this viewpoint.

They felt a rate of 5% or more could discourage visits, shorten stays, harm accommodation providers, or push visitors towards other parts of Scotland or abroad. Many considered Fife more price-sensitive and less of a destination than major cities with fewer amenities and lower visitor numbers.

Other points mentioned in support of a visitor levy rate below 5% included that:

- accommodation was considered expensive in tourism hotspots like St Andrews.
- a high visitor levy rate could risk deterring families, budget travellers, and longer stays.
- the visitor economy sector in Fife was considered fragile and businesses faced growing cost pressures.
- it would be similar to visitor levy rates elsewhere.

“Big cities are asking a 5% visitor levy so it is only right that Fife which has less amenities should set a slightly lower rate. You don't want to put people off from coming to Fife.” Resident

“I think a 3% visitor levy... would be acceptable to most people, as it does not add a huge amount to their bill. It would still raise a good amount overall for Fife Council. The challenges faced by people in the current economic situation means there isn't a lot of spare cash around for holidays.” Resident

Start small, test the impact, and build acceptance

The second most common theme was that respondents favoured a cautious, phased approach to implementing a visitor levy scheme in Fife. These responses mentioned beginning with a low rate, assessing the impact of its introduction on the sector, visitor numbers and spend, and to demonstrate visible investment in tourism-related infrastructure and services. They said the council should only increase (or decrease) the rate if it was justified. Respondents said starting with a lower rate could allow the public/visitors to get used to the scheme or provide more time to refine scheme processes and systems.

“I think it is better to start low until the scheme is established to minimise impact on an already fragile accommodation market. It could then be increased once bedded in.” Business

This would balance revenue generation with fairness and competitiveness

Some respondents said a visitor levy rate of below 5% would strike the right balance in terms of raising meaningful funds for investment in tourism infrastructure and services but was not so high that it felt unfair. These respondents said a visitor levy of below 5% would be more proportionate for families and lower-income households, for example. They said a higher rate could affect visitors and residents who were stretched financially and who already faced high costs (VAT, accommodation prices, travel costs were all mentioned). A visitor levy rate of 3% was frequently described by these respondents as an 'acceptable', 'balanced' or 'reasonable' middle ground.

Some preferred a visitor levy rate below 5% as a starting point as they expressed low trust in the council's financial management.

"3% seems reasonable. It still allows for affordability for the visitor, but also provides a good income for the city. It feels the most balanced." Resident

Respondents who selected a visitor levy rate of 5%

One-fifth of respondents (20%) suggested a visitor levy rate of 5%, **Table 3.3**.

Revenue benefits of a 5% visitor levy without deterring visitors

The most common theme identified among these responses was that a visitor levy of 5% could generate a good level of revenue for reinvestment and make a tangible difference while remaining low enough not to deter visitors or adversely impact accommodation prices. Some added that improved facilities and services funded through a visitor levy could, in turn, help attract more visitors to Fife in the future.

A 5% visitor levy would be fair

The second most common theme was that these respondents felt 5% was 'reasonable', 'fair' or the 'maximum' level. They felt visitors should be expected to help pay for the upkeep of local tourism-related infrastructure, services, and amenities. There was some similar feedback that 5% might be a good starting point which could be 'revised up or down' once the impact of implementing a visitor levy scheme in Fife was assessed.

"A 5% visitor levy would sit well with visitors as being reasonable and not excessive especially if they are provided with information on how it benefits them." Business

5% aligns with practice elsewhere and avoids competitive disadvantage

Some respondents supported a 5% visitor levy, noting this would align with common practice in European cities and with approved rates in Edinburgh and Glasgow. They felt a consistent rate could reduce confusion and avoid competitive disadvantage.

“A 5% visitor levy will more than pay for itself if the money is used well. Visitors to Fife will not be put off by this small increase. This does assume, though, that other areas of Scotland implement a similar visitor levy - we do not want to price Fife out of the market.” Business

Affordable for most visitors

Some respondents felt a 5% visitor levy would be affordable for most visitors. Several highlighted St Andrews in their response, noting its affluent visitor base could likely absorb the additional cost without being deterred from visiting Fife.

“A visitor levy needs to be sufficient to make it effective especially in St Andrews where a lot of visitors are quite affluent and can afford the extra costs to their stay.” Resident

Respondents who selected a visitor levy rate of 7% or higher

Eight percent of respondents selected a visitor levy rate of 7% or higher, **Table 3.3**. A review of survey responses which selected ‘A higher rate’ showed that the most common rate mentioned was 10%. Other responses included 20% and 25%.

A higher rate could raise significant revenue for tourism infrastructure and services

The most common theme was that respondents who selected a visitor levy rate of at least 7% said this would generate significant revenue for reinvestment than a lower rate, and that visitors should contribute to the services they use to ensure their upkeep. These respondents felt a higher rate might be needed to cover implementation costs, generate meaningful revenue for facilities and services, enhance the visitor experience, and deliver benefits for residents too.

“Visitors use many council services yet do not pay their share.” Resident

“More income, better services.” Resident

Visitors could afford it and would not be deterred by a higher rate

The second most common theme was that a visitor levy rate of at least 7% was considered commonplace elsewhere globally. They said this was a reasonable rate and did not think a higher rate would deter visitors to Fife.

“People who come to Fife can often afford a 7% levy, particularly with so many 4 and 5 star hotels and luxury apartments and lodges.” Resident

“Tourism taxes are already applied widely across the world, for example, 12.5% (Netherlands), 17% (parts of USA) and entry fees (Bali, Greece). There is an understanding from those travelling that tourism has an impact on particularly small, local communities that requires levies and fees to support its sustainability and levies can bridge/support funds to those communities.”

Business

It could help manage tourism pressure in the region

Some respondents felt that a visitor levy rate of at least 7% would support sustainable tourism and help address overtourism in parts of Fife (St Andrews and the East Neuk were frequently mentioned in these responses) and could help mitigate the impacts of this.

“It will be fair, if some of the money would be invested to help local communities to facilitate and to ease the burden of tourism on local communities. In places like St Andrews, full of often very wealthy visitors, an extra 10% on their accommodation bill won't make much of a difference, but it could bring a massive, positive impact for local communities.” Resident

Start high then adjust a visitor levy rate as required

A small number of respondents suggested starting with a higher visitor levy rate to generate revenue. They said this would provide certainty to accommodation providers, and/or that this could then be adjusted downwards later if required.

“It's now an expected cost of travel. Starting high gives the council the ability to say they won't increase it for three years, meaning businesses can factor this in easier in their planning and pricing.” Resident

Respondents who selected I do not think a visitor levy should be introduced

One-third of respondents reiterated that they did not think a visitor levy should be introduced in Fife, **Table 3.3**.

Affordability and competitiveness

The most common theme among respondents who did not think a visitor levy should be introduced was that it would harm Fife's competitiveness, and make it less attractive than other Scottish regions and international destinations, particularly given already high accommodation costs and the UK's VAT rate. They emphasised that Fife's tourism economy was heavily dependent on domestic visitors who were considered highly price-sensitive, and that accommodation providers had experienced reduced bookings.

"We have 40% fewer bookings this year and have not been able to raise prices to offset inflation for two years. Whilst areas like St Andrews have strong demand Levenmouth is not a tourism hotspot and I am against anything that complicates our processes or costs our guests more money." Business

Sector fragility and rising costs

The second most common theme was that these respondents said the tourism and hospitality sector was currently under financial pressure. Rising energy bills, staffing costs, insurance, business rates, and the introduction of short-term let licensing were frequently mentioned in responses as well as tight profit margins. Businesses said they were still recovering from the pandemic and the cost-of-living crisis, and that the time might not be right for introducing a visitor levy in Fife. Some viewed it as an additional burden that could be harmful and threaten their business's viability.

"The accommodation sector already is under severe pressure, with short-term let license scheme and changes in business taxation adding cost. Rising cost-of-living is hitting hard, with less visitors, and higher costs of staffing, energy, laundry. This area does not need more cost passed on to business owners and guests - visitors will simply go elsewhere." Business

Administrative burden and practical challenges

The third most common theme among these respondents, particularly businesses, was that a visitor levy in Fife could introduce significant administrative burden and practical challenges, particularly for micro and small accommodation providers who lacked resource and capacity. Responses raised concerns that existing booking systems were not designed to handle additional charges, and that managing exemptions might be complex. They were also concerned that they might face financial penalties for unintentional errors or mistakes.

Concerns were also raised about the wider pressures already facing micro and small businesses, including short-term let licensing, planning requirements, high business rates, and rising operating costs. Responses emphasised that these businesses operate in a highly competitive, price-sensitive market and would be particularly vulnerable to additional bureaucracy and costs.

“Booking systems are not designed to facilitate tax collection, yet businesses are expected to act as unpaid tax collectors. This adds administrative complexity without compensation, diverting time and resources away from serving customers and sustaining livelihoods.” Business

Unfairness of the visitor levy scheme in current form

Some of these respondents felt a visitor levy was unfair because it charged domestic visitors (including local residents) while day-trippers, who they felt placed significant pressure on local infrastructure, would not be charged. Some said overnight visitors already supported the economy through spending money locally.

Holiday parks, campsites, and low-cost accommodation providers said they could be disproportionately affected, as their guests were typically more price-sensitive. Or that charity-occupied accommodation used for charitable stays could be disadvantaged by a visitor levy, as it might add costs for organisations who supported vulnerable groups or delivered community-focused activities.

Concerns were also raised about VAT being applied on top of a visitor levy and that it could push some accommodation providers over the VAT threshold or force them to reduce trade.

"A visitor levy will put people off coming to visit Fife due to the increased costs. This would harm tourism and indeed businesses who have contractors working in/staying in Fife. It would penalise people who are camping/staying in caravans or motor homes - as this is one of the most affordable means of holidaying - adding to the cost of this will put people off visiting Fife and this could increase the number of people wild camping and all the issues that would bring." Business

Low trust in council spending and limited local benefit

Some respondents expressed scepticism that visitor levy revenue would be spent transparently or in the areas that generated it. Some were concerned that it would be absorbed into wider council budgets rather than ring-fenced for improving tourism infrastructure and services. Some questioned whether the projected income would be meaningful enough to justify the risks to the sector and highlighted past examples of perceived poor council financial management. Some viewed it as another tax with little guarantee of tangible local benefit.

"I have absolutely no faith that any visitor levy money raised in North East Fife will be used in this area and not squandered on fees to marketing companies, etc. It puts another huge burden on businesses to collect and pay on this levy with no financial help. The hospitality sector is struggling and no one cares."

Business

If you don't support a visitor levy, do you have any other suggestions for how to make sure investment in tourism infrastructure and services is sufficient and sustainable?

Over one-third of all respondents (37%) answered this question, including both those who expressed support in principle for a visitor levy in Fife and those who did not.

The council could explore ways to improve efficiency

The most common theme was perceived scepticism about council efficiency and confidence in delivery. These respondents touched on points such as ensuring effective procurement, efficiency savings, and redirecting council savings to invest in tourism infrastructure and services.

"Make sure the local authority is being run efficiently, reduce waste and poor financial management." Business

"There is a lot of money that is wasted on projects which benefit no one."
Business

Use existing tax revenue more effectively and/or ring-fence funds

The second most common theme was that respondents said tourism already generated substantial tax revenue and that better use of this funding/revenue was needed. Related points focussed on improving transparency on how existing public funds were spent, reforming business rates to support reinvestment, and/or ring-fencing some tax revenue for this specific purpose.

"Rather than introducing a new levy, allocate a fixed proportion of existing taxes (like VAT, business rates, or park entry fees) directly to invest in tourism infrastructure." Business

"Through the business rates we already pay." Business

Opposition to new taxes in principle

The third most common theme was that some respondents perceived the visitor levy as another mechanism through which taxes would be increased.

"This appears to be another stealth tax." Business

Targeted or alternative charging models

Some respondents proposed more targeted mechanisms for raising additional revenue from visitors. Suggestions included parking charges, point-of-entry fees, seasonal or location-specific charges, and a flat rate rather than a percentage rate.

"A fixed fee of say £10 on every booking regardless of the number of nights."
Business

"Daily rate for parking on West Sands Beach... an income spinner." Business

There could be a greater role for the Scottish Government

Some respondents felt that national levers were needed to help ensure the sustainability of tourism infrastructure and services. Related points focussed on VAT reform (especially for hospitality), national tourism infrastructure funds, and/or enhanced roles for VisitScotland and Destination Management Organisations (DMO).

"I have no idea what tourism services and infrastructure you provide. I have only seen a reduction in visitor services, there is no Tourist Information Centres in Scotland. Tourism services should be funded by central government and run by an accountable national organisation." Business

"A proportion of VAT in line with that collected by VAT registered tourism related accommodation business should be remitted by central government in addition to the block grant. Those tourism accommodation businesses not VAT registered should pay a levy as part of their licensing requirement." Business

Improved support for sector growth

Some respondents felt that improved support to help grow the tourism sector would generate more tax revenue naturally. Related points included reducing VAT to stimulate demand, interventions to support business competitiveness and growth, and support to encourage investment and local job creation.

"If Fife Council actually supported the industry and helped it to lower costs, become more competitive and thus more attractive to visitors (whilst also encouraging investment from business owners and entrepreneurs leading to further growth), the overall rates takings would increase." Business

Voluntary or partnership-based funding

Some respondents expressed a preference for collaborative, opt-in approaches to a visitor levy in Fife. These responses mentioned the use of visitor donation prompts, business-led investment partnerships, as well as public-private co-funding models.

"Create opt-in donation schemes or membership models where visitors or businesses contribute." Business

“Ask for a £1 donation when paying for an attraction.” Resident

Better strategic planning and destination management

A small number of individual respondents felt more information was needed to demonstrate that current funding arrangements were unsustainable and a few expressed frustration around the framing of this particular question. These respondents called for clearer articulation of local infrastructure needs, stronger coordination between council, businesses, and DMOs, and longer-term destination strategies.

The legislation allows local authorities to set a maximum (capped) number of nights to apply a levy for each booking. Do you think there should be a cap on the number of nights visitors have to pay a visitor levy?

Almost two-thirds of respondents (64%) who answered this question favoured a cap on the number of nights visitors would be required to pay a visitor levy (**Table 3.4**) as a way to help drive value and encourage longer stays, so that visitors were encouraged to spend more time and money in Fife, for example. Businesses (76%) were more in favour of a cap, followed by visitors (72%).

Table 3.4: Do you think there should be a cap on the number of nights visitors have to pay a visitor levy?

Respondent type	Yes	No	Base: number of respondents that provided a response
Residents	60%	40%	504
Businesses	76%	24%	139
Visitors	72%	28%	39
Overall	64%	36%	682

Should a visitor levy rate be capped on consecutive or non-consecutive nights in any set period? (for example, non-consecutive nights could include Monday to Thursday each week for two months).

Over two-thirds of respondents (69%) who answered this question favoured a visitor levy that was capped on consecutive nights in any set period, **Table 3.5**. Businesses were more in favour of this option (74%), followed by residents (69%). Almost one-third (31%) said a visitor levy should be capped on non-consecutive nights, and was highest among visitors (48%).

Table 3.5: Should a visitor levy rate be capped on consecutive or non-consecutive nights in any set period?

Respondent type	Consecutive	Non-Consecutive	Base: Number of respondents that provided a response
Residents	69%	31%	311
Businesses	74%	26%	95
Visitors	52%	48%	27
Overall	69%	31%	433

Note: This question was to be answered by those who answered 'Yes' at the question 'Do you think there should be a cap on the number of nights visitors have to pay a visitor levy?'

How many nights do you think a visitor levy should be capped at?

Forty-two percent of respondents who answered this question preferred a cap of five consecutive nights or less, and a further one-fifth (20%) said seven consecutive nights,

Table 3.6. A similar proportion (19%) supported a cap of 10 consecutive or non-consecutive nights or more.

Table 3.6: How many nights do you think a visitor levy should be capped at?

Number of nights	Residents	Businesses	Visitors	Overall
1 night	11%	17%	17%	13%
3 consecutive nights	14%	22%	7%	15%
5 consecutive nights	14%	14%	7%	14%
7 consecutive nights	22%	13%	21%	20%
10 nights consecutive/con-consecutive	4%	3%	3%	4%
14 nights consecutive/non-consecutive	10%	5%	7%	9%
+15 non-consecutive nights	7%	3%	3%	6%
Other	18%	22%	34%	20%
Base: number of respondents that provided a response	329	99	29	457

Note 1: This question was to be answered by those who answered 'Yes' at the question 'Do you think there should be a cap on the number of nights visitors have to pay a visitor levy?' Some other respondents have answered this question.

Note 2: Some respondents used the 'Other' free-text box to reiterate that they did not support a visitor levy.

How many nights do you think a visitor levy should be capped at ('Other', please specify)?

The most common theme was that respondents said a visitor levy cap might be technically difficult and that some online booking sites/systems may have problems applying a cap. A small number of organisation respondents mentioned the challenges experienced by the City of Edinburgh Council in this regard. Others mentioned that it may be burdensome for accommodation providers.

Some mentioned that a number of people stay in overnight accommodation in Fife for work purposes, and that a cap on the duration of the visitor levy (or an exemption for working stays), may reduce the potential penalty of a visitor levy on essential workers.

"While we recognise a cap on nights would encourage longer stays, we are also aware that the online booking agencies are experiencing real challenges with the technology to make this happen, as we have seen in Edinburgh." Organisation

A small number of respondents mentioned a different number of nights for a visitor levy cap from the pre-defined list. For example, four nights was proposed, with submissions noting that this would align with VisitScotland's estimate of the average length of stay in Fife.

The legislation allows local authorities to decide which part of the local area a visitor levy will apply to. Do you think a visitor levy should apply to all of Fife, or only in certain areas?

Around half (54%) of respondents who answered this question indicated that they supported a visitor levy that applied to all of Fife, and this particular viewpoint was highest amongst residents (57%) and lowest among businesses (45%), **Table 3.7**.

Over one-quarter (27%) of respondents said that a visitor levy should apply only in certain areas in Fife, and this viewpoint was highest among visitors. A sizable proportion (19%) of respondents, largely businesses, were not sure or expressed no preference.

Table 3.7: Do you think the levy should apply to all of Fife, or only in certain areas?

Respondent type	All of Fife	Specific areas within Fife	Not sure/no preference	Base: number of respondents that provided a response
Residents	57%	27%	16%	486
Businesses	45%	24%	31%	128
Visitors	50%	35%	15%	34
Overall	54%	27%	19%	648

If you selected ‘specific areas’ at the question above, please state where you think it should be applied, and why you think that?

A visitor levy could be applied on a geographically selective basis to balance tourism pressures

The most common theme was that these respondents suggested the council could consider applying a visitor levy on a geographically selective basis within Fife to help balance tourism pressures and opportunities across the wider region. St Andrews was frequently mentioned in these responses, followed by the East Neuk, Falkland, Culross, and Dunfermline.

“It should apply to areas where there is already significant tourist traffic, as tourists will still want to go there. Those who genuinely find a visitor levy a deal-breaker may opt to stay in lodging outside the high tourist areas, thus bringing some visitors off the beaten track and helping them learn about areas that they would otherwise never have heard about.” Resident

Low-tourism, fragile or deprived areas should be avoided

The second most common theme was that respondents suggested the council consider not applying a visitor levy in low-tourism, fragile, or deprived areas. Locations such as Levenmouth, West Fife, rural areas, and towns including Cowdenbeath, Glenrothes, Kirkcaldy, and Methil were highlighted as having lower visitor numbers and as places where a visitor levy could be potentially harmful. They said these areas should be exploring ways to attract more visitors and felt that a visitor levy could act as a barrier to achieving this. There was some suggestion that revenue generated through a visitor levy could be used to invest in these areas too, and that it would be important to attract/spread visitors across Fife more generally.

Wider issues for consideration when applying a visitor levy on a geographically selective basis

Some respondents who answered this question raised wider points for consideration by the council should it look to further explore applying a visitor levy on a geographically selective basis in Fife. They said this could: confuse visitors; distort competition; penalise businesses near boundaries; be difficult to administer; encourage visitors to go to areas that did not have a visitor levy; and raise issues over where revenues generated would be spent within Fife. Wider feedback was that seasonal variation must be supported by a clear economic and destination management rationale and must not introduce unnecessary complexity.

Support for a mixed or tiered approach

A small number of respondents suggested an approach that comprised: a higher visitor levy in tourism hotspot areas; a lower or no visitor levy in fragile areas; using revenue to support under-visited places; and sliding scales or exemptions.

If introduced, local authorities can determine in which months a visitor levy can be charged. A visitor levy can be applied year-round, or only during part of the year (for example, March to October). Do you think a levy should apply for the whole year, or only for part of the year?

Survey feedback to this question was mixed.

Almost half (45%) of respondents who answered this question said a visitor levy should be applied year-round, **Table 3.8**, and this viewpoint was highest among residents (50%) and lowest among businesses (26%). One-third (33%) said it should apply part of the year (highest among businesses), and over one-fifth were unsure.

Table 3.8: Do you think a visitor levy should apply for the whole year, or only for part of the year?

Respondent type	Whole year	Part of the year	Not sure/no preference	Base: number of respondents that provided a response
Residents	50%	30%	19%	481
Businesses	26%	42%	32%	125
Visitors	35%	35%	30%	37
Overall	45%	33%	22%	643

If you selected ‘part of the year’ above, please tell us when you think it should be applied, and why you think that?

Charge only in peak season when demand is strong

The most common theme among all respondent types who answered this question was that a visitor levy should only be applied during the peak tourist season, particularly the summer months when visitor numbers were strongest. Some mentioned March/April to October while others highlighted a narrower window such as June to August or July to September. Responses also touched on visitors (such as golfers, international visitors, families) being less price-sensitive during the peak season and that most pressure was placed on local infrastructure during busy tourism periods.

“A visitor levy should apply only for part of the year, from April to October, as this period corresponds with the peak tourism season in Fife. Applying a levy during these months ensures that the funds are collected when visitor numbers are highest and the impact on local infrastructure, streets, and public spaces is greatest. Charging a levy year-round would place an unnecessary cost on off-peak visitors, when tourism pressures are minimal, and would not align with the primary purpose of a levy, which is to manage the effects of high visitor volumes and support services during the busiest periods.” Resident

Protect winter and off-season

The second most common theme was that winter and shoulder-season months were extremely fragile for many accommodation providers. Some businesses said they relied on a handful of winter bookings to survive until summer, that occupancy during this time was low, and that any additional cost could push visitors away entirely. They felt a visitor levy during these months could further reduce visitor numbers, reduce essential income, and threaten business viability. Some respondents noted that several attractions close over the winter, and therefore applying a visitor levy at that time of year felt unfair.

“Winter is difficult for all tourism businesses and people should not be discouraged from coming here.” Business

Encourage visits outside of the busy tourism periods

The third most common theme was that applying a visitor levy which operates during peak season in Fife could be used strategically in order to encourage visits outside of the busy tourism periods. They said this could make Fife more attractive, encourage year-round visits, and provide support for local businesses in the off-peak season.

“Applying a visitor levy year-round would risk harming the local economy by discouraging visitors during the quieter off-season, when businesses already face reduced footfall and tighter margins. Winter visitors are particularly important in sustaining hospitality, accommodation providers, and local jobs through the quieter months.” Business

3.5 Flat rate visitor levy

When Fife Council extended the survey to 31 January 2026, several new questions were added. Responses to these additional questions are presented in the sub-section below. Fewer people answered these questions, reflecting the fact that many who completed the survey before the original deadline did not return to respond to the additional questions.

Would you prefer a visitor levy rate to be a percentage of the accommodation cost or a flat rate per night?

Survey feedback to this question was mixed. A similar proportion of respondents who answered this question supported a flat rate per night (52%), as those who supported a percentage of the accommodation cost (48%), **Table 3.9**. Businesses were more supportive of a flat rate.

Table 3.9: Would you prefer a visitor levy rate to be a percentage of the accommodation cost or a flat rate per night?

Respondent type	Flat rate	Percentage rate	Number of respondents that provided a response
Residents	51%	49%	271
Businesses	59%	41%	66
Visitors	50%	50%	10
Overall	52%	48%	347

If Fife Council applies a flat rate should this be a per person rate or per room rate?⁶

The majority (73%) of respondents who answered this question said that if a flat rate was applied then it should be on a per night basis, **Table 3.10**. This viewpoint was expressed across the respondent types and was highest among businesses (80%). The remainder (27%) of respondents supported a per room rate* application.

Table 3.10: If Fife Council applies a flat rate should this be a per person rate or per room rate?

Respondent type	Per night basis	Per person per night*	Base: number of respondents that provided a response
Residents	72%	28%	253
Businesses	80%	20%	65
Visitors	70%	30%	10
Overall	73%	27%	328

Note: * the survey question option said 'Per person per night' rather than 'Per room' rate.

To what extent do you agree or disagree that a percentage-based visitor levy is fair to visitors staying in different types of accommodation?

Survey responses to this question was mixed:

- nearly half (45%) of respondents who answered this question either agreed or strongly agreed that a percentage rate visitor levy was fair to visitors who stayed in different types of accommodation, **Table 3.11**.
- a sizable proportion of respondents (38%) either disagreed or strongly disagreed with this statement.

⁶ As noted in **Chapter 1**, an option of setting a fixed amount per person per night was proposed by the tourist sector at stage one of the amendment bill but was not approved at stage two. This wasn't known at the time of the early engagement survey.

Table 3.11: To what extent do you agree or disagree that a percentage-based visitor levy is fair to visitors staying in different types of accommodation?

Respondent type	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Base: number of respondents that provided a response
Residents	21%	27%	16%	9%	27%	298
Businesses	19%	19%	17%	14%	30%	63
Visitors	8%	25%	8%	8%	50%	12
Overall	20%	25%	16%	10%	28%	373

To what extent do you agree or disagree that a flat rate visitor levy is fair to visitors staying in different types of accommodation (for example, budget versus premium)?

Survey responses to this question was also mixed:

- around one-third (35%) of respondents who answered this question either agreed or strongly agreed that a flat rate visitor levy was fair to visitors who stayed in different types of accommodation (for example, budget versus premium), **Table 3.12**.
- almost half (47%) of respondents either disagreed or strongly disagreed with this same statement.

Table 3.12: To what extent do you agree or disagree that a flat rate visitor levy is fair to visitors staying in different types of accommodation (for example, budget versus premium)?

Respondent type	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Base: number of respondents that provided a response
Residents	12%	23%	18%	19%	29%	295
Businesses	19%	19%	18%	13%	30%	67
Visitors	8%	17%	8%	25%	42%	12
Overall	13%	22%	18%	18%	29%	374

Do you think there should be a tiered approach to a fixed rate option and if so which tiered approach, if any, do you think would work best for calculating a visitor levy in Fife?

A majority (62%) of respondents who answered this question did not think there should be a tiered approach to a fixed rate option, **Table 3.13**. This viewpoint was more likely to be expressed by visitors (71%) and residents (65%) than businesses. The remainder (38%) of respondents thought there should be a tiered approach to a fixed rate option, and this viewpoint was highest among businesses (55%).

Table 3.13: Do you think there should be a tiered approach to a fixed rate option?

Response	Residents	Businesses	Visitors	Overall
I think there should be a tiered approach to a fixed rate option	35%	55%	29%	38%
I do not think there should be a tiered approach to a fixed rate option	65%	45%	71%	62%
Base: number of respondents that provided a response	146	29	7	182

The survey then asked respondents to select which tiered approach, if any, they thought would work best for calculating a visitor levy in Fife.

Survey feedback to this question was mixed. Key messages from **Table 3.14** includes that:

- over one-third (37%) of respondents who answered this question selected a no tiered approach – that is, one-fifth (20%) favoured a percentage rate instead and a similar proportion (17%) favoured a single flat rate with no tiers.
- over one-quarter (27%) favoured some sort of tiered approach – of the three tiered options listed, a tiered rate based on accommodation price band appears to be the preference.

Over one-fifth (22%) of respondents selected 'none of the above' from the pre-defined list of options, and was primarily selected by respondents who did not think a visitor levy should be introduced in Fife.

Table 3.14: And if so which tiered approach, if any, do you think would work best for calculating a visitor levy in Fife?

Response	Residents	Businesses	Visitors	Overall
A percentage-based rate instead	21%	19%	13%	20%
A single flat rate with no tiers	16%	24%	13%	17%
Tiered rate based on accommodation price bands	12%	17%	25%	13%
Tiered flat rate based on accommodation type	10%	8%	0%	9%
Tiered rate based on season	6%	5%	0%	5%
None of the above	23%	19%	38%	22%
Not sure	14%	8%	13%	12%
Base: number of respondents that provided a response	214	59	8	281

What level of fixed visitor levy would you consider appropriate per person, per night?

Survey feedback to this question was mixed.

Over one-third (37%) of respondents who answered this question favoured a £2 or less per person per night charge and 9% said it should be £2.50 or more, **Table 3.15**.

Almost half (45%) selected 'No fixed rate should apply', and this response was highest among businesses, and among those who did not support the introduction of a visitor levy in Fife or who were unsure.

Table 3.15: What level of fixed visitor levy would you consider appropriate per person, per night?

Response	Residents	Businesses	Visitors	Overall
£0.50	8%	15%	0%	9%
£1.00	15%	12%	25%	15%
£1.50	3%	3%	0%	3%
£2.00	11%	3%	25%	10%
£2.50 or more	9%	9%	8%	9%
No fixed rate should apply	44%	50%	33%	45%
Not sure	9%	8%	8%	9%
Base: number of respondents that provided a response	304	66	12	382

What level of fixed visitor levy would you consider appropriate per accommodation unit, per night (for example, per room, pitch or unit)?

Over one-third (37%) of respondents who answered this question favoured a fixed visitor levy of £3 or less per accommodation unit, per night, **Table 3.16**. Fewer respondents (12%) expressed a preference for a charge of more than £3 per accommodation unit, per night.

Forty-one percent of respondents stated that 'No fixed rate should apply', and this was largely selected by those who did not support the introduction of a visitor levy in Fife or who were unsure.

Table 3.16: What level of fixed visitor levy would you consider appropriate per accommodation unit, per night (for example, per room, pitch or unit)?

Response	Residents	Businesses	Visitors	Overall
£1.00	15%	25%	25%	17%
£2.00	12%	10%	0%	12%
£3.00	9%	4%	8%	8%
£4.00	3%	1%	8%	3%
£5.00	7%	6%	0%	6%
Higher than £5	3%	4%	8%	3%
No fixed rate should apply	41%	40%	50%	41%
Not sure	10%	7%	0%	9%
Base: number of respondents that provided a response	300	67	12	379

Which collection method would be easiest to integrate into your existing booking, payment or invoicing systems?

Sixty-one percent of respondents who answered this question and who ran a business in Fife said that a flat rate per night charge would be easiest to integrate into existing systems.

Table 3.17: Please indicate which collection method would be easiest to integrate into your existing booking, payment, or invoicing systems?

Response	Residents	Businesses	Overall
Flat rate per person per night	4%	11%	8%
Flat rate per night	63%	62%	61%
Percentage of accommodation cost	19%	17%	17%
No difference	15%	11%	12%
Base: number of respondents that provided a response	27	47	74

Note 1: Two responses from visitors have been removed from the analysis.

Please indicate how easy would it be to collect and pass on a visitor levy through third-party booking platforms (for example, Online Travel Agents)? - Flat rate

Almost two-thirds (63%) of respondents who answered this question and who ran a business in Fife said that it would be difficult or very difficult to collect and pass on a flat rate visitor levy through third-party booking platforms, **Table 3.18**.

Table 3.18: How easy would it be to collect and pass on a visitor levy through third-party booking platforms (e.g. Online Travel Agents)? - Flat rate

Response	Resident	Business	Overall
Very easy	23%	16%	18%
Easy	19%	16%	16%
Difficult	15%	18%	16%
Very difficult	42%	51%	47%
Base: Number of respondents that provided a response	26	45	71

Note: Two responses from visitors have been removed from the analysis.

Please indicate how easy would it be to collect and pass on a visitor levy through third-party booking platforms (e.g. Online Travel Agents)? - Percentage rate

The vast majority (83%) of respondents who answered this question and who ran a business in Fife said that it would be difficult or very difficult to pass on a percentage rate visitor levy through third-party booking platforms, **Table 3.19**.

Table 3.19: Please indicate how easy would it be to collect and pass on a visitor levy through third-party booking platforms (e.g. Online Travel Agents)? - Percentage rate

Response	Resident	Business	Overall
Very easy	0%	10%	6%
Easy	9%	7%	8%
Difficult	26%	15%	18%
Very difficult	65%	68%	65%
Base: number of respondents that provided a response	23	41	64

Note: Two responses from visitors have been removed from the table.

3.6 Exemptions

Visitors in receipt of disability benefits may be accompanied by family, friends or carers. Do you think a visitor levy exemption should also apply to those accompanying a disabled visitor, or only to the eligible individual themselves?

Survey feedback on whether those accompanying a disabled visitor should be exempt from paying a visitor levy was mixed.

Forty-three percent of respondents who answered this question supported this type of local exemption while 38% did not, **Table 3.20**. The remainder (19%) of respondents were unsure or expressed no preference.

Table 3.20: Do you think a visitor levy exemption should also apply to those accompanying a disabled visitor, or only to the eligible individual themselves?

Response	Residents	Businesses	Visitors	Overall
Yes, include those accompanying a disabled visitor	44%	41%	43%	43%
No those accompanying shouldn't be included and would pay any levy	37%	37%	46%	38%
Not sure/no preference	19%	22%	11%	19%
Base: number of respondents that provided a response	506	134	37	677

Should people whose main residence is in Fife be exempt from paying a visitor levy when staying overnight within the area?

Almost three-quarters (74%) of respondents who answered this question favoured local exemptions for Fife residents, and this viewpoint was highest among residents, **Table 3.21**. A small number of organisation respondents said that they would also support at least a 50% reduction for local residents, noting that locals already contribute to the visitor economy and should not face disproportionate costs. Less than one-fifth (15%) of respondents said that Fife residents should pay a visitor levy.

Table 3.21: Should people whose main residence is in Fife be exempt from paying a visitor levy when staying overnight within the area?

Response	Residents	Businesses	Visitors	Overall
Yes, Fife residents should be exempt from paying a visitor's levy	76%	69%	71%	74%
No, Fife residents should pay any visitor levy	15%	15%	17%	15%
Not sure/no preference	5%	9%	7%	6%
Other	5%	7%	5%	5%
Base: number of respondents that provided a response	526	138	41	705

Note: See Chapter 2.8 for more information on survey design issues at this question.

'Other' responses included several themes (frequency from high to low): opposition to a visitor levy; everyone should pay if a visitor levy is introduced; Scottish/UK residents should be exempt; exemptions are needed for essential, non-tourism stays; practical and administrative concerns around how exemptions could be implemented or verified; and other isolated points around second homes, fairness concerns, or general frustration with local government.

There are different ways that exemptions, proof of exemption and reimbursements could be managed. Do you think that exempt visitors should...?

Around two-thirds (68%) of respondents who answered this question favoured exempt visitors not having to pay a visitor levy at the point of booking/payment, **Table 3.22**. Fewer respondents (14%) favoured exempt visitors being reimbursed by the council on application.

Table 3.22 Do you think that exempt visitors should...?

Response	Residents	Businesses	Visitors	Overall
Not have to pay a visitor levy at the point of booking/ payment	70%	60%	71%	68%
Be reimbursed by the local authority on application	13%	18%	10%	14%
Other ideas/suggestion	7%	7%	10%	7%
Not sure/no preference	11%	15%	10%	12%
Base: number of respondents that provided	506	134	40	680

Do you have any further comments on exemptions?

Circa one-third of all respondents answered this question. Most but not all responses touched on exemptions.⁷

Concerns about how exemptions would work in practice

The most common theme was concerns about how exemptions would work in practice. Respondents emphasised that any exemption process must be simple and manageable, with minimal administrative burden. Common points raised included:

- administrative workload - the most frequent worry was that either model could create significant extra administration for accommodation providers or the local authority.
- verification responsibilities - some respondents felt that accommodation providers could not be expected to question guests about the nature of their exemptions as this would likely be very personal information or potentially related to protected characteristics, and proposed that any process must be reimbursed retrospectively by the council.
- impact on visitors - a smaller number highlighted the additional burden placed on visitors, including the need to provide evidence for exemption. A few respondents said visitors might be uncomfortable sharing personal information.

⁷ Some respondents used the free-text box to reiterate that they did not support a visitor levy.

Comments relating to who should or should not be exempt

The second most common theme was feedback on who respondents believed should or should not receive an exemption. Some respondents suggested specific groups that should qualify for exemptions to promote fairness. The most frequently mentioned group were Scottish or UK residents, who many felt should not be treated as 'tourists' when travelling within their own country.

Other less commonly mentioned groups included:

- patients staying in paid accommodation whilst travelling for medical appointments and treatment.
- workers staying in Fife temporarily due to employment commitments, etc.
- accommodation providers below the VAT threshold to avoid pushing them into VAT liability.
- those staying in holiday parks or campsites.
- students studying at a college or university.
- individuals who were homeless and those in temporary accommodation.
- the main carer of a disabled person.

These suggestions reflected a wider concern that a visitor levy should not disadvantage people visiting Fife for non-leisure purposes or disadvantage vulnerable groups.

A small number of respondents expressed a preference for no exemptions at all, or said these should be minimal. They said this would help keep the system simple, reduce administrative burden, avoid creating unnecessary bureaucracy, and maximise revenue.

3.7 Priorities for investing revenue

What do you think would be the most useful way to invest money raised through a visitor levy to support the local tourism sector? This must be something that is used by, or substantially for visitors, though it may also be used by residents.

Investment in public facilities

The most common theme was investment in public facilities and this was framed as essential not only for visitors but also for residents. Survey respondents consistently called for investment:

- for more and better public toilets in Fife.
- for free or low cost access to public toilets.
- for the refurbishment and upgrade of outdated or poor quality public toilet facilities.
- to improve the maintenance and cleanliness of public toilet facilities.
- to ensure longer opening hours/year-round access to public toilet facilities.
- to provide more accessible public toilet facilities, including disabled access and Changing Places toilets.

Parking was also raised frequently under the theme of improved public services, and survey respondents highlighted a need for:

- additional parking spaces and parking capacity, including in/near/on outskirts of those areas of Fife that have high visitor numbers.
- specific or dedicated parking (or designated stopping places not in existing public car parks) for specific user groups – for coaches, for campervans/motorhomes including overnight locations (and access to water, waste disposal, toilets/showers and electricity), as well as improved oversight and enforcement. Improvements to coach access was also mentioned in terms of coach friendly accreditation such as that held in Dunfermline.
- solutions that could help reduce congestion in towns – for example, Park and Ride systems, out-of-town parking options.
- more free or affordable parking options for residents and visitors alike.
- traffic and parking management solutions, and improved enforcement.

Less commonly raised points included: more electric vehicle charging points; solar panels installation over council owned car parks; and charging larger cars more for parking in towns, for example.

Public realm improvements, including investment in outdoor access infrastructure

The second most common theme was public realm improvements, including investment in outdoor access infrastructure. Survey respondents called for investment to improve:

- the cleanliness and basic upkeep and maintenance of public spaces – including regular street cleaning, more frequent bin emptying, tackling litter, weeds, graffiti, and dirty signage, as well as ensuring cleaner beaches, parks, and town centres.
- public parks, green and open spaces, and play areas – including new and upgraded parks and play areas/equipment (more things for children to do generally), improved green spaces and planting, and improved maintenance of beaches, seafronts, and cemeteries were also suggested.
- the look, feel, and vitality of town centres and high streets – including regeneration activities such as bringing empty or vacant buildings back into productive use (mix of uses), better lighting, maintaining public furniture, floral display and planters, hard landscaping, and improving the quality of the public realm.
- paths, trails, and coastal routes – for example: maintenance of the Fife Coastal Path and Pilgrims Way; better maintained footpaths, pavements, and walkways; clearing weeds; and consideration of pavement widths to ensure safety and accessibility.
- signage – for example: clearer signage for toilets, parks, and attractions; clean, legible road and street signs; better directional and interpretive signage; and maps and information boards for visitors.
- waste and recycling facilities – for example, more bins and more frequent emptying, more recycling facilities/bins, and better waste management in those areas and places that have high visitor numbers (for example, St Andrews, beaches).
- towns and villages in order to make them more welcoming and attractive – suggestions included greater use of floral displays and planters, landscaping, seasonal street decorations and lighting, better upkeep of walls, benches, and public furniture, and the provision of more community spaces and seating.

Investment in roads in Fife

The third most common theme was investment in roads in Fife. There was broad agreement among survey respondents that roads in Fife were in poor condition and required significant, sustained investment. They identified several concerns, including:

- potholes and poor road surface quality.
- general road maintenance - for example, resurfacing, markings, repairs.
- road signage - such as neglected, dirty, illegible, broken, outdated, and missing signs as well as tree branches which cover signs.

Less commonly raised points included concerns such as: roadside litter; road cleansing; traffic flow/control/management; poor coordination and duration of roadworks; and limited active travel infrastructure (cycleways/paths).

Process-related issues

The fourth most common theme for how revenue generated by a visitor levy scheme could be invested to support the local tourism sector was more a process-related issue around how money generated would be managed and allocated. For example:

- there was broad agreement across survey responses that the revenue raised by a visitor levy scheme must be ring-fenced for supporting the local tourism sector and not absorbed into general Fife Council budgets or used primarily by the council for administration costs of implementing a visitor levy scheme.
- spending money locally where the visitor levy was raised was a common theme - an alternative viewpoint provided centred on ensuring equity across Fife and distributing money raised by a visitor levy scheme across Fife, in areas of deprivation, and in areas of growth potential.
- survey respondents called for further detail/clarity on how decisions for how money raised by a visitor levy scheme would be made and monitored - for example, support was expressed for structured, transparent processes for applying for and awarding money raised by a visitor levy scheme, for local communities to have a say/voice in how funds are allocated, and for regular reporting.

Investment to improve public transport

The fifth most common theme was investment to improve public transport to make it easier for residents and visitors to get about without a car. Suggestions spanned:

- better bus services – this was expressed in terms of more frequent buses, more reliable bus services, better connections between towns and villages, better links to visitor attractions, beaches and trails across Fife, and improved services in rural areas. Other suggestions included cheaper or free bus travel for visitors (sometimes local people were mentioned in responses in terms of travel to and from work for those living in rural areas).
- improved rail connectivity and accessibility – this was framed in terms of better rail links across Fife, improved access at rail stations (for example, step-free access), reinstating or reopening rail lines (for example, St Andrews, Leuchars connections), as well as faster, more direct connections from Fife to Edinburgh and Glasgow.
- ensuring public transport was affordable – suggestions included investment to provide free or discounted bus/rail travel, visitor travel passes, and lower fares for local workers.
- park and ride and coach management – concerns were raised about the volume of traffic in towns and tourism hotspots in Fife. Suggestions included better integrated public transport, park-and-ride hubs for St Andrews and other hotspot areas, visitor shuttle buses and transport passes, and coach parking outside town centres and restrictions on entering congested areas.

Investment in existing and new visitor attractions

Some respondents suggested investment in existing and new visitor attractions. These responses emphasised the importance of maintaining what Fife already has (in the first instance) as well as developing new attractions or experiences. Suggestions included investment to:

- maintain and improve existing visitor attractions – for example: maintain, protect and restore existing trails (Fife Coastal Path, Pilgrims Way); repair and refresh existing attractions; keeping libraries, theatres, museums, galleries, and heritage sites, etc. in good condition; and ensuring facilities around visitor attractions (toilets, signage, paths) are well maintained.

- enhance the overall visitor experience at existing attractions – better signage and interpretation, improved accessibility, and improved public realm around attractions, for example.

As well as investment to develop new attractions, experiences, and tourism initiatives – responses typically mentioned the importance of having more/new things for people to do, including opportunities to build on Fife’s natural, cultural and heritage assets.

Suggestions included: adventure, outdoor and leisure attractions (for example, zipwire, outdoor swimming facilities, cinema); new cultural attractions (museums, galleries, heritage trails); new events, exhibitions, and festivals (arts, music, history, heritage, beach, seasonal and themed events, year-round events programme); placemaking investment (gardens, promenades, sculpture trails); and new wildlife or nature-based experiences; and supporting new independent suppliers, artisan crafts and makers.

Place or destination marketing

Some respondents suggested investment in place or destination marketing, including to:

- improve and enhance the marketing and promotion of Fife (and its different areas) as a year-round visitor destination – highlighting Fife’s identity, offer, strengths, uniqueness, and the many different reasons to visit. An integrated and joined up approach that promoted things to do and see in Fife alongside places to eat and drink, etc. to encourage visitors to come to Fife.
- spread tourism beyond St Andrews – to help rebalance tourism, reduce pressure on hotspots, and support other towns/places (and less visited areas) in Fife.
- improve visitor information services – suggestions included reinstating tourist information offices/centres as well as improved visitor information that is clear, easy to find and up-to-date (online and offline).
- create better signage, interpretation, and wayfinding – helping visitors navigate and understand where to go and how to get about, for example, improved signage, information boards, interpretation boards, better road signage to visitor attractions.

Business support

Some respondents suggested that money generated by a visitor levy could be used to support local businesses and the tourism and hospitality sector.

Suggestions included: grant schemes; business start-up and growth support; a reduction in business rates; workforce development and training; and environmental sustainability projects. Other suggestions included ring-fencing an element of the funding for allocation for community-based projects aligned to identified need.

Other suggestions

A small number of respondents suggested that revenue generated via a visitor levy could be used to invest in the NHS, education, and housing, or to allow for a reduction in council tax.

To what extent do you agree that the following areas should be priorities for spending money raised through a visitor levy?

In response to a follow-on closed-question, the top five priorities (based on the proportion of respondents who selected either 'Agree' or 'Strongly agree') were:

- investing in public facilities (73%).
- well-connected spaces and places (67%).
- road maintenance (65%).
- public realm improvements (64%).
- new and exciting visitor attractions (64%), **Table 3.23**.

The highest levels of disagreement to this question were with priorities including: seasonal staff accommodation (47%); and visitor accommodation (44%).

Further tables with survey responses to this question by respondent type are provided in **Appendix B**.

Respondents emphasised the need for clear, transparent communication about how visitor levy revenue would be used.

Table 3.23 - To what extent do you agree that the following themes should be priorities for spending money raised through a visitor levy? – Overall

Investment priority	Agree or strongly agree	Somewhat agree	Disagree or strongly disagree	Base: number of respondents that provided a response
Public facilities (e.g. public toilets)	73%	12%	15%	782
Well-connected spaces and places (public transport)	67%	15%	18%	772
Roads maintenance	65%	13%	22%	773
Public realm improvements (e.g. landscaping, parks)	64%	19%	17%	770
New and exciting visitor attractions (Fife Coastal path, museums and galleries)	64%	18%	18%	774
Informative signage	50%	26%	25%	763
Events programming	43%	29%	28%	755
Place/destination marketing	39%	27%	34%	756
Visitor accommodation	31%	25%	44%	756
Seasonal staff accommodation	25%	28%	47%	763

Base=782 respondents.

3.8 Governance and business support

If Fife Council was to implement a visitor levy, who should be on a Visitor Levy Forum?

The top responses to this question regarding who should be on a visitor levy forum were:

- accommodation sector representatives (76%).
- representatives of tourism businesses (74%).
- local community representatives (69%).
- local tourism organisations (67%), **Table 3.24**.

A consistent message in the qualitative responses was that any visitor levy revenue must provide genuine additionality and be used for visitor-related infrastructure and services that provide direct benefit to the Fife visitor economy. There was feedback that visitor levy funds should not be used to replace existing council spending.

Respondents also called for a strong Visitor Levy Forum with local industry representation to ensure that business needs are represented and articulated and alignment with tourism priorities.

Table 3.24: If Fife Council was to implement a visitor levy, who should be on the Visitor Levy Forum?

Response	Residents	Businesses	Visitors	Overall
Accommodation sector representatives	75%	80%	73%	76%
Representatives of tourism businesses	72%	80%	83%	74%
Representatives from local communities	74%	51%	56%	69%
Local tourism organisations	66%	66%	83%	67%
Local authority representatives	51%	43%	49%	49%
Local cultural organisations	43%	31%	41%	41%
Representatives of other businesses	41%	35%	49%	40%
National tourism bodies	33%	42%	46%	36%
Representatives of children and young people	25%	19%	24%	24%
Other	8%	6%	12%	8%
Base: number of respondents that provided a response	497	137	41	675

Note: Multiple response question where respondents could select more than one option and all that applied. Percentages may total more than 100% as a result.

If Fife Council does go ahead with a visitor levy, support will be offered to businesses to help them adjust to the new requirements. It is acknowledged that there will likely be increased administration costs and time requirements for some accommodation providers. To help with these costs, local authorities have the power to allow accommodation providers to retain a percentage of the revenue their business collects from a visitor levy. Do you think this should be offered to Fife accommodation providers?

Survey feedback to this question was mixed.

Around half (53%) of respondents who answered this question supported the council's proposal for accommodation providers to retain a percentage of the revenue their business collects from a visitor levy to help with costs associated with implementation.

Table 3.25.

Around one-quarter of respondents said 'No' at this question, and a similar proportion (23%) were unsure or expressed no preference.

Table 3.25: Do you think this should be offered to Fife accommodation providers?

Respondent type	Yes	No	Not sure / no preference	Base: number of respondents that provided a response
Residents	50%	25%	24%	507
Businesses	61%	15%	23%	137
Visitors	58%	25%	18%	40
Overall	53%	23%	24%	684

What percentage of a visitor levy amount do you think an accommodation provider could use towards administration costs?

Some 40% of respondents who answered this question supported accommodation providers retaining 1% of revenue, and a further 14% suggested either 2% or 3%, **Table 3.26**. Less than one-fifth (16%) suggested that accommodation providers should retain 5% for use towards administration costs.

Table 3.26: What percentage of the levy amount do you think an accommodation provider could use towards administration costs?

Response	Resident	Business	Visitor	Overall
1%	46%	22%	38%	40%
2%	6%	7%	19%	7%
3%	6%	7%	12%	7%
5%	15%	21%	15%	16%
Other	27%	43%	15%	30%
Base: number of respondents that provided a response	287	90	26	403

Note 1: This question was to be answered by those who answered 'Yes' at the question 'To help with these costs, local authorities have the power to allow accommodation providers to retain a percentage of the revenue their business collects from a visitor levy. Do you think this should be offered to Fife accommodation providers?' Some other respondents have also answered this question.

Note 2: Some who selected 'Other' used the free-text box to reiterate that they did not support a visitor levy or raised concerns about business viability etc, and so the question was not considered relevant.

The most common theme among those selecting 'Other' was support for accommodation providers being reimbursed to help cover administration costs. They emphasised that a visitor levy should be paid by visitors, not absorbed by businesses, with some highlighting shrinking profit margins in support of this. Suggestions ranged from 0.5% to 100%. The most frequently mentioned proportion was 10%. A small number of respondents suggested that accommodation providers should retain a fixed amount rather than a percentage.

Some respondents did not feel qualified to answer this question or felt more detail was needed to provide an informed view. They said there were some unknowns such as what the administrative costs would be, what system would be used for collecting a visitor levy, or what the visitor levy rate would be.

"This decision should be made once we know what the implementation process will be and what will be required of the accommodation provider."

Resident

Some respondents who answered this question indicated that they were opposed to accommodation providers retaining any amount to support their administration costs. Points raised included:

- the council should absorb all of the costs associated with a visitor levy.
- accommodation providers should not be responsible for collecting a visitor levy.
- concerns were raised that allowing accommodation businesses to retain a portion of the revenue would reduce the overall revenue available for investment in tourism infrastructure and services in Fife.
- accommodation providers could pass the increased cost onto customers.

3.9 Final comments and views

If you have any other comments about what we need to consider when proposing a scheme for the visitor levy, please tell us here.

Many of the points raised at this final survey question have been covered elsewhere in this chapter. This sub-section touches on additional points raised.

The impact of legislative changes and taking time to learn from experience elsewhere in Scotland

Some respondents encouraged Fife Council to continue to monitor the experience of other councils' experience of implementing a visitor levy scheme to see what works and what doesn't, and assess impacts to help make more informed decisions and to design a scheme that works for both accommodation providers and visitors alike.

A small number of organisation respondents noted that the legislation was still being amended and that the final scope of changes was unknown at the time of their submissions, and that changes to the national framework may undermine the consultation process and implementation. They suggested that Fife Council should pause or delay work until there was further clarity on the legislative framework and updated guidance and to allow changes at a national level to filter through, and/or felt that the council should pause activity until implementation of the visitor levy in Edinburgh could be fully assessed.

Clear and timely communications

Some respondents mentioned that a visitor levy scheme must be simple to understand and that all relevant stakeholders should be well-informed about the scheme's details, exemptions, how revenue would be spent, and how to comply, etc. This was considered essential in order to build confidence, trust and understanding among stakeholders, to avoid any confusion, and to support accommodation providers to prepare for implementation of a visitor levy scheme.

Encourage the Scottish Government to amend legislation to transfer collection responsibility to local authorities via QR Code System

Some respondents emphasised that accommodation providers should not be used as unpaid tax collectors for local authorities. A proposal made was that responsibility for collection should be transferred from operators to local councils, facilitated by a digitally enabled QR code system. This submission noted that this would allow:

- guests to scan a venue-specific QR code (provided by the council) and pay their visitor levy directly to the local authority.
- automatic record-keeping and transparency for local authorities.

- reduction of VAT complications since a visitor levy would not be processed through the operator's revenue stream.
- minimal administrative load on accommodation providers.

It was suggested that this approach could ensure better compliance, clearer audit trails, and enhanced data for the tourism strategy, without overburdening operators.

"Many accommodation providers feel aggrieved at being singled out, with the legal responsibility and burden of collecting and remitting the proposed Visitor Levy being borne by them alone. Any proposed visitor levy should be paid by the visitor. It should not be a tax on accommodation providers. The costs of additional time, administration and training must be covered in full by generated funds." Organisation

A need for collaboration and consideration of industry input

A small number of organisation respondents emphasised the importance of a collaborative approach, ensuring that any visitor levy scheme for Fife was designed with full industry engagement and reflects the practical realities for micro and small tourism businesses. This aligned with wider feedback that visitor levy scheme design must deliver on objectives around fairness, proportionality, simplicity, and sustainability, while supporting Scotland's diverse visitor economy and protecting the competitiveness of the tourism and hospitality sector. As well as efforts to address concerns that a complicated system could create challenges for collection and for accommodation businesses.

The engagement process and survey design

A small number of respondents expressed dissatisfaction with the early engagement process and with survey design. There was feedback that:

- an online survey did not lend itself to provoking considered responses.
- questions were considered biased towards the introduction of a visitor levy in Fife.
- there was felt to be insufficient opportunity to express opposition to a visitor levy or to disagree with proposals.
- expressed a perception that a decision had already been made.

“An online survey of this nature, whilst common practice for the visitor levy across a number of local authorities, does not encourage participants to spend much time thinking about the answers to the questions, and we would encourage the council to reconsider this approach before any formal statutory consultation.” Organisation

Further, a small number of organisation respondents raised concerns about Fife Council’s decision to extend its visitor levy survey by adding new flat rate questions after the original consultation had closed. They felt this undermined the integrity, comparability and reliability of the survey and its findings. They noted that some stakeholders may not revisit the survey, meaning responses to the new questions could come from a smaller and potentially unrepresentative group. They proposed that the council withdraw the current survey and restart the engagement process, presenting all realistic options – percentage levy, flat rate levy, or no visitor levy – simultaneously – to ensure transparency, good practice, and stakeholder confidence in any future proposals.

They also emphasised that consultation is a key safeguard against market distortion and legal risk, and advocated for a full 12-week consultation with a clear scheme outline, impact assessments and exemption statements.

Impact assessment

A small number of respondents called for a detailed and independent EIA to be carried out, specifically for Fife, to quantify the potential positive and negative impacts of a visitor levy.

4 Economic impact assessment

4.1 Introduction

EKOS has carried out an independent impact assessment of a proposed draft visitor levy scheme for Fife Council.

We have developed a bespoke financial and economic model within a cost benefit framework in accordance with [HM Treasury Green Book guidance](#). The model quantifies a range of costs and benefits associated with the set-up and implementation of a visitor levy scheme in Fife and has allowed for three distinct analyses, including:

- a financial cost benefit analysis from the perspective of Fife Council measuring the tax revenue generated against the cost of implementing and operating a visitor levy.
- a financial cost benefit analysis from the perspective of Fife accommodation providers who would act as collecting agents and be responsible for remitting these funds to the council to reinvest in local tourism infrastructure and services. This considers the:
 - benefits: uplift in business turnover/income as a result of investment by Fife Council in the visitor economy using funds collected from a visitor levy.
 - costs: direct costs to accommodation businesses for the implementation and ongoing administration of a visitor levy; and indirect costs in terms of business turnover/income lost due to consumer behavioural changes in response to price increases (price elasticity of demand).
- an economic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (Gross Value Added) generated through visitor levy funded investment against the public sector and private (accommodation) sector costs of implementing and operating a visitor levy.

Approach

In assessing the costs and benefits associated with a visitor levy, we have taken an approach which estimates a range of scenarios based on different model specifications.

This approach is driven by the nature of the data and evidence available, which is presented as a range of possible values, and the uncertainty around the impacts of visitor levies in general, which have only been recently introduced in a select number of areas and cities globally.

There is also an increased level of uncertainty around the effects of a visitor levy in a diverse region such as Fife, which includes a city, towns, rural areas and the town of St Andrew's, a destination with a distinct visitor offer linked to golf tourism, heritage, and an international university.

There are several key variables in the model which are subject to multiple specifications. Where feasible and where data allow, to avoid the use of assumptions we have used data available from official published sources and the Scottish Government's [Financial Memorandum to the Visitor Levy Scotland Bill](#). The key variables are:

- set-up/implementation costs and administrative costs for both Fife and accommodation businesses. Three cost scenarios have been modelled including low, mid and high-cost scenarios based on data from Scottish Government's Financial Memorandum to the Visitor Levy Scotland Bill.
- price elasticity of demand (PED) values. Three PED values have been modelled to reflect uncertainty in the response overnight visitors will have when facing a price increase in the total price of a trip to Fife. Specification with a low-level responsiveness (PED of -0.2), medium-level responsiveness (PED of -0.85) and high-level responsiveness (PED of -1.50) based on evidence in Scottish Government's Financial Memorandum to the Visitor Levy (Scotland) Bill have been modelled.
- investment impact. The impact on the accommodation sector and overnight visitor economy turnover driven by visitor levy funded public investment in the Fife visitor economy. As there is no detail available on the scope and scale of any specific investment projects, the potential effects have been modelled using a range of percentage annual uplifts. This is a 'project level assumption' (based on [VisitScotland data](#) which show that the total spend in the visitor economy, 2022-2023 grew by +3%) and allows for a comparison of the effects of varying level of return on investment.

We have also considered two visitor levy charging structures, including:

- a flat rate visitor levy structure. This assumes there is a £2.50 visitor levy charged per room per night on all eligible accommodation.
- a percentage rate visitor levy structure. This assumes a 5% visitor levy charged based on the nightly rate of eligible accommodation.

Applying all of these specifications in combination has enabled the modelling of 40 distinct model specifications for each visitor levy charging structure and enables a range of possible results to be analysed. It also allows for direct comparison of a flat rate and percentage rate charging structure. Further detail on the model specification can be found in **Appendix E**.

Technical note and key assumptions

The financial and economic analysis considers the following technical elements and key assumptions which have been informed by HM Treasury Green Book guidance for undertaking economic and financial appraisals.

Constant Prices - are prices that have been adjusted to remove the effects of inflation. This allows a comparison of costs and benefits over time in real terms, also known as 'real prices.' Expressed in terms of the prices prevailing in a selected base year and used to isolate the real change in value over time, without the distortion caused by inflation. We have assumed the base year for the analysis is 2026-2027, the first year a visitor levy could be approved in Fife.

Present Value - is the value today of a stream of future costs or benefits, discounted to account for the Social Time Preference to reflect the concept that a pound today is worth more than a pound tomorrow. This has been calculated at the HM Treasury recommended discount rate of 3.5%.

Appraisal Period - we have set the appraisal period (the timescale over which the model estimates costs and benefits) at 10 years to consider the longer-term implications that could be driven by the introduction of a visitor levy.

Assumptions:

- the full charge of a visitor levy has been applied on the assumption that the full cost is passed through to the end consumer. At the time of appraisal, no definitive information was available regarding the scope or criteria for local exemptions, nor on the potential for remittance or redistribution of visitor levy proceeds to accommodation providers. As such, this constitutes a conservative (worst-case) modelling scenario. Should further clarification become available on exemption mechanisms or fund allocations, it is recommended that the financial impact assessment be revisited and updated accordingly.
- all available funding (net of set-up and ongoing administration costs) is invested back into the local visitor economy under the broad themes as outlined in the Visitor Levy (Scotland) Bill:
 - maintaining and improving tourism infrastructure.
 - environmental management.
 - cultural and heritage projects.
 - public transport and local services.
 - promoting sustainable tourism.

St Andrews and the Rest of Fife – Given St Andrew’s unique position as a tourism destination, the analysis allows for the possibility of different impacts and consumer responses (e.g. PED) in St Andrew’s and the rest of Fife. For example, St Andrews has a unique visitor offer (golf, University of Saint Andrews, historical and cultural assets, unique dining and shopping, beaches and coastline, etc.), well-known international brand and appeal and is in general tailored to the higher end of the market and may be less sensitive to price increases.

Limitations

The financial and economic analysis is based on the best evidence available and provides a range of possible costs and benefits to Fife Council, accommodation sector businesses and the wider Fife economy.

It is important to recognise the limitations of the analysis such as:

- the analysis presents accommodation and overnight visitor economy businesses in aggregate, and the potential turnover losses and gains are assessed on a sectoral basis.
- it is possible that turnover losses due to a visitor levy may be unevenly distributed across the Fife region. This could have significant impacts on specific businesses and may result in closure of businesses who are particularly impacted.
- businesses may be differentially impacted by investment in the sector, and the potential benefits may not be evenly felt across the region.
- it is not able to determine which consumer response scenario will occur.
- it does not determine which set of costs (set-up and administration) will occur.
- it is not able to determine which investment impact scenario will occur.

As a starting point, we have provided possible PED values specific to St Andrews compared to the rest of Fife and have provided different baseline cost scenarios for a flat rate compared to percentage rate.

For the purpose of comparing the likely impacts generated under the different visitor levy structures, the following model specification has been carried through this chapter.

Charging structure	Flat rate	Percentage rate
Cost scenario	Low	High
PED Value	-0.2 for St Andrews; -0.85 for the rest of Fife	
Investment impact	2%	5.7% ⁸

Through this approach, the analysis allows for a comparison between the different forecast impacts on a range of stakeholders under the two proposed visitor levy charging structures. Further, the analysis provides insight into a range of possible costs and benefits and an understanding of the magnitude of impact that investment of visitor levy funds will need to generate a positive impact/return.

⁸ Based on a proportional increase in investment impact compared to the net tax revenue raised at a 2% investment impact under both visitor levy structures.

4.2 Costs

This section outlines the approach to estimating costs only - this includes the costs borne by Fife Council and those borne by the Fife accommodation providers as a result of implementing a visitor levy scheme.

Local authority costs

As set out in the Visitor Levy (Scotland) Bill Financial Memorandum local authorities will face two sets of costs as result of implementing a visitor levy scheme. These are:

- implementation costs.
- ongoing costs associated with administration of a visitor levy.

In line with these costs, Fife Council has developed in-house estimates of the expected implementation and administration costs. **Table 4.1** summaries the costs forecasts for the flat rate and percentage rate charging structures.

Table 4.1: Fife Council visitor levy set-up and administration costs

Charging structure	Cost type	2026/27	2027/28	2028/29-2035/36 (per annum costs)	Total	Present value
Flat rate	Implementation	£0	£135,000	£0	£135,000	£130,435
	Administration	£0	£64,000	£382,188	£3,121,504	£2,600,138
	Total	£0	£199,000	£382,188	£3,256,504	£2,730,573
Percentage rate	Implementation	£0	£135,000	£0	£135,000	£130,435
	Administration	£0	£64,000	£476,000	£3,872,000	£3,223,191
	Total	£0	£199,000	£476,000	£4,007,000	£3,353,626

The key factor driving the difference in administration costs is the greater need for enforcement officers under the percentage rate compared to the flat rate structure.

Note: The main analysis does not consider any payments from the council to accommodation providers and assumes that accommodation providers bear the full cost of collection of a visitor levy. A separate analysis in **Chapter 4.4** assesses the impact of council payments (which at least cover in part, visitor levy collection costs) to accommodation providers.

Fife accommodation provider costs

Fife accommodation providers are expected to face direct and indirect costs associated with the implementation and ongoing collection of a visitor levy.

The Financial Memorandum provides a range of potential direct costs which may vary depending on businesses size⁹ and the sophistication of their booking channels.

Direct costs:

- one-off set-up and implementation costs – for example, IT systems changes and updates, staff training, etc.
- ongoing costs associated with administration of a visitor levy - increased staff resources.

Table 4.2 presents the three costs scenarios for direct Fife accommodation sector business costs.

Table 4.2: Fife Accommodation businesses visitor levy set-up and administration costs

Cost scenario	Cost type	2026/27	2027/28	2028/29-2035/36 (per annum costs)	Total	Present value
Low	Implementation	£0	£626,764	£0	£626,764	£605,569
	Administration	£0	£0	£550,743	£4,405,940	£3,657,758
	Total	£0	£626,764	£550,743	£5,032,704	£4,263,327
Mid	Implementation	£0	£2,149,447	£0	£2,149,447	£2,076,760
	Administration	£0	£0	£1,412,007	£11,296,052	£9,377,845
	Total	£0	£2,149,447	£1,412,007	£13,445,499	£11,454,606
High	Implementation	£0	£3,672,130	£0	£3,672,130	£3,547,952
	Administration	£0	£0	£2,273,271	£18,186,164	£15,097,933
	Total	£0	£3,672,130	£2,273,271	£21,858,294	£18,645,885

We assume that the flat rate visitor levy structure is likely to face the low-cost scenario, costing businesses £4.3m in set-up and administration over a 10-year period.

⁹ The costs are assessed based on business with annual turnover below £90,000; business with turnover between £90,000 and £1,000,000; and businesses with annual turnover above £1,000,000. See the Technical Appendix for more detail.

Assuming the percentage rate structure likely induces the high-cost scenario, this may cost businesses £18.6m over a 10-year period.

The large difference in the low and high-cost scenarios is primarily driven by the relatively simplicity of flat rate administration. Businesses would easily be able to implement a £2.50 per night surcharge through existing systems or manually for small accommodation providers. On the other hand, the complexities of collecting a percentage rate visitor levy are myriad. For example:

- larger accommodation providers with sites across multiple local authority areas may need to implement different visitor levy charges across different locations.
- some accommodation providers sell packages that include services beyond accommodation charges. This will require more complicated systems for calculating visitor levy charges.
- many providers sell rooms through multiple booking channels, often at different rates.
- many providers sell rooms through third parties and travel agents, where accommodation forms only part of a wider package. Again this creates ambiguity around the actual nightly rate and calculation of a percentage rate visitor levy.

Indirect costs:

Indirect costs are assessed based on a financial modelling exercise undertaken by EKOS which assesses the potential lost revenue/income based on the application of a range of price elasticity of demand values:

- decreased business turnover/income as a result of a visitor levy-induced price increase.

[Estimates for the PED](#) for an overnight trip vary widely and the academic literature does not suggest a consensus.

Scottish Government commissioned [research into estimating a PED](#) for the Scottish Overnight Tourism Sector suggests a low-end value (that is, least price sensitive response) of -0.2 and a high-end value (that is, the most price sensitive response) of -1.50.

To support the development of a range of scenarios to estimate the impact of a price increase on sector turnover, EKOS has used the above PED values as low and upper bounds and have included a midpoint value of -0.85 to inform low, mid, and high-impact scenarios. The baseline scenario used for purpose of comparison of visitor levy structures is -0.2 for St Andrews and -0.85 for the rest of Fife.

The indirect costs are measured as the difference between the counterfactual accommodation sector turnover and the new accommodation sector turnover after the consumer response. The indirect costs, or decreased business turnover, is presented for each visitor levy charging structure in **Table 4.3**.

Table 4.3: Fife accommodation business visitor levy indirect costs

Charging structure	Total	Present value
Flat rate	£10.4	£8.6
Percentage rate	£26.9	£22.3

Note: Values presented in £0.0m. Present values discounted at 3.5% annually.

The flat rate structure may induce initial turnover losses (that is, before a positive impact of visitor levy investment) of £8.6m over the 10-year appraisal period. Under the percentage rate structure, the business turnover losses increases to £22.3m over the 10-year period. This is driven by the relatively larger price increase induced by the 5% visitor levy rate, which in turn induces a more negative response from consumers. By comparison, a £2.50 flat rate is effectively a 1.3% charge in St Andrews and a 2.1% charge in the rest of Fife.¹⁰

Table 4.4 presents the total costs (that is, direct plus indirect costs) to Fife accommodation providers, assuming the low-cost scenario prevails under the flat rate visitor levy structure, and the high-cost scenario occurs under the percentage rate structure.

Table 4.4: Total (direct and indirect) Fife accommodation business costs

Charging structure	Total	Present value
Flat rate	£15.5	£12.9
Percentage rate	£48.8	£40.9

Note: Values presented in £0.0m. Present values discounted at 3.5% annually.

¹⁰ Based on an average room rate of £188.33 in St Andrews and £119.06 in the rest of Fife. Based on analysis from STEAM and VisitScotland data.

4.3 Benefits

This section outlines the potential benefits arising from the introduction of a visitor levy and considers the following benefits:

- financial returns to Fife in the form of tax receipts collected from a visitor levy.
- increased turnover/income within the accommodation sector and wider overnight visitor sector generated by visitor levy funded investment in the local visitor economy.
- the net additional GVA generated within the visitor economy as a result of the net change in sector turnover/income accounting for the effect of public sector investment and consumer responses to price increases associated with a visitor levy.

Tax revenue generated

The tax revenue generated by the flat rate structure and by the percentage rate structure has been estimated by applying the charges to the total accommodation expenditure.

The estimates are based on the following assumption on the design of a visitor levy in Fife: no local exemptions; no cap on the number of nights of accommodation on which a visitor levy is charged; no remittance to accommodation businesses; and that a visitor levy goes into effect in year 3 (2028) after approval and an 18-month implementation period as required by legislation.

The estimates for **gross tax receipts** under each visitor levy structure are presented in **Table 4.5**.

Table 4.5: Gross annual tax receipts (£millions)

Charging structure	2026/27	2027/28	2028/29	2026/30	20260/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present value
Flat rate	£0.0	£0.0	£4.4	£4.4	£4.5	£4.7	£4.7	£4.8	£4.9	£5.0	£37.4	£30.92
Percentage rate	£0.0	£0.0	£12.3	£12.5	£12.7	£13.6	£13.8	£14.0	£14.2	£14.5	£107.6	£88.94

Note: Figures rounded to nearest £0.1m

The net tax receipts consider the set-up and implementation costs (as presented in **Table 4.1**) borne by Fife Council and this figure represents the maximum funding that would be available for investment in the visitor economy, before any exemptions, caps, and business payments are considered.

Table 4.6 presents net tax receipts.

Table 4.6: Net annual tax receipts (£millions)

Charging structure	2026/27	2027/28	2028/29	2026/30	20260/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present value
Flat rate	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.4	£4.4	£4.5	£4.6	£34.1	£28.2
Percentage rate	£0.0	-£0.2	£11.8	£12.0	£12.2	£13.1	£13.4	£13.6	£13.8	£14.0	£103.6	£85.6

Note: Figures rounded to nearest £0.1m

It is estimated that a £2.50 flat rate visitor levy could generate up to £4.6m by 2035-2036. Over the 10-year appraisal period, it is forecast that a flat rate visitor levy may generate a total of £34.1m or £28.2m at present value.

It is estimated that a 5% percentage rate visitor levy could generate up to £14.0m by 2035-2036. Over the 10-year appraisal period, it is forecast that a percentage rate visitor levy may generate a total of £103.6m or £85.6m at present value.

We note that the greater amount of tax revenue generated under the percentage rate visitor levy structure is due to the relatively higher effective tax rate. While the percentage rate structure calls for a 5% charge, the £2.50 flat rate is effectively a 1.3% charge in St Andrews and a 2.1% charge in the rest of Fife.¹¹

Comparison to Moffat Centre analysis

Fife Council had previously commissioned the Moffat Centre to conduct an early estimate of potential tax revenues that could be generated by a visitor levy. This analysis concluded that c. £7.3m could be collected annually with a 5% visitor levy. This differs from the baseline estimate in this report which suggests between £12.3m and £14.5m gross tax receipts could be collected.

The variation in tax revenue estimates arises from differences in the data and methodology used to carry out each analysis. These are summarised below:

- different data sources have been used to establish the annual income (tax base) of the Fife accommodation sector. The Moffat Centre analysis builds up an estimate of Fife accommodation sector turnover from multiple data sources using an average daily rate * number of rooms * occupancy rate calculation. The EKOS analysis relies on Fife regional STEAM data for visitor expenditure on accommodation. This results in a greater baseline estimate of the accommodation sector in the EKOS analysis compared to the Moffat Centre analysis driving higher tax revenue estimates.
- different sector growth rates have been applied to the baseline estimates. The Moffat Centre analysis applied a 2% increase based on Consumer Price Index (CPI) inflation, whereas the EKOS analysis applied a 1.5% growth rate based on the Office for Budget Responsibility (OBR) long-term economic growth forecast.
- the modelling methodology differed in the inclusion or exclusion of dynamic effects. The Moffat Centre estimates did not account for any dynamic effects (that is, consumer responsiveness and investment impact). The EKOS model includes for these effects which, in turn, drive further variation in the two tax revenue forecasts.

¹¹ Based on an average room rate of £188.33 in St Andrews and £119.06 in the rest of Fife. Based on analysis from STEAM and VisitScotland data.

Accommodation sector and overnight visitor sector turnover

The net impact on accommodation sector turnover and the net impact on the wider overnight visitor economy sector (which considered visitor expenditure in additional areas such as dining, retail, transport, recreational activities, etc.) depends on the magnitude of turnover decrease due to price rises caused by a visitor levy (see **Table 4.3**) set against the turnover increase induced by visitor levy funded investment in the sector.

Table 4.7, over, presents the net impact on the accommodation sector and the overnight visitor sector as whole for each visitor levy structure.

Table 4.7: Net accommodation and overnight visitor sector turnover (£millions)

Charging structure	Sector	2026/27	2027/28	2028/29	2026/30	2026/31	2031/32	2032/33	2033/34	2034/35	2036/36	Total	Present value
Flat rate	Accommodation	£0.0	£0.0	-£1.2	-£1.3	£3.8	£3.8	£4.0	£4.0	£4.1	£4.2	£21.4	£16.8
	Overnight Visitor	£0.0	£0.0	-£2.8	-£2.9	£7.4	£7.5	£7.8	£8.0	£8.1	£8.2	£41.3	£32.3
Percentage rate	Accommodation	£0.0	£0.0	-£0.7	-£0.7	£5.5	£5.6	£6.0	£6.1	£6.2	£6.3	£34.4	£27.3
	Overnight Visitor	£0.0	£0.0	-£1.1	-£1.1	£8.8	£8.9	£9.6	£9.8	£9.9	£10.1	£54.9	£43.6

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

The estimated net impact on accommodation sector turnover is dependent on the visitor levy charging structure. Under the flat rate structure, a visitor levy could support up to a £4.2m annual increase in accommodation turnover by 2035-2036 and have a cumulative impact of £21.4m (£16.8m at present values) over the 10-year appraisal period. If we expand the analysis to include the wider overnight visitor economy a visitor levy could support up to an £8.2m annual increase in sector turnover by 2035-2036 and have a cumulative impact of £41.3m (£32.3m at present value) over the 10-year appraisal period.

Under the percentage rate structure, a visitor levy could support up to a £6.3m annual increase in accommodation turnover by 2035-2036 and have a cumulative impact of £34.4m (£27.3m at present value) over the 10-year appraisal period. Expanded to include the wider overnight visitor economy a visitor levy could support up to a £10.1m annual increase in sector turnover by 2035-2036 and have a cumulative impact of £54.9m (£43.6m at present value) over the 10-year appraisal period.

Socioeconomic benefits – net additional GVA

To estimate the net additional impact on the regional overnight visitor sector economy we have converted net turnover to net additional GVA¹² by applying average sector economic coefficients based on Scottish Government Sustainable Tourism sector data¹³, applying the additionality factors of leakage and displacement and applying economic multipliers¹⁴ associated with supply chain and income effects.

The following economic additionality factors have been applied:

- turnover to GVA ratio: 52%.
- leakage: 5% to account for the outward flow of profits from national or internationally headquartered businesses operating in the region.
- displacement: 10% to account for the potential redistribution of visitors from one area in Fife to another depending on the location of investment and the potential for new roles in the sector to be filled by those who are already employed elsewhere in the economy and are switching roles.
- type-2 GVA multiplier: 1.4. Assumed to be 67% of the Scotland level multiplier to account for the smaller economy and geographic reach of Fife. In economic impact analysis, Type II multipliers include both:
 - indirect effects (business-to-business supply chain spending).
 - induced effects (spending by employees from wages).

Table 4.8 summarises the estimated net additional GVA generated in the Fife overnight visitor economy as a result of a visitor levy.

¹² GVA is a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment. This is Scottish and UK government standard approach to measurement.

¹³ [Scottish Annual Business Statistics 2022](#)

¹⁴ Type-2 multipliers sourced from Scotland Input/Output Tables.

Table 4.8: Net additional GVA – overnight visitor sector (£millions)

Charging structure	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2036/36	Total	Present value
Flat rate	£0.0	£0.0	-£1.8	-£1.8	£4.6	£4.7	£4.9	£5.0	£5.1	£5.1	£25.9	£20.3
Percentage rate	£0.0	£0.0	-£4.3	-£4.4	£13.3	£13.5	£14.8	£15.1	£15.3	£15.5	£78.8	£61.9

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

4.4 Cost-benefit analysis

EKOS has assessed the cost and benefits associated with a visitor levy through three distinct cost benefit analyses (CBA). These CBAs consider the following:

1. A financial cost benefit analysis from the perspective of Fife measuring the tax revenue generated against the public sector cost of implementing and operating a visitor levy.
2. A financial cost benefit analysis from the perspective of Fife accommodation sector businesses who would act as collecting agents and be responsible for remitting these funds to the council. This considers the benefit (additional business turnover/income to the sector associated with direct visitor economy investment by Fife Council using funds collected from a visitor levy) assessed against the direct cost to accommodation businesses (implementation and ongoing administrative costs) and indirect costs, including business turnover/income change due to consumer behavioural changes in response to price increases.
3. A socioeconomic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (GVA) generated through visitor levy funded visitor economy investment against the public sector costs of implementing and operating a visitor levy. Note that the indirect cost of lost turnover is included within the calculation of Net Additional GVA as this itself is based on the net effect a visitor levy has on accommodation sector and overnight visitor sector turnover.

The analysis presents two results metrics:

- Net Present Value (NPV) – is a measure of the **absolute** magnitude of impact attributed to a visitor levy. NPV measures the present value benefits minus the present value costs.
- Benefit to Cost Ratio (BCR) – is a measure of the **relative** magnitude of impact attributed to a visitor levy. The BCR measures the present value benefits divided by the present value costs

Fife Council financial cost benefit analysis

This analysis measures the net present value of gross tax receipts received as a result of a visitor levy against the net present value of the council's set-up/implementation costs and ongoing administration costs over the 10-year appraisal period. Results are presented in **Table 4.9**.

Table 4.9: Fife financial cost benefit analysis results (£millions)

Charging structure	Tax revenue generated	Cost of set-up and admin	NPV	BCR
Flat rate	£30.9	£2.7	£28.2	11.3
Percentage rate	£88.9	£3.4	£85.6	26.5

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Both visitor levy changing structures generate extremely high BCRs to Fife Council from a purely financial perspective. However, we note that in terms of NPV, the percentage rate generates significantly larger financial benefit – driven by the relatively higher tax rate.

Fife accommodation sector businesses CBA

This analysis measures the net present value of the turnover benefit to businesses as a result of public investment in the visitor economy using visitor levy generated funds against the present value direct costs to accommodation business and indirect costs (the value of lost turnover due to price increases brought on by a visitor levy) over the 10-year appraisal period.

Results are presented in **Table 4.10**.

Table 4.10: Accommodation sector businesses financial cost benefit analysis results (£millions)

Charging structure	Turnover uplift	Set-up and admin costs	Turnover lost	Total cost	NPV	BCR
Flat rate	£25.4	£4.3	£8.6	£12.9	£12.5	2.0
Percentage rate	£73.6	£18.6	£22.3	£40.9	£32.7	1.8

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Accommodation sector business could face significantly higher costs under the percentage rate structure, though could gain significantly more benefits in additional turnover as a result of visitor levy funded investment. However, in terms of BCR, the flat rate structure generates a higher BCR from the perspective of Fife accommodation sector business.

Impact of transfers to accommodation providers

As noted, the analyses above do not consider any payments from Fife Council to accommodation providers to help cover their direct costs of collecting a visitor levy.

If transfers are a feature of a visitor levy in Fife, payments would be made back to accommodation providers using a portion of the tax revenue collected. This would induce the following impacts (note this list only presents the direction of impact, that is, positive or negative, and does not indicate the scale of the change).

From the perspective of Fife Council:

1. Lower the net tax receipts generated by a visitor levy. Which will, in turn:
 - a. reduce the NPV achieved and decrease the BCR achieved.
 - b. reduce the amount of funding available for reinvestment in the local visitor economy, potentially limiting or reducing the investment impacts which then, in turn, impact the future growth of the sector.
2. Potentially increase the cost of administration due to organisation and distributing payments to businesses. This in turn causes the same effects as listed in points **a** and **b**.

From the perspective of accommodation sector businesses:

1. Decrease set-up and administration costs. Which will in turn:
 - a. increase the NPV and BCR achieved.

2. Decrease turnover uplift from visitor levy fund reinvestment as the total funds being reinvested are reduced. This could, in turn:
 - a. reduce the NPV achieved and decrease the BCR achieved.

Table 4.11 below presents the proportion of tax revenue collected that would need to be paid back to accommodation sector providers in order to cover their full cost of visitor levy collection. This is then compared to a 2.5% benchmark.

Table 4.11: Summary of transfers to accommodation providers

Charging structure	Tax revenue generated	Set-up and admin costs	% of revenue needed to cover costs	Benchmark 2.5% of tax revenue transferred	Shortfall to cover all accommodation sector costs
Flat rate	£37.4	£5.0	13.3%	£0.9	£4.1
Percentage rate	£107.6	£21.6	20.1%	£2.7	£18.9

Note: Figures rounded to nearest £0.1m.

Under the flat rate structure, 13.3% of gross tax revenues would need to be transferred to accommodation sector businesses to fully cover the anticipated costs of visitor levy collection. The 2.5% benchmark would result in a shortfall of £4.1m over the 10-year assessment period.

Under the percentage-based structure, 20.1% of gross tax revenues would need to be paid to accommodation sector businesses to fully cover visitor levy collection costs. The 2.5% benchmark would result in a shortfall of £18.9m over the 10-year assessment period.

Socioeconomic cost benefit analysis

This analysis measures the present value of the net additional GVA retained in Fife as a result of investment of visitor levy generated funds against the present value of the direct costs to the council plus the direct costs to accommodation business over the 10-year appraisal period.¹⁵ Results are presented in **Table 4.12**.

¹⁵ Note that here we do not include indirect costs (the cost of decline in turnover for businesses) as this is already accounted for in the net additional GVA benefit which is derived from net additional turnover. Net additional turnover considers the turnover generated from investment in the visitor economy using visitor levy funds minus lost turnover from price increases as described earlier.

Table 4.12: Socioeconomic cost benefit analysis results (£millions)

Charging structure	Net additional GVA	Council Cost of set-up and admin	Business cost of set-up and admin	Total cost	NPV	BCR
Flat rate	£20.3	£2.7	£4.3	£7.0	£13.3	£2.9
Percentage rate	£61.9	£3.4	£18.6	£22.0	£39.9	£2.8

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

The flat rate visitor levy structure generates a BCR of 2.9, meaning that for every £1 of public and private sector direct cost, an additional £2.90 in GVA will be generated in the Fife visitor economy.

This is marginally greater than the 2.8 BCR generated by the percentage rate visitor levy structure. However, in terms of the absolute magnitude of impact, the percentage rate structure is estimated to generate a NPV of £39.9m over the 10-year appraisal period, generating significantly more benefit than the flat rate at £13.3m.

5 Conclusions

5.1 Key findings

Survey

Views were mixed on the introduction of a visitor levy scheme in Fife. Overall, in principle support for a visitor levy scheme (47%) was broadly similar to opposition (45%), with residents more supportive in principle (55%) and businesses least supportive (22%).

Qualitative feedback highlighted affordability and competitiveness concerns, in particular for price sensitive domestic visitors and a tourism sector often described as financially fragile. Businesses and organisations emphasised a range of issues and challenges for the sector, including short-term let licensing, increasing regulatory pressures, planning rules, high business rates and high operating costs, as well as concerns about integrating a visitor levy into existing booking systems. Responses emphasised that accommodation providers operate in a highly competitive, price sensitive market and would be particularly vulnerable to additional bureaucracy and costs.

Further, a small number of organisation respondents suggested that the council should pause work on a visitor levy until there is greater clarity on how schemes are being implemented elsewhere in Scotland – allowing time to learn what works, what does not, and what impacts are emerging – and until further detail and guidance from the recent legislative changes becomes available.

If a visitor levy was introduced in Fife, a similar proportion of respondents who answered this question supported a flat rate per night (52%), as those who supported a percentage of the accommodation cost (48%), and the pros and cons of both approaches were identified in survey responses. Survey responses emphasised that a visitor levy rate should be affordable and convenient for visitors to pay, and be straightforward and easy for accommodation providers to collect and transfer to the council.

In terms of a percentage rate, survey feedback found in principle support for a percentage visitor levy rate of 5% or lower in order to keep Fife affordable and to avoid deterring visitors. A visitor levy rate of 3% was the most common response.

Some respondents emphasised a cautious approach to test its introduction, build acceptance and for the council to demonstrate tangible investment in local tourism infrastructure and services.

If a fixed rate was to be introduced, points to note from the survey included:

- a higher level of in principle support for application on a per night basis.
- a majority did not think there should be a tiered fixed rate approach.
- support for a £2 or less per person per night charge.
- support for a £3 or less per accommodation unit charge.

Wider views on visitor levy design were also mixed.

There was stronger levels of support (64%) for capping the number of chargeable nights. While seven consecutive nights was most commonly selected, greater levels of support was expressed for a cap of five consecutive nights or less.

Around half (54%) favoured applying a visitor levy across all of Fife and 27% felt the council could explore applying it on a geographically selective basis to help balance tourism pressures and opportunities across the wider region. The remainder were unsure. There was some survey feedback that an approach that targeted specific areas could: confuse visitors; distort competition; penalise accommodation providers near boundaries; be difficult to administer; and raise issues over where revenue generated by a visitor levy would be spent within Fife.

Forty-five percent of survey respondents supported year round application of a visitor levy, while 33% preferred peak season only, citing winter fragility and encouraging visits outside of the busy tourism periods in support of this viewpoint.

There was strong support for local exemptions to be applied, particularly for Fife residents (74%), and mixed views on exemptions for those accompanying disabled visitors. Respondents mentioned other possible groups for exemptions, including (but not limited to): patients staying in paid accommodation whilst travelling for medical appointments and treatment; workers staying in Fife temporarily due to employment commitments; and accommodation providers below the VAT threshold to avoid pushing them into VAT liability.

Respondents emphasised that any exemption process must be simple and manageable, with minimal administrative burden, and a preference that exempt visitors do not pay a visitor levy upfront.

Survey respondents expressed strong expectations around transparency and governance. They said revenue generated should provide genuine additionality and be ring-fenced for visitor related infrastructure and services that provide direct benefit to the Fife visitor economy. They intimated clear priorities for reinvesting revenue in public facilities, transport, road maintenance, and public realm improvements. Respondents also called for a strong Visitor Levy Forum with sector/industry and community representation to ensure that local needs are represented and articulated and alignment with tourism priorities.

Over half (53%) supported allowing accommodation providers to retain a small percentage of visitor levy revenue to help offset administrative costs, though views varied on the appropriate level. There were calls for specific considerations for micro and small accommodation providers who may be disproportionately burdened by the introduction of a visitor levy.

There were also requests that any visitor levy scheme design must deliver on objectives around fairness, proportionality, simplicity, and sustainability, while supporting Scotland's diverse visitor economy and protecting the competitiveness of the tourism and hospitality sector. As well as efforts to address concerns that a complicated system could create challenges for collection and for accommodation businesses.

EIA

A comparative economic analysis of a £2.50 flat rate visitor levy charging structure and a 5% percentage rate suggests the following (at the baseline model specification):

- both visitor levy structures were forecast to generate positive returns to Fife Council, accommodation sector businesses and to the wider overnight visitor economy.
- the flat rate structure was forecast to generate better value for money to accommodation sector businesses and the wider overnight visitor economy measured by the BCR. The percentage rate structure could provide a greater financial BCR and value for money for Fife Council.

- the overall magnitude of impact generated – tax revenue, accommodation business turnover uplift and net additional GVA – could be greater under the percentage rate structure. This would be driven by the relatively higher tax rate under this structure, generating more revenue and allowing for higher levels of investment back into the visitor economy.
- the percentage rate structure could include significant costs to accommodation sector businesses both in terms of set-up and implementation costs as well as the initial 'lost turnover' and would require higher levels of investment impact to generate a positive impact for accommodation sector businesses.

5.2 Things to consider

There are several considerations for Fife Council should it move to the statutory consultation stage.

The Visitor Levy (Amendment) (Scotland) Bill (2026) is particularly important, as the legislative changes will shape how the council designs a draft scheme. The Bill removes the requirement for a percentage rate charge and allows councils to also consider a flat rate visitor levy, making the findings from early engagement valuable. It also gives councils greater flexibility to tailor their approach, such as varying rates by season, location or accommodation type. While this increases the complexity of decisions for Fife Council, it also enables a more locally appropriate scheme informed by early engagement feedback.

The early engagement survey attracted some negative feedback from respondents on the approach and/or questions used, and this will have clear implications for the design of any future statutory consultation process. Low attendance at the drop-in events indicates the need to rethink timing and format, holding sessions during the run-up to the festive season likely limited participation.

If a statutory consultation proceeds, it will require broad public communication alongside targeted engagement with accommodation providers, key stakeholders, and specific geographic areas. This will help secure stronger participation from those most affected by a potential visitor levy, as well as help to build stakeholder confidence and trust.

Future engagement should be scheduled at less busy times (where possible) and supported by clearer promotion. Additional formats (such as online events, stakeholder workshops/round table discussions or sector-specific briefings) might also help broaden reach and allow for more considered input.

Appendix A: Current visitor levy legislation

Table A1: The current legislation and what councils can and cannot change

Aspect of the legislation	What the legislation says	What local authorities can and cannot change
The types of accommodation covered by the legislation	The legislation states that a visitor levy would apply to paid overnight accommodation. This is considered a room or area that is used by a visitor for residential purposes, but is not their only or usual place of residence. Therefore, a visitor levy does not apply to accommodation that is being used as someone's only or usual place of residence. The legislation states that a visitor levy would apply to: hotels; hostels; guest houses; bed and breakfast accommodation; self-catering accommodation; camping sites; caravan parks; accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and 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. The legislation states that the following are not included in the definition of paid overnight accommodation: a local authority gypsy and traveller site or a registered social landlord gypsy and traveller site; and accommodation in a vehicle, or on board a vessel, that is undertaking a journey involving one or more overnight stops.	Local authorities are not able to change the types of overnight accommodation covered by the legislation in any way.
The application of a visitor levy as a percentage of the overnight accommodation rate	The legislation states that the application of a visitor levy must be as a percentage of the overnight accommodation rate. The legislation states that the cost of separately charged add-ons is not part of a visitor levy, such as: meals or drinks; parking for a vehicle; laundry facilities or services for guests; entertainment; leisure facilities transportation to and from the accommodation. The legislation states that a visitor levy is subject to VAT.	Local authorities cannot change much of this. For example, local authorities are not able to introduce a flat fee and a visitor levy must be subject to VAT. Local authorities may however, specify that a maximum number of nights may apply in respect of a chargeable transaction for the right to reside in or at that accommodation for a period of consecutive nights.

Table A1: The legislation and what councils can and cannot change (continued)

Aspect of the legislation	What the legislation says	What local authorities can and cannot change
Levy rate	The legislation states that there is no limit on how much a visitor levy rate can be in percentage terms, and that it is also to local authorities to decide whether to apply a visitor levy for the whole year, or only for parts of the year.	Local authorities have discretion over these two matters relating to a visitor levy rate and how it is applied in their area.
Exemptions	The legislation states: - that some groups of people would have automatic exemption from paying a visitor levy. These include those who use overnight accommodation as their only or main residence (for reasons like homelessness, poor housing conditions, experiencing domestic abuse, or being an asylum seeker or refugee). - that people who are in receipt of the following: Disability living allowance; Disability allowance; Attendance allowance; Pension age disability benefit; and Personal independence payment are exempt. - that the rate could be different for different trip purposes, which might include business or work, or visits for medical treatment. A couple of other national exemptions are currently being considered. In summary: - where an accommodation provider sells accommodation to a third-party and not the guest - in these circumstances a visitor levy payable is the amount calculated on the accommodation portion of that first sale price and not against any subsequent sales or prices. - at this time, the Act provides that adults in receipt of disability benefits are not required to pay a visitor levy or are eligible for it to be reimbursed. It is intended to extend this to those in receipt of child disability benefits to ensure parity of treatment for children and young people.	Local authorities have discretion on exemptions over and above those set out in the legislation (for example, for different trip purposes). Examples include carers or people visiting family in care homes or hospitals.

Table A1: The legislation and what councils can and cannot change (continued)

Aspect of the legislation	What the legislation says	What local authorities can and cannot change
Before implementing a visitor levy scheme	Before introducing a visitor levy scheme the legislation states that councils must: • prepare and publicise an outline of the proposed scheme, identify objectives of the scheme and set out how it intends to measure and report on the achievement of those objectives, and an assessment of the impacts of the proposal in the authority's area. • consult with local communities and businesses engaged in tourism and tourist organisations. • prepare and publicise a report which summarises the consultation responses received, state whether or not the local authority intends to proceed with the proposal (or the proposal as modified in light of the consultation) and set out the local authority's reasons for whether or not it intends to proceed.	Local authorities are legally obliged to follow the legislation in terms of how it goes about consulting on a visitor levy scheme before implementing such a scheme.
Investing in, and reporting on, the use of revenue generated by a visitor levy scheme	The legislation states that: • local authorities must reinvest funds raised to sustain facilities and services which are substantially for or used by people visiting the local authority. • local authorities operating a visitor levy scheme need to use the net proceeds of a scheme for certain specific purposes (that is, the net proceeds are ring-fenced). Those purposes are that the funds must facilitate the achievement of the scheme's objectives and that they should develop, support, and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes. • councils have to establish a Visitor Levy Forum that acts as an advisory group on the operation of a visitor levy, and that this must include a balance of tourist organisations, businesses engaged in tourism, and representatives of communities. • it is a statutory requirement for all councils to report annually on how revenue has been reinvested in line with scheme objectives.	Local authorities are not able to change any of these stipulations. Where councils do have an element of discretion is in the articulation of scheme objectives at a local level, but within the parameters that net proceeds must be used to develop, support, and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes.

Appendix B: Additional survey tables

Table B1: To what extent do you agree that the following themes should be priorities for spending money raised through a visitor levy? - Overall

Investment priority	Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree	Base: number of respondents that provided a response
Public facilities	48%	25%	12%	5%	10%	782
Place/destination marketing	16%	23%	27%	16%	18%	756
Well-connected spaces and places (Public transport)	41%	26%	15%	6%	12%	772
Roads maintenance	47%	18%	13%	8%	14%	773
Informative signage	19%	31%	26%	10%	15%	763
Public realm improvements	33%	31%	19%	6%	11%	770
Events programming	17%	26%	29%	12%	16%	755
Seasonal staff accommodation	9%	16%	28%	23%	24%	763
Visitor accommodation	14%	17%	25%	20%	24%	756
New and exciting visitor attractions	38%	26%	18%	6%	12%	774

Base=782 respondents.

Table B2: To what extent do you agree that the following themes should be priorities for spending money raised through a visitor levy? – Resident

Investment priority	Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree	Base: number of respondents that provided a response
Public facilities	49%	27%	11%	5%	9%	585
Place/destination marketing	14%	23%	27%	17%	19%	564
Well-connected spaces and places (Public transport)	44%	26%	14%	6%	10%	580
Roads maintenance	52%	18%	12%	6%	11%	578
Informative signage	19%	32%	26%	10%	13%	576
Public realm improvements	35%	31%	19%	5%	10%	580
Events programming	16%	28%	28%	13%	15%	566
Seasonal staff accommodation	7%	18%	29%	22%	24%	570
Visitor accommodation	12%	18%	26%	21%	23%	565
New and exciting visitor attractions	37%	26%	18%	7%	12%	578

Base=585 respondents.

Table B3: To what extent do you agree that the following themes should be priorities for spending money raised through a visitor levy? – Business

Investment priority	Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree	Base: number of respondents that provided a response
Public facilities	44%	18%	20%	5%	13%	152
Place/destination marketing	23%	25%	25%	12%	15%	148
Well-connected spaces and places (public transport)	32%	25%	19%	8%	17%	149
Roads maintenance	30%	14%	17%	15%	25%	151
Informative signage	18%	24%	28%	10%	20%	144
Public realm improvements	23%	29%	23%	8%	16%	146
Events programming	18%	22%	32%	8%	19%	145
Seasonal staff accommodation	11%	11%	22%	28%	27%	148
Visitor accommodation	18%	10%	22%	21%	29%	147
New and exciting visitor attractions	39%	22%	21%	3%	15%	152

Base=152 respondents.

Table B4: To what extent do you agree that the following themes should be priorities for spending money raised through a visitor levy? – Visitor

Investment priority	Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree	Number of respondents that provided a response
Public facilities	53%	29%	7%	2%	9%	45
Place/destination marketing	14%	18%	32%	16%	20%	44
Well-connected spaces and places (public transport)	40%	26%	19%	5%	12%	43
Roads maintenance	43%	20%	14%	9%	14%	44
Informative signage	21%	37%	23%	2%	16%	43
Public realm improvements	36%	32%	16%	9%	7%	44
Events programming	18%	23%	34%	11%	14%	44
Seasonal staff accommodation	18%	18%	27%	18%	20%	45
Visitor accommodation	16%	25%	25%	14%	20%	44
New and exciting visitor attractions	36%	36%	11%	7%	9%	44

Base=45 respondents.

Some survey tables by place of residence

Table B5: Please let us know if you are responding as an individual or on behalf of a business or organisation?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
As an individual	77%	92%	90%
On behalf of a business or organisation	23%	8%	10%
Number of respondents that provided a response	331	313	104

Base=748 respondents.

Table B6: Which category best describes you as a respondent to this consultation?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
I am a resident of Fife	72%	88%	88%
I run, or am responding on behalf of, a business in Fife	3%	1%	0%
I am a visitor to Fife	23%	8%	9%
I invest in or own property in Fife, but I do not live in the area	1%	1%	1%
I am part of a representative group for business or tourism	2%	3%	3%
I am a representative of a local community council or other community group	0%	0%	0%
I work in Fife, but I do not live in the area	0%	0%	0%
I have never been to Fife	0%	0%	0%
Other	0%	0%	0%
Number of respondents that provided a response	331	313	104

Base=748 respondents.

Table B7: If you have a business in Fife, where is it located?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
North East Fife	90%	7%	0%
Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	6%	88%	20%
South and West Fife, and Dunfermline	4%	0%	90%
Fife Wide	3%	10%	10%
Number of respondents that provided a response	146	69	20

Base=235 respondents.

Table B8: In principle, do you support the idea of a visitor levy in Fife?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
Yes	54%	53%	53%
No	46%	47%	47%
Number of respondents that provided a response	296	276	78

Base=603 respondents.

Table B9: The legislation allows local authorities to set a maximum (capped) number of nights to apply the levy for each booking. Do you think there should be a cap on the number of nights visitors have to pay the levy?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
Yes	60%	65%	64%
No	40%	35%	36%
Number of respondents that provided a response	282	248	73

Base=573 respondents.

Table B10: The legislation allows local authorities to decide which part of the local area the levy will apply to. Do you think the levy should apply to all of Fife, or only in certain areas?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
All of Fife	56%	55%	55%
Specific areas within Fife	29%	29%	19%
Not sure / no preference	15%	16%	26%
Number of respondents that provided a response	263	237	73

Base=565 respondents.

Table B11: If introduced, local authorities can determine in which months the levy can be charged. A visitor levy can be applied year-round, or only during part of the year (e.g March to October). Do you think the levy should apply for the whole year, or only for part of the year?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
Whole year	45%	50%	42%
Part of the year	36%	29%	29%
Not sure / no preference	19%	21%	29%
Number of respondents that provided a response	259	234	72

Base=650 respondents.

Table B12: Would you prefer the rate to be a percentage of the accommodation cost or a flat rate per night?

Response	North East Fife	Cowdenbeath, Glenrothes, Kirkaldy and Levenmouth	South and West Fife, and Dunfermline
Flat rate	51%	49%	61%
Percentage rate	49%	51%	39%
Number of respondents that provided a response	112	179	33

Base=324 respondents.

Appendix C: Drop-in and online events

Introduction

Fife Council held nine drop-in events across Fife during November and December and 2025 and a further two online information sessions in January 2026. This appendix provides a summary overview of comments and points raised by those who attended.

Drop-in events and online sessions

As noted in **Chapter 2**, 54 people attended the drop-in events and three people attended the online sessions. Comments and points raised by individuals who attended these events were captured by council officers in two ways, namely using post-it notes and a Microsoft form. Nineteen post-it notes were captured during the drop-in events under four questions. Attendance at the online events was limited and no further information was shared to review.

Post-it notes

Three post-it notes were written on the topic 'What would you NOT like money raised from a visitor levy spent on?' These attendees noted that revenue generated should not go into a 'general council fund' or be used to a 'fill black hole' in council budgets. A wider point raised was that revenue generated in a particular area of Fife should be directly reinvested in that area.

Four post-it notes were written on the topic 'What would you like to see money raised from a visitor levy spent on?' These attendees commented that revenue should be ring-fenced for 'tourism and leisure activity' and support was also expressed for investment in public toilets, road and footpath improvements and signage, and for increased promotion of active travel options.

Five post-it notes highlighted positive points in response to the question 'What do you perceive the positives and negative impacts are of a visitor levy?' Attendees said that revenue generated by a visitor levy scheme could help raise additional money to support visitor economy infrastructure in Fife (for example, public toilets, roads and footpaths), keep leisure and visitor attractions 'open and thriving', as well as be used to 'improve existing amenities and provide new amenities' locally.

Two post-it notes highlighted negative points in response to the question 'What do you perceive the positives and negative impacts are of a visitor levy?' Concern was expressed that the council would not ring-fence the monies for reinvestment as outlined in the legislation as well as a concern around the additional burden (cost) placed on visitors to the area.

Five post-it notes were placed under the question 'What are your thoughts on possible exemptions? One comment suggested that Fife council tax payers should be exempt, while another felt that exemptions could 'lead to dissention between those who are exempt and those that think they should be', and another felt that it would be unfair if a visitor levy was only applied in 'to certain areas of Fife.' Another raised a question around how visitors would be expected to prove they are exempt.

Comments made at drop-in events

Less than half (24, 44%) of individuals who attended a drop-in session made a comment or asked a question. A total of 97 comments/questions were captured by council officers at these sessions – this means that the 24 attendees each made multiple comments or asked various questions.

Key points to note about the 24 attendees who made comments or asked questions at the drop-in events include that:

- over half (58%) attended either the St Andrews, East Neuk and Kirkcaldy drop-in events.
- two-thirds were accommodation providers.
- a very small number of comments or questions were made by Fife residents or visitors.

The thematic feedback captured is presented below in order of frequency (high to low).

Theme 1: Revenue generated from the implementation of a visitor levy scheme in Fife

Most attendees who made comments at the drop-in events raised a variety of points on the revenue generated by implementing a visitor levy scheme in Fife.

This included:

- the importance of the council establishing a working group (or similar) with broad representation (including the involvement of businesses and communities) to ensure an accountable and transparent process for how (and where) revenue would be spent.
- broad agreement that revenue should be ring-fenced for reinvestment to sustain facilities and services which are substantially for or used by people visiting the area – that is, revenue should not be placed in a general Fife Council funding pot.
- suggestions for what the revenue could be spent on – attendees emphasised the importance of the revenue generated from a visitor levy scheme being spent on the ‘right things’, ‘getting the ‘basics right’ and ‘tangible’ improvements. Suggestions included, for example, investment in public toilets, litter bins, improving/maintaining the Fife Coastal Path, street cleansing, well maintained buildings and public parks/greenspace, workforce development and training for the tourism and hospitality sector, leisure, culture and heritage provision, bringing empty buildings back into productive uses (for example, for tourism related activity), place/destination marketing, etc.
- suggestions for what the revenue should not be spent on – housing was mentioned.
- while attendees mentioned that revenue generated in a particular area of Fife should be directly reinvested back into that area (especially in those areas where visitor numbers are high) and a perception that this may not happen in practice – other feedback highlights a perception of unevenness of funding more generally and a call for revenue to be spent fairly across the region, including in more deprived areas and in those areas which are not key visitor hubs.

Theme 2: Visitor levy scheme complexities and the potential impact on accommodation providers

Similarly, most attendees who made comments at the drop-in events also raised various concerns relating to the potential impact of introducing a visitor levy scheme in Fife on accommodation providers. Points raised included:

- calls for a visitor levy scheme to be easy to communicate, administer and manage, in particular for small accommodation providers.

- concerns about the additional costs to accommodation providers resulting from the administration, compliance, and any system changes required to collect and remit a visitor levy (and how businesses would manage these additional costs) – at a time when the cost of doing business has also increased (for example, an increase in business rates was mentioned).
- concerns that a visitor levy could reduce income for accommodation providers – that is, a negative impact on tourist and business visitor numbers generally, and during winter months and domestic visitors in particular.
- complexities in implementation where accommodation prices vary or bookings are made through third-party platforms (including online travel agents).
- concerns that as VAT applies to a visitor levy, this would increase accommodation providers taxable turnover and push some businesses over the VAT threshold.

Appendix D: What other local authorities are doing

Introduction

Local authorities in Scotland are at different stages of considering or implementing a visitor levy, and this chapter provides a brief overview of the current position, albeit it should be noted that this is a fluid and evolving situation.

The first visitor levy schemes approved in Scotland

At the time of drafting this consultation analysis report for Fife Council, five local authorities in Scotland have approved a visitor levy scheme – the City of Edinburgh, Glasgow City, Aberdeen City, West Dunbartonshire, and Stirling. See **Table D1** for easy-read comparison.

The [City of Edinburgh Council](#) was the first local authority in Scotland to approve the introduction of a visitor levy scheme – it was approved at a full council meeting on 24 January 2025. The scheme covers the entirety of the City of Edinburgh Council boundary and will apply to overnight stays from 24 July 2026, booked and paid for (in part or full) on or after 1 October 2025. It will apply indefinitely, or until the council decides to end or amend it.

A visitor levy rate will be 5%, payable for a maximum of five consecutive nights, and will apply at the same level, year-round. Certain accommodation providers may apply to the council for a discretionary site exemption if they meet both of the following criteria:

- the property is occupied by a charity or trustee of a charity.
- overnight stays must be wholly or mainly for charitable purposes.

This discretionary exemption is aligned with the cases where charities may receive mandatory relief from paying Non-Domestic Rates and may be cross-checked with that register. Accommodation providers who do not charge for overnight accommodation, or who cater fully for individuals who are exempted from paying a visitor levy are not liable for a visitor levy.

The council paper notes that a visitor levy is expected to raise £45-50 million for the City of Edinburgh a year by 2028-2029. The money generated by the scheme will be reinvested into initiatives that benefit residents and enhance visitor experiences. After administration and contingency costs, a fixed amount will be assigned to:

- housing and tourism mitigation (£5 million annually).
- participatory budgeting (£2 million over three years).
- reimbursement of 2% of collected funds to accommodation providers, to off-set the administrative cost incurred from collecting a visitor levy.

Remaining funds will then be split across three investment streams:

- city operations and infrastructure (55%).
- culture, heritage, and events (35%).
- destination management (10%).

[Glasgow City Council](#)¹⁶ approved a visitor levy scheme for the city at the City Administration Committee on 19 June 2025. The scheme's implementation date will be 25 January 2027. The levy will apply to online bookings made 12 months in advance of the scheme implementation date, and monies paid to the council after the customer stays at the accommodation.

Similar to the Edinburgh scheme, a visitor levy scheme in Glasgow covers the entirety of the Glasgow City boundary, has a visitor levy rate of 5%, and is an indefinite scheme subject to regular review.

The Glasgow City visitor levy scheme differs from the City of Edinburgh scheme in that:

- there will be no cap – the levy will be applied for the length of stay.
- there will be no local exemptions – to minimise additional administrative burden and costs.
- accommodation providers will be able to retain 1.5% of the levy monies they collect due to the costs incurred in administering the scheme – this is slightly lower than the 2% reimbursement approved in Edinburgh.

¹⁶ See also [Glasgow gives go-ahead for 'tourist tax' on visitors - BBC News](#)

The net income generated has been reviewed and is estimated in the council paper at between £15.9 million and £16.1 million a year. After administration costs, the remaining funds (revenue generated) will be split across several investment areas including:

- city operations and infrastructure – investment in the look and feel of the city, including in the built and natural environment and infrastructure.
- culture and events – investing in the city’s long-term attractiveness and sustainability, as well as supporting the advocacy and promotion of Glasgow as a leading culture and events destination.
- destination marketing and management – additional funding will support destination marketing initiatives that align with the Glasgow Tourism 2030 action plan and seek to grow the city’s market share of leisure visitors coming to Scotland and the UK.

The committee report does not provide an indicative monetary or proportional split across the investment themes.

[Aberdeen City Council](#) approved its visitor levy scheme in [August 2025](#). The earliest date that Aberdeen City Council could introduce a visitor levy is 1 April 2027. Details about the scheme include that:

- the 7% levy rate is higher than the other two local authority schemes.
- it will apply year round without variation.
- it includes a local exemption for individuals travelling to Aberdeen for medical appointments, along with their companion¹⁷.
- after administration costs, the estimated gross funding of £6.8 per annum will be spent across the investment areas of:
 - Economic Growth and Competitive Advantage (63%) including funds to attract events across business, entertainment, culture and sport sectors; and to support Aberdeen’s venues and emerging local creative and sporting talent.

¹⁷ A companion for medical travel refers to an individual who is accompanying a patient due to medical necessity, such as assisting with mobility, communication, or personal care.

- Destination Marketing and Development (18%) to support marketing and advertising of the city, ensure that local businesses are assisted to make the most of visitor opportunities, and maintain a well-trained, highly skilled workforce.
 - Destination Readiness and Improvement (14%) to ensure city accessibility and visitor safety, enhance public areas, and invest in assets which are popular with visitors.
 - Reserve Fund (5%) to offset any risks of long-term project commitments and help the visitor economy in times of crisis.
- accommodation providers will be able to retain 2.5% of the levy monies they collect due to the costs incurred in administering the scheme.

[West Dunbartonshire Council's](#) visitor levy scheme was approved in November 2025 and will apply to overnight stays from 1 July 2027 and will only apply for pre-bookings made (and paid for in part or in full) on or after 1 October 2026. The levy rate is 5% and will apply year-round. The levy will be the same rate across the entire West Dunbartonshire local authority area.

The Glasgow City Region Intelligence Hub assisted the council to estimate the projected visitor levy income for the West Dunbartonshire area. The Intelligence Hub has forecasted the income for a 5% visitor levy to be approximately £1.7 million per annum.

In addition to national exemptions, certain accommodation providers may apply to the council for a discretionary site exemption if they meet both of the following criteria (similar to the City of Edinburgh scheme): property must be occupied by a charity or a trustee of a charity; and overnight stays at the property must be wholly or mainly for charitable purpose. This is aligned with the cases where charities may receive mandatory relief from Non-Domestic Rates and can be cross-checked with that register.

This discretionary exemption is aligned with the cases where charities may receive mandatory relief from paying Non-Domestic Rates and may be cross-checked with that register. Accommodation providers who do not charge for overnight accommodation, or who cater fully for individuals who are exempted from paying the levy are not liable for the levy.

In West Dunbartonshire, 1.5% of levy funds collected will be reimbursed to accommodation providers to cover some of the direct costs which will occur as a result of collecting the levy, such as credit card charges and amendments to accounting systems. After administration and contingency costs have been deducted from the income, an annual amount will be assigned to cover participatory budgeting. The remaining funds will then be utilised through the following investment streams: Operations and Infrastructure; Culture, Heritage and Events; Climate Change Adaption; Environmental Protection and Conservation; Tourism Marketing and Management; and Tourism Business and Skills support.

[Stirling Council](#) launched its formal consultation process on 14 July 2025 and this closed on 12 October 2025. It is estimated that the introduction of a 1% visitor levy could generate between £1.3 million and £2.5 million annually. A 5% visitor levy could generate between £6.6 million and £12.7 million.

Findings were presented to councillors on 11th December 2025 and a [visitor levy scheme was approved](#). A year-round 3% levy was agreed for all overnight paid visitor accommodation stays in the Stirling Council area. It will come into effect for stays on or after 14 June 2027 and apply to bookings made from 1 January 2027. The 3% levy is a reduction on the 5% rate that was initially proposed in the draft scheme and is based on the feedback from the consultation and public engagement exercise, as well as the findings of an independent economic analysis. There is no cap on the number of nights the levy will be applied by accommodation providers. However, reimbursement will be available for visitor levy paid beyond 7 nights made in a single booking or invoice, via the exemption mechanism.

The levy will apply to all overnight accommodation, including those with an annual turnover below the VAT threshold, based within the Stirling Council boundary.

Local exemptions include:

- for residents who are registered for council tax (or within a council-tax registered property) in the Stirling Council area.

- for those booking more than seven nights in total at one property, and will apply to non-consecutive nights, provided they are made in a single booking. This may include seasonal or medium- to long-term visitors who are working in the Stirling area.

After administration costs, all money raised will be reinvested locally on facilities and services such as:

- Infrastructure, including capital and revenue expenditure (45%).
- Destination Marketing and Product Development (15%).
- Events and Culture (15%).
- Supporting Community Led Initiatives & Events - 'Community Tourism Fund' (12.5%).
- Business Support (12.5%).

Accommodation providers will retain 3% of the total monies collected at their establishment(s), remitting the remaining 97% to the local authority.

Stirling 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.

Table D1: Comparison of approved visitor levy schemes in Scotland

Feature	Edinburgh	Glasgow	Aberdeen City	West Dunbartonshire	Stirling
Approval date	January 2025	June 2025	August 2025	November 2025	December 2025
Start date	Stays from 24 July 2026; bookings from 1 October 2025	Stays from 25 January 2027; bookings 12 months prior	Earliest 1 April 2027	Stays from 1 July 2027; bookings from 1 October 2026	Stays from 14 June 2027; bookings from 1 January 2027
Geographical area	Whole council area	Whole council area	Whole council area	Whole council area	Whole council area
Visitor levy rate	5%	5%	7%	5%	3% (reduced from 5% after consultation)
Cap on nights	Yes - max 5 nights	No cap	No cap	No cap	No cap, but reimbursement after 7 paid nights
Local exemptions in addition to national exemptions	Discretionary charity-occupied accommodation for charitable stays	None	Medical travel and companion; discretionary site exemption (charities and charitable use)	Discretionary charity-occupied accommodation for charitable stays	Residents of Stirling; can apply for a refund after 7 paid nights if the booking is for more than 7 nights in total; Discretionary charity-occupied accommodation for charitable stays
Provider reimbursement	2%	1.5%	2.5%	1.5%	3%
Estimated annual revenue generation	£45-50m by 2028-2029	£15.9-16.1m	£6.8m	£1.7m	£1.3-12.7m depending on rate; no single figure for 3%
Investment priorities	Housing and tourism mitigation; participatory budgeting; operations and infrastructure; culture and events; destination management	Operations and infrastructure; culture and events; destination marketing and management	Economic growth and competitive advantage; destination marketing; destination readiness; reserve fund	Operations and infra.; culture/events; climate adaptation; environmental protection; tourism marketing/management; business and skills support	Infrastructure; destination marketing; events and culture; community tourism fund; business support

Other local authorities that have undertaken a statutory public consultation

[Highland Council](#) has undertaken a formal statutory consultation on draft proposals to introduce a visitor levy scheme (closed in March 2025). The Highland Council estimates that the proposed Highland-wide scheme, with no local exemptions, and a levy rate of 5% on the accommodation only element of a charge could generate £10 million net revenue income.¹⁸ The consultation sought views on proposals to support activities aligned to the scheme objectives to:

- sustain public services and infrastructure used by businesses, communities and visitors to ensure the impacts of visitors are strategically and sustainably managed.
- support the delivery of a thriving visitor economy offering a wide range of visitor experiences by working together, in partnership, with businesses, visitors and communities.
- develop innovative approaches to balance strategic demands and opportunities ensuring that Highland achieves its full potential as a highly positioned destination for visitors.

Highland Council commissioned an independent contractor to undertake the formal consultation analysis and impact assessment work, and was expected to present findings to councillors for consideration in December 2025. A paper, [Visitor Levy – Next Steps](#), was considered by Highland Council on 11 December 2025. Elected members were asked to note the strength of concern from stakeholders and accommodation providers regarding the complexities inherent with a percentage-based levy as well as information regarding the Scottish Government’s intentions for a proposed flat and tiered flat rate.

At its meeting, Highland Council agreed to: await the intended new primary legislation for either a single fixed amount or a range of fixed amounts for different purposes or areas, and thereafter for a report to be brought forward to a future meeting of the Highland Council to decide the way forward for Highland; and undertake a 12-week statutory consultation based on new proposals, prepare a report and invite members to decide whether to proceed with a visitor levy for Highland.

¹⁸ This forecast income is based on VisitScotland’s occupancy and price data, and data relating to accommodation providers subject to Non-Domestic Rates.

Other local authorities considering the introduction of a visitor levy

Several other local authorities are engaging in early discussions to inform their plans but have not yet started a formal consultation. The VisitScotland website indicates that this includes the following councils: Aberdeenshire; East Ayrshire; East Lothian; Moray; Perth and Kinross; and West Dunbartonshire. Over and above those listed on the VisitScotland webpage, other local authorities appear to be engaging in early discussions or exploratory processes regarding the potential of a visitor levy scheme in their area include: [Angus Council](#), [Dundee City Council](#), [Falkirk Council](#), and [East Dunbartonshire Council](#).

Local authorities who have indicated that they are not considering a visitor levy or who have paused consideration at this time

A small number of local authorities, following early engagement and discussions (or statutory consultation have put consideration of a visitor levy on hold at this time. This includes:

- [Comhairle nan Eilean Siar](#) – a report presented to a council meeting notes that cost benefit analysis suggest a visitor levy would have ‘*marginal benefits*’ and could potentially harm the islands’ tourism economy. And that a pause would also allow time for a potential introduction of a ‘*point-of-entry*’ levy, which could be charged at ports and airports. See also [Outer Hebrides Visitor Levy Report Investigating the feasibility of a levy on overnight accommodation](#) (Urban Foresight report, 2025).
- [Orkney and Shetland Island Councils](#) have both adopted a similar policy as Comhairle nan Eilean Siar to pause the introduction of a visitor levy scheme at this time.
- [South Ayrshire Council](#) has made a recommendation to its elected members that plans for a visitor levy should not proceed at this time, following initial feedback from local businesses and residents and ongoing concerns about the potential impact on tourism competitiveness.
- [Argyll and Bute Council](#) decided to pause the possible implementation of a visitor levy at its Full Council meeting on 24th September 2025. It was decided to delay the potential introduction of a levy and for the leader of the council to seek clarity from the Scottish Government on possible changes to the visitor levy legislation in relation to a single flat rate or tiered rate instead of a percentage rate as is currently allowed.

The council also agreed to lobby the UK Governments on concerns from businesses about going over the VAT threshold and asked officers to explore the possibility of local exemptions.

Finally, several local authorities have indicated that they do not have current plans to undertake further consultation into the introduction of a visitor levy or have not reached a decision whether to proceed with the consultation on the implementation of a visitor levy.

Appendix E: Technical EIA information

Introduction

EKOS has carried out an independent impact assessment of the proposed draft visitor levy scheme for Fife Council.

We have developed a bespoke financial and economic model within a cost benefit framework in accordance with [HM Treasury Green Book guidance](#). The model quantifies a range of costs and benefits associated with the set-up and implementation of a visitor levy scheme in Fife and has allowed for three distinct analyses:

1. a financial cost benefit analysis from the perspective of Fife Council measuring the tax revenue generated against the cost of implementing and operating a visitor levy.
2. a financial cost benefit analysis from the perspective of Fife accommodation providers who would be subject to paying a visitor levy. This considers the:
 - benefits - uplift in business turnover/income as a result of investment by Fife Council in the visitor economy using funds collected from a visitor levy.
 - costs:
 - direct costs to accommodation businesses for the implementation and ongoing administration of a visitor levy.
 - indirect costs in terms of business turnover/income lost due to consumer behavioural changes in response to price increases (price elasticity of demand).
3. an economic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (Gross Value Added) generated through visitor levy funded investment against the public sector and private (accommodation) sector costs of implementing and operating a visitor levy.

Approach

In assessing the costs and benefits associated with a visitor levy, we have taken an approach which estimates a range of scenarios based on different model specifications.

This approach is driven by the nature of the data and evidence available, which is presented as a range of possible values, and the uncertainty around the impacts of visitor levies in general, which have only been recently introduced in a select number of areas and cities globally. There is also an increased level of uncertainty around the effects of a visitor levy in a diverse region such as Fife Council, which include a mix of cities and towns, rural areas and the town of St Andrew's, a destination with a distinct visitor offer linked to golf tourism, heritage, and its international university.

There are several key variables in the model which are subject to multiple specifications. Where feasible and where data allow, to avoid the use of assumptions we have used data available from official published sources and the Scottish Government's Financial Memorandum to the Visitor Levy Scotland Bill¹⁹. The key variables are:

- set-up/implementation costs and administrative costs for both Fife and accommodation businesses. Three cost scenarios have been modelled including low, mid and high-cost scenarios based on data from Scottish Government's Financial Memorandum to the Visitor Levy Scotland Bill.
- Price elasticity of demand (PED) values. Three PED values have been modelled to reflect uncertainty in the response overnight visitors will have when facing a price increase in the total price of a trip to Fife. Specification with a low-level responsiveness (PED of -0.2), medium-level responsiveness (PED of -0.85) and high-level responsiveness (PED of -1.50) based on evidence in Scottish Government's Financial Memorandum to the Visitor Levy (Scotland) Bill have been modelled.
- investment impact. The impact on the accommodation sector and overnight visitor economy turnover driven by visitor levy funded public investment in the Fife visitor economy. As there is no detail available on the scope and scale of any specific investment projects, the potential effects have been modelled using a range of assumed annual uplifts.

This is a 'project level assumption' (based on VisitScotland data which show that the total spend in the visitor economy, 2022-2023 grew by +3%²⁰) and allows for a comparison of the effects of varying level of return on investment.

¹⁹ Source: Visitor Levy (Scotland) Bill – Financial Memorandum [Financial Memorandum accessible](#)

²⁰ [Driving the visitor economy, VisitScotland's Corporate Plan 2025 - 2028](#)

We have also considered two levy charging structures:

- a “flat rate” levy structure. This assumes there is a £2.50 levy per room per night on all eligible accommodation.
- a “percentage levy” structure. This assumes a 5% levy charged based on the nightly rate of eligible accommodation.

For purpose of comparing the likely impacts generated under the different levy structures, the following model specification has been carried through this chapter:

Table D1: Levy structure modelling summary

	Flat rate	Percentage rate
Cost Scenario	Low	High
PED Value	-0.2 for St Andrews; -0.85 for the rest of Fife	
Investment Impact	2%	5.7% ²¹

Technical note and key assumptions

The financial and economic analysis considers the following technical elements and key assumptions which have been informed by HM Treasury Green Book guidance for undertaking economic and financial appraisals.

Constant Prices - are prices that have been adjusted to remove the effects of inflation. This allows a comparison of costs and benefits over time in real terms, also known as ‘real prices’. Expressed in terms of the prices prevailing in a selected base year and used to isolate the real change in value over time, without the distortion caused by inflation.

Within the appraisal we have set the base year as the first year that implementation costs associated with a visitor levy would first be realised. We have assumed that a visitor levy could be approved in the Financial Year 2026/27 with the levy going live in 2028/29.

Present Value - is the value today of a stream of future costs or benefits, discounted to account for the Social Time Preference to reflect the concept that a pound today is worth more than a pound tomorrow. This has been calculated at the HM Treasury recommended discount rate of 3.5%.

²¹ Based on a proportional increase in investment impact compared to the net tax revenue raised at a 2% investment impact under both levy structures.

Appraisal Period – we have set the appraisal period (the timescale over which the model estimates costs and benefits) at 10 years to consider the longer-term implications that could be driven by the introduction of a visitor levy.

Assumptions:

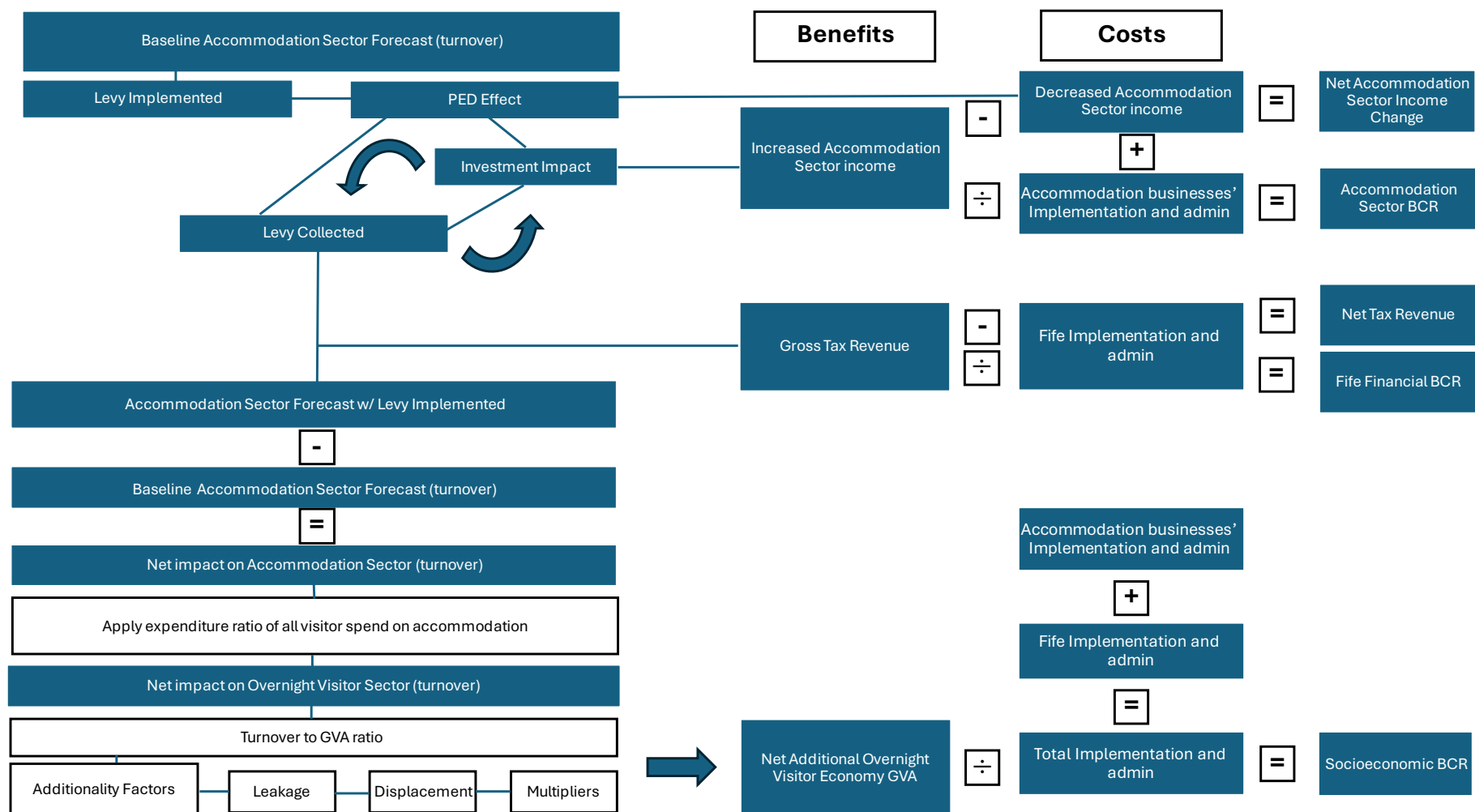
- the full charge of a visitor levy has been applied on the assumption that the full cost is passed through to the end consumer. At the time of appraisal, no definitive information was available regarding the scope or criteria for local exemptions, nor on the potential for remittance or redistribution of visitor levy proceeds to accommodation providers. As such, this constitutes a conservative (worst-case) modelling scenario. Should further clarification or policy guidance become available on exemption mechanisms or fund allocations, it is recommended that the financial impact assessment be revisited and updated accordingly.
- all available funding (net of set-up and ongoing administration costs) is invested back into the visitor economy under the broad themes as outlined in the Visitor Levy (Scotland) Bill:
 - maintaining and improving tourism infrastructure.
 - environmental management.
 - cultural and heritage projects.
 - public transport and local services.
 - promoting sustainable tourism.

St Andrews and the Rest of Fife – Given St Andrew’s unique position as a tourism destination, the analysis allows for the possibility of different impacts and consumer responses (e.g. PED) in St Andrew’s and the Rest of Fife.

For example, there may be a lower PED value for visitors in St Andrews as it has unique offer (golf, University of Saint Andrews, historical and cultural assets, unique dining and shopping, beaches and coastline, etc.) , well-known international brand and appeal, is in general tailored to the higher end of the market and may be less sensitive to price increases.

Figure D1, over provides a visual representation of the methodology, including the assessment of benefits and costs and benefit to cost ratios, and how they relate to the accommodation sector baseline forecast and the PED and investment impact effects.

Figure D1: Methodology summary



Costs

This section outlines the approach to estimating costs only - this includes the costs borne by Fife Council and those borne by the Fife accommodation providers as a result of implementing a visitor levy scheme.

Local authority costs

As set out in the Visitor Levy (Scotland) Bill Financial Memorandum local authorities will face two sets of costs as result of implementing a visitor levy scheme. These are:

- set-up and implementation costs.
- ongoing costs associated with administration of a visitor levy.

Set-up and implementation costs

These costs include developing new processes and systems to collect visitor levy payments made by accommodation providers. There will also be costs associated with recruitment and/or training of staff and for awareness raising and wider comms – for example, informing accommodation providers how to collect and pay a visitor levy.

The Financial Memorandum estimates the total set-up costs as £100,000 to £460,000. These values are expressed in 2023 prices. To align these prices to the 2026/27 base year of this analysis we have uprated these costs using data from HM Treasury's GDP Deflator official statistics²². The uprated total set-up costs for Fife Council therefore ranges from £110,017 to £506,076. Fife Council has developed its own in-house estimates of implementation costs. These are £135,000 in the first year (including £100,000 one off costs for the collection platform onboarding fee) and then and ongoing £35,000 per annum to account for continued marketing and communications and business support. This is broadly in line with lower range of costs set out in the Financial Memorandum. The Fife Council estimates are used in both the flat-rate and percentage-based structure analysis.

²² GDP Deflator. See [here](#).

Ongoing visitor levy administration costs

These costs are expected to come from core operational staff who will undertake several additional activities such as collecting tax returns, undertaking monitoring enforcement duties such as debt recovery and audit procedures, issuing penalties, and handling complaints, etc. There will also be ongoing costs associated with the maintenance of new IT systems and ongoing communications with stakeholders and the accommodation sector.

Fife Council estimates that at the upper end, 8 FTEs will be needed to administer the visitor levy long with ongoing collection platform fees, and market research, data access and services. We have assumed that under the percentage-based structure all 3 enforcement officers will be needed. We have assumed that under the flat-rate structure only 1 enforcement officer will be needed, reducing the total FTE requirements to 6.

Total local authority costs

Table D2 summarises the total local authority costs.

Table D2: Fife Council visitor levy set-up and administration costs

Cost scenario	Cost Type	2026/27	2027/28	2028/29-2035/36 (per annum costs)	Total	Present Value
Flat rate	Implementation	£0	£135,000	£0	£135,000	£130,435
	Administration	£0	£64,000	£382,188	£3,121,504	£2,600,138
	Total	£0	£199,000	£382,188	£3,256,504	£2,730,573
Percentage rate	Implementation	£0	£135,000	£0	£135,000	£130,435
	Administration	£0	£64,000	£476,000	£3,872,000	£3,223,191
	Total	£0	£199,000	£476,000	£4,007,000	£3,353,626

Fife accommodation provider costs

Direct costs

Accommodation providers in Fife who would be subject to a visitor levy would be required to calculate and collect a visitor levy payable by visitors staying on the premises and remit all levies collected to the council.

To comply with these requirements, accommodation providers would be subject to the following direct costs:

- one-off set-up and implementation costs.

- ongoing costs associated with administration of a visitor levy.

The assessment of these costs is based on Scottish Government's Financial Memorandum to the Visitor Levy (Scotland) Bill.

One-off set-up and implementation costs

These costs will include upgrading existing or purchasing new property management system (PMS) software or adapting existing practices to update booking and invoicing processes to account for the inclusion of a visitor levy.

These costs may vary by business size depending on the sophistication of their booking channels. There also may be costs associated with adapting practices in businesses' data collection and record keeping to meet local authority requirements. For example, providing disaggregated bills which separate accommodation charges out from other "package" services such as dining or spa services.

Businesses with turnover > £1,000,000

The Financial Memorandum estimates that for a small to medium sized business²³ the one-off fee charged by a PMS supplier is between £1,000 to £3,000 and staff time required to implement all other set-up activities is between 10 and 30 working days or between £2,000 to £7,000.

This estimates a total set-up cost for SMEs of between £3,000 and £10,000 per accommodation provider. Uprating these values to 2026 prices, total set-up costs are estimated at £3,300 to £11,002 per accommodation provider.

Businesses with turnover < £90,000 (below VAT threshold)

For businesses operating at turnover levels below the VAT registration threshold, the Financial Memorandum assumes that these businesses will face lower set-up costs. Set-up activities are assumed to absorb between 2 to 5 days of a business owner time equating to between £150 and £1,100. Uprating these values to 2026 prices, total set-up costs are estimated at £165 to £1,210 per accommodation provider.

²³ Turnover between £1,000,000 and £4,999,999 per annum.

Businesses with turnover >£90,000 but < than £1,000,000

There are no estimates provided on businesses who are above the VAT registration threshold but that generate under £1,000,000 in turnover per annum. We have assumed that the set-up cost for businesses of this size are the average of SMEs (businesses with turnover > £1,000,000) and micro businesses (businesses with turnover >£90,000 but < than £1,000,000) provided by the Scottish Government. This is £1,733 to £6,106.

The Financial Memorandum assumes that businesses will incur set-up and implementation costs one year prior to a visitor levy being officially implemented.

Ongoing visitor levy administration costs

Accommodation providers would have to calculate the additional costs of a visitor levy and ensure that this amount is collected at each sale. Providers would also need to process and file quarterly returns to the council.

These activities are likely to induce increased administrative burden, the scale of which will vary depending on existing PMS or manual processes and how these will need to be adapted, the complexity of revenues streams and the size of the business.

The Financial Memorandum estimates the following ongoing administration costs for accommodation businesses:

- businesses with turnover > £1,000,000: £330 to £440²⁴ per business per annum.
- businesses with turnover < £90,000 (below VAT threshold): £220 to £935²⁵ per business per annum.

Again, no cost estimates are provided for businesses above the VAT threshold but below £1,000,000 in turnover, so an average of the above is applied. The estimated annual cost for accommodation businesses of this size is: £275 to £688 per business per annum.

Total accommodation sector business costs

To assess the total cost direct costs of implementing and administering a visitor levy, the costs estimates are multiplied by the number of accommodation providers falling within each turnover band.

²⁴ £300 to £400 in 2023 prices, uprated to 2026/27 prices using the GDP deflator.

²⁵ £200 to £850 in 2023 prices, uprated to 2026/27 prices using the GDP deflator.

It is challenging to determine that exact number of accommodation businesses in Fife as the majority are non-VAT registered and therefore not captured in official government data sets.

At the local level they are tracked based on the number of properties registered for non-domestic rates, though a single business can own multiple properties. Using a variety of data sources including NOMIS, STEAM and data held by Fife, the number of accommodation businesses within each turnover band is estimated as follows:

- businesses with turnover between £1,000,000 and £5,000,000²⁶: **30**.
- businesses with turnover between £90,000 and £999,999: **80**.
- businesses with turnover below VAT-registration threshold (<£90,000): **2,358**.

Table D3 presents three costs scenarios for accommodation businesses based on the ranges described above as the lower and upper bounds estimates and a midpoint estimate.

²⁶ It is estimated that there are 6 businesses with annual turnover between £5,000,000 and £9,999,999. However, as there are no cost estimates for this cohort, they have been included in the £1,000,000 to £5,000,000 turnover band.

Table D3: Fife accommodation businesses visitor levy set-up and administration costs

Cost scenario	Cost Type	2026/27	2027/28	2028/29-2035/36 (per annum costs)	Total	Present Value
Low	Implementation	£0	£626,764	£0	£626,764	£605,569
	Administration	£0	£0	£550,743	£4,405,940	£3,657,758
	Total	£0	£626,764	£550,743	£5,032,704	£4,263,327
Mid	Implementation	£0	£2,149,447	£0	£2,149,447	£2,076,760
	Administration	£0	£0	£1,412,007	£11,296,052	£9,377,845
	Total	£0	£2,149,447	£1,412,007	£13,445,499	£11,454,606
High	Implementation	£0	£3,672,130	£0	£3,672,130	£3,547,952
	Administration	£0	£0	£2,273,271	£18,186,164	£15,097,933
	Total	£0	£3,672,130	£2,273,271	£21,858,294	£18,645,885

Under the baseline modelling specification, we assume that the flat rate levy structure is likely to face the low-cost scenario, costing businesses £4.3m in set-up and administration over a 10-year period. Assuming the percentage-based levy structure likely induces the high-cost scenario, this may cost businesses £18.6m over a 10-year period.

The large difference in the low and high-cost scenarios is primarily driven by the relatively simplicity of flat rate administration. Businesses are easily able to implement a £2.50 per night surcharge through existing system or manually for small accommodation providers. On the other hand, the complexities of collecting a percentage-based levy are myriad:

- larger accommodation providers with location across multiple local authorities will need to implement different charges across different locations.
- some accommodation providers sell packages that include services beyond accommodation charges. This will require a more complicated systems for calculating levy charges.
- many providers sell rooms through multiple booking channels, often at different rates.
- many providers sell room through third parties and travel agents which accommodation only part of a package offer. Again, this creates ambiguity and the actual nightly rate and calculation the levy.

Indirect costs

In addition, we must also account for an indirect cost of a visitor levy in the form of decreased business turnover/income. These costs are based on a financial modelling exercise undertaken by EKOS.

The application of either a £2.50 flat-rate or 5% visitor levy to the cost of accommodation will increase the overall price of a consumer's overnight stay to Fife. Economic theory suggests that as the cost of a good increases, the quantity demanded of that good decreases. The relationship between the magnitude of the price change and the magnitude of the quantity demanded change is known as the price elasticity of demand (PED).

This is expressed as the following ratio:

$$\text{PED} = \% \text{ change in quantity demand} / \% \text{ change in price.}$$

Rearranging to solve for % change in quantity demand (which in this context is turnover/income to accommodation providers), the relationship: $\% \text{ change in quantity demanded} = \text{PED} * \% \text{ change in price}$.

While it is straightforward to input the percentage-based levy into this equation to assess the impact, the £2.50 flat rate needs to be expressed as a percentage of the nightly price of accommodation.

Using STEAM data, we divide the total expenditure on accommodation by the total number of visitor days at accommodation providers (serviced and non-serviced.)

However, accommodation days are an aggregate sum of days for all visitors, even if those visitors are in the party and staying in the same accommodation. For example, a family of four staying in Fife for 4 nights in a single accommodation unit would count as 16 visitor days. To convert visitor days into number of nights stayed, we divide visitor days by the average party size of visitors to Fife, which is 2.6²⁷ based on VisitScotland data.

²⁷ VisitScotland. Fife Region. See [here](#).

The table below summarises the data used and calculations to convert the £2.50 flat rate change to a percentage of the room rate. Note that this exercise is done for St Andrews and the rest of Fife separately.

Table D4: Flat rate as a percentage conversion summary

	Total Accommodation Expenditure (£millions)	Visitor Days (Thousands)	Average party size	Number of Nights Stayed (Thousands)	Average Nightly Rate	Flat Rate as Percentage
St Andrews	£107.8	1,488	2.6	572	£188.33	1.3%
Rest of Fife	£141.4	3,088	2.6	1188	£119.06	2.1%

[Estimates for the PED](#) for an overnight trip vary widely and the academic literature does not suggest a consensus.

Scottish Government commissioned [research into estimating a PED](#) for the Scottish Overnight Tourism Sector with the study suggesting a low-end value (that is, least price sensitive response) of -0.2 and a high-end value (that is, the most price sensitive response) of -1.50.

To support the development of a range of scenarios to estimate the impact of a price increase on sector turnover, EKOS has employed the above PED values as low and upper bounds and have included a midpoint value of -0.85 to inform low, mid, and high impact scenarios.

It is important to note that the PED estimates are calculated based on the total cost of an overnight trip which include not just accommodation but all other spending (travel, paid activities, food and drink, etc.). The proposed levy, under either charging structure, will increase the overall cost of an overnight trip by less than the relative charge of the levy. To estimate the percentage change in price we rely on STEAM data which segments overnight visitor spending by category of spend. The data suggests that in 2024, accommodation accounted for 63% of total trip expenditure in St Andrews and c. 42% of total trip expenditure in the rest of Fife.

Therefore, for example, the value of the price increase due to a percentage-based visitor levy in the Rest of Fife is $5\% \times 42\%$ or 2.09%.

We apply these price increases percentages to the low, mid and high estimates for PED to calculate the magnitude of turnover decrease in the wider overnight visitor economy.

Table D5 presents the percentage decrease in sector turnover induced by the proposed visitor levy charging structures at the three PED scenarios.

Table D5: Estimated impact on overnight visitor economy turnover - indirect costs

Geography	PED	% Change in Price	% Change in Turnover
£2.50 Flat rate			
Rest of Fife	-0.2	0.88%	-0.2%
	-0.85	0.88%	-0.7%
	-1.5	0.88%	-1.3%
St Andrews	-0.2	0.83%	-0.2%
	-0.85	0.83%	-0.7%
	-1.5	0.83%	-1.2%
5% Percentage rate			
Rest of Fife	-0.2	2.09%	-0.4%
	-0.85	2.09%	-1.8%
	-1.5	2.09%	-3.1%
St Andrews	-0.2	3.14%	-0.6%
	-0.85	3.14%	-2.7%
	-1.5	3.14%	-4.7%

Please note that these forecast effects do not take account of any potential uplift from targeted investments.

The different levy charging structures have inverse impacts on prices changes and sector turnover in St Andrews and the Rest of Fife. The £2.50 flat rate represents a lower relative charge in St Andrews compared to the rest of Fife, as nightly accommodation rates in St Andrews are, on average higher than the Rest of Fife. Conversely, under the 5% percentage-based structure, while the relative levy charges are the same in St Andrews and the Rest of Fife, the absolute value of the levy charge becomes greater in St Andrews, again due to the higher average nightly rate.

To estimate the absolute value of this impact on business turnover, EKOS has developed a baseline sector forecast for the overnight visitor economy.

This forecast is based on STEAM data up to 2024 and projects the size of the accommodations sector and wider overnight visitor economy by applying an annual growth rate of 1.5% in line with the Office for Budget Responsibility's long-term UK GDP growth rate forecast²⁸.

We assume that the proportion of all visitor expenditure on accommodation (42% in the Rest of Fife and 63% in St Andrews) remains constant through this period.

We can apply the percentage change in turnover at each PED scenario, to estimate the expected overnight visitor economy and accommodation specific loss in turnover. This is presented in **Table D6**.

²⁸ OBR. Economic and fiscal outlook – November 2025. See [here](#).

Table D6: Forecast sector baseline and forecast estimated turnover impacts (£millions) total

	Sector Turnover	Geography	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Baseline	Overnight Visitor Economy	St Andrews	£171.8	£174.4	£177.0	£179.7	£182.4	£185.1	£187.9	£190.7
		Rest of Fife	£337.9	£343.0	£348.2	£353.4	£358.7	£364.1	£369.5	£375.1
		Fife	£509.8	£517.4	£525.2	£533.1	£541.1	£549.2	£557.4	£565.8
	Accommodation Sector	St Andrews	£107.8	£109.4	£111.0	£112.7	£114.4	£116.1	£117.8	£119.6
		Rest of Fife	£141.4	£143.5	£145.7	£147.9	£150.1	£152.3	£154.6	£156.9
		Fife	£249.2	£252.9	£256.7	£260.6	£264.5	£268.4	£272.5	£276.6
PED	Turnover change									
	£2.50 Flat Rate									
-0.2	Overnight Visitor Economy	St Andrews	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3
		Rest of Fife	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.7
		Fife	-£0.9	-£0.9	-£0.9	-£0.9	-£0.9	-£0.9	-£1.0	-£1.0
	Accommodation Sector	St Andrews	-£0.2	-£0.2	-£0.2	-£0.2	-£0.2	-£0.2	-£0.2	-£0.2
		Rest of Fife	-£0.2	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3	-£0.3
		Fife	-£0.4	-£0.4	-£0.4	-£0.4	-£0.5	-£0.5	-£0.5	-£0.5
-0.85	Overnight Visitor Economy	St Andrews	-£1.2	-£1.2	-£1.3	-£1.3	-£1.3	-£1.3	-£1.3	-£1.3
		Rest of Fife	-£2.5	-£2.6	-£2.6	-£2.6	-£2.7	-£2.7	-£2.8	-£2.8
		Fife	-£3.7	-£3.8	-£3.9	-£3.9	-£4.0	-£4.0	-£4.1	-£4.2
	Accommodation Sector	St Andrews	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8
		Rest of Fife	-£1.1	-£1.1	-£1.1	-£1.1	-£1.1	-£1.1	-£1.2	-£1.2
		Fife	-£1.8	-£1.8	-£1.9	-£1.9	-£1.9	-£2.0	-£2.0	-£2.0
-1.5	Overnight Visitor Economy	St Andrews	-£2.1	-£2.2	-£2.2	-£2.2	-£2.3	-£2.3	-£2.3	-£2.4
		Rest of Fife	-£4.5	-£4.5	-£4.6	-£4.7	-£4.7	-£4.8	-£4.9	-£4.9

		Fife	-£6.6	-£6.7	-£6.8	-£6.9	-£7.0	-£7.1	-£7.2	-£7.3
	Accommodation Sector	St Andrews	-£1.3	-£1.4	-£1.4	-£1.4	-£1.4	-£1.5	-£1.5	-£1.5
		Rest of Fife	-£1.9	-£1.9	-£1.9	-£1.9	-£2.0	-£2.0	-£2.0	-£2.1
		Fife	-£3.2	-£3.3	-£3.3	-£3.4	-£3.4	-£3.5	-£3.5	-£3.6
5% Percentage Based										
-0.2	Overnight Visitor Economy	St Andrews	-£1.1	-£1.1	-£1.1	-£1.1	-£1.1	-£1.2	-£1.2	-£1.2
		Rest of Fife	-£1.4	-£1.4	-£1.5	-£1.5	-£1.5	-£1.5	-£1.5	-£1.6
		Fife	-£2.5	-£2.5	-£2.6	-£2.6	-£2.6	-£2.7	-£2.7	-£2.8
	Accommodation Sector	St Andrews	-£0.7	-£0.7	-£0.7	-£0.7	-£0.7	-£0.7	-£0.7	-£0.8
		Rest of Fife	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.7
		Fife	-£1.3	-£1.3	-£1.3	-£1.3	-£1.3	-£1.4	-£1.4	-£1.4
-0.85	Overnight Visitor Economy	St Andrews	-£4.6	-£4.6	-£4.7	-£4.8	-£4.9	-£4.9	-£5.0	-£5.1
		Rest of Fife	-£6.0	-£6.1	-£6.2	-£6.3	-£6.4	-£6.5	-£6.6	-£6.7
		Fife	-£10.6	-£10.7	-£10.9	-£11.1	-£11.2	-£11.4	-£11.6	-£11.8
	Accommodation Sector	St Andrews	-£2.9	-£2.9	-£3.0	-£3.0	-£3.0	-£3.1	-£3.1	-£3.2
		Rest of Fife	-£2.5	-£2.6	-£2.6	-£2.6	-£2.7	-£2.7	-£2.7	-£2.8
		Fife	-£5.4	-£5.5	-£5.6	-£5.6	-£5.7	-£5.8	-£5.9	-£6.0
-1.5	Overnight Visitor Economy	St Andrews	-£8.1	-£8.2	-£8.3	-£8.5	-£8.6	-£8.7	-£8.8	-£9.0
		Rest of Fife	-£10.6	-£10.8	-£10.9	-£11.1	-£11.3	-£11.4	-£11.6	-£11.8
		Fife	-£18.7	-£19.0	-£19.3	-£19.5	-£19.8	-£20.1	-£20.4	-£20.7
	Accommodation Sector	St Andrews	-£5.1	-£5.1	-£5.2	-£5.3	-£5.4	-£5.5	-£5.5	-£5.6
		Rest of Fife	-£4.4	-£4.5	-£4.6	-£4.6	-£4.7	-£4.8	-£4.9	-£4.9
		Fife	-£9.5	-£9.7	-£9.8	-£9.9	-£10.1	-£10.2	-£10.4	-£10.6

Note: Figures rounded to nearest £0.1m

Note that there is no impact on the forecast size of the overnight and accommodation sectors in year 2026/27 and 2027/28 as a visitor levy would not yet take effect. Therefore, these years are not shown in the table above. Depending on the price sensitivity of the market, it is estimated that the accommodation sector could decline between -£0.4m and -£3.5m in turnover per annum under a flat-rate levy charging structure. Under a percentage-based levy charging structure, accommodation sector turnover could decline between -£1.3m and -£10.6m per annum. Please note that these forecast effects do not take account of any potential uplift from targeted investments.

Considering the wider tourism economy, the price increases due to a visitor levy could induce a reduction in the turnover of the overnight visitor economy between -£0.9m and -£7.2m per annum under the flat-rate structure and between -£2.5m and -£20.7m under the percentage-based structure.

Total costs to accommodation sector businesses

Tables D7a and **D7b** below present the range of cost scenarios from Fife accommodation sector businesses under both levy structures. The cost presented represent the 10-year present value cumulative costs.

Table D7a: Fife accommodation sector businesses total costs – flat rate charging structure

PED	Costs	Low	Mid	High
-0.2	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£3.0	£3.0	£3.0
	Total Cost	£7.3	£14.4	£21.6
-0.85	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£12.7	£12.7	£12.7
	Total Cost	£17.0	£24.2	£31.3
-1.5	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£22.4	£22.4	£22.4
	Total Cost	£26.7	£33.9	£41.1
-0.2 St Andrews; -0.85 Rest of Fife	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£8.6	£8.6	£8.6
	Total Cost	£12.9	£20.1	£27.3

Note: Figures rounded to nearest £0.1m. Figure are present in Present Values and discounted at 3.5% annually.

Table D7b: Fife accommodation sector businesses total costs – percentage-based charging structure

PED	Costs	Low	Mid	High
-0.2	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£8.9	£8.9	£8.9
	Total Cost	£13.1	£20.3	£27.5
-0.85	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£37.6	£37.6	£37.6
	Total Cost	£41.9	£49.1	£56.3
-1.5	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£66.4	£66.4	£66.4
	Total Cost	£70.6	£77.8	£85.0
-0.2 St Andrews; -0.85 Rest of Fife	Direct Costs	£4.3	£11.5	£18.6
	Indirect Costs (turnover change)	£22.3	£22.3	£22.3
	Total Cost	£26.5	£33.7	£40.9

Note: Figures rounded to nearest £0.1m. Figure are present in Present Values and discounted at 3.5% annually.

The scenarios highlighted in blue represent the baseline scenarios used for direct comparison between the two levy charging structures in the Main Report.

There are a wide range of potential costs faced by the accommodation sector. Under what could be called a “worst-case” modelling scenario where high direct costs and high magnitude PED values prevail, under the flat rate charging structure total costs may reach £41.1 million over the 10-year assessment. Under the same conditions within the percentage-based charging structure total costs could reach £85.0 over the 10-year assessment. Conversely a best-case scenario where low direct costs and a small magnitude PED value prevail, Fife accommodation sector businesses could face just £7.3 million in costs over the 10-year period under the flat rate charging structure and under the percentage-based charging structure face £13.1 million and costs over this same period.

The baseline scenarios highlighted in blue in the above tables suggests the total costs faced by accommodation sector businesses under the flat rate structure may reach £12.9 million or £40.9 million under the percentage charging structure.

Benefits

This section outlines the potential benefits arising from the introduction of a visitor levy and considers the following benefits:

- financial returns to Fife Council in the form of tax receipts collected from a visitor levy.
- increased turnover/income within the accommodation sector and wider overnight visitor sector generated by visitor levy funded investment in the visitor economy.
- the net additional GVA generated within the visitor economy as a result of the net change in sector turnover/income accounting for the effect of public sector investment and consumer responses to price increases associated with a visitor levy.

To estimate these benefits, we developed a forecast model for turnover within the overnight tourism and accommodation sectors, using the baseline position as presented in the first rows of **Tables D9a, D9b, D10a, and D10b**.

We then applied three levels of PED (accounting for the indirect costs/change in turnover presented in **Tables D7a and D7b**) and four levels of investment impact, representing the potential effect of visitor levy funded public investment by the council to support the visitor economy.

The investment impact scenarios reflect assumed annual compounding uplifts in sector turnover of 3%, 2%, 1%, and 0%.

However, when considering a direct comparison between the Flat-Rate Structure and Percentage-Based visitor levies, the investment impact uplift needs to be adjusted. This is due to the higher levels of levy tax receipts generated under each structure (with all other modelling scenario variables being equal. For example, under a theoretical 2% growth scenario with baseline level PEDs and direct costs, the flat-rate levy structure generates net tax receipts of £4.2m and £4.9m (£36.0m over 10-years) while the percentage-based levy generates between £12.0m and £13.7m per annum (£102.4 over 10-years).

It is assumed that a greater amount being invested back into the tourism sector would generate a greater value uplift in sector growth.

Therefore, when directly comparing the levy structures, the investment impact of the percentage-based levy is increased in direct proportion to how much more net tax receipts are generated compared to the flat-rate structure.

As a result, the assumed percentage investment impact uplift is 2.85 times greater under the percentage-based levy than the flat-rate levy when the assumed investment impact is 2% (£102.4 / £36.0). This ratio holds for all percentage uplift scenarios. The table below summarises the investment impact uplifts for each levy structure for direct comparison purposes.

Table D8: Summary of investment impact sector uplifts for direct comparison of visitor levy structures

Flat rate	Percentage rate
0%	0%
1%	2.85%
2%	5.7%
3%	8.5%

Tables D9a and **D9b** present the resulting sector forecasts across all combinations of PED and investment impact scenarios for the accommodation sector, and **Tables D10a** and **D10b** present the sector forecasts for the wider overnight visitor economy.

It is assumed that a visitor levy takes effect in year 3 of the appraisal period (after set-up and implementation) and that the investment impacts are first realised in year five allowing for funds to first be collected in year 3, invested in year 4 and the impact beginning to be realised in year 5.

Table D9a: Fife accommodation sector forecasts (£millions) – Flat-rate

PEM	Investment Impact	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Baseline		£249.2	£252.9	£256.7	£260.6	£264.5	£268.4	£272.5	£276.6
-0.2	0%	£248.8	£252.5	£256.3	£260.1	£264.0	£268.0	£272.0	£276.1
	1%	£248.8	£252.5	£258.8	£262.7	£266.6	£270.6	£274.7	£278.8
	2%	£248.8	£252.5	£261.3	£265.2	£269.3	£273.4	£277.5	£281.6
	3%	£248.8	£252.5	£263.8	£267.8	£272.1	£276.1	£280.3	£284.5
-0.85	0%	£247.4	£251.1	£254.8	£258.7	£262.5	£266.5	£270.5	£274.5
	1%	£247.4	£251.1	£257.4	£261.2	£265.2	£269.1	£273.2	£277.3
	2%	£247.4	£251.1	£259.9	£263.8	£267.8	£271.8	£275.9	£280.1
	3%	£247.4	£251.1	£262.4	£266.3	£270.5	£274.6	£278.7	£282.9
-1.5	0%	£246.0	£249.7	£253.4	£257.2	£261.1	£265.0	£269.0	£273.0
	1%	£246.0	£249.7	£255.9	£259.7	£263.7	£267.6	£271.6	£275.7
	2%	£246.0	£249.7	£258.4	£262.3	£266.3	£270.3	£274.4	£278.5
	3%	£246.0	£249.7	£260.9	£264.8	£269.0	£273.1	£277.1	£281.3
-0.2 St Andrews; -0.85 Rest of Fife	0%	£247.9	£251.7	£255.4	£259.3	£263.2	£267.1	£271.1	£275.2
	1%	£247.9	£251.7	£258.0	£261.8	£265.8	£269.8	£273.8	£277.9
	2%	£247.9	£251.7	£260.5	£264.4	£268.5	£272.5	£276.6	£280.7
	3%	£247.9	£251.7	£263.0	£266.9	£271.2	£275.2	£279.4	£283.6

Note: Figures rounded to nearest £0.1m

Table D9b: Fife accommodation sector forecasts (£millions) - Percentage rate

PEM	Investment Impact	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Baseline		£249.2	£252.9	£256.7	£260.6	£264.5	£268.4	£272.5	£276.6
-0.2	0%	£247.9	£251.6	£255.4	£259.2	£263.1	£267.1	£271.1	£275.1
	2.85%	£247.9	£251.6	£259.9	£263.8	£267.9	£271.9	£276.0	£280.1
	5.7%	£247.9	£251.6	£269.8	£273.8	£278.7	£283.0	£287.2	£291.5
	8.5%	£247.9	£251.6	£276.8	£280.9	£287.0	£291.5	£295.9	£300.3
-0.85	0%	£243.8	£247.5	£251.2	£254.9	£258.8	£262.6	£266.6	£270.6
	2.85%	£243.8	£247.5	£255.6	£259.4	£263.4	£267.4	£271.4	£275.5
	5.7%	£243.8	£247.5	£265.3	£269.2	£274.1	£278.3	£282.4	£286.7
	8.5%	£243.8	£247.5	£272.2	£276.3	£282.2	£286.6	£290.9	£295.3
-1.5	0%	£239.7	£243.3	£246.9	£250.6	£254.4	£258.2	£262.1	£266.0
	2.85%	£239.7	£243.3	£251.3	£255.1	£259.0	£262.9	£266.8	£270.8
	5.7%	£239.7	£243.3	£260.8	£264.7	£269.5	£273.6	£277.7	£281.8
	8.5%	£239.7	£243.3	£267.6	£271.6	£277.5	£281.8	£286.0	£290.3
-0.2 St Andrews; -0.85 Rest of Fife	0%	£246.0	£249.7	£253.4	£257.2	£261.1	£265.0	£269.0	£273.0
	2.85%	£246.0	£249.7	£257.9	£261.8	£265.8	£269.8	£273.9	£278.0
	5.7%	£246.0	£249.7	£267.7	£271.7	£276.6	£280.8	£285.0	£289.3
	8.5%	£246.0	£249.7	£274.7	£278.8	£284.8	£289.2	£293.6	£298.0

Note: Figures rounded to nearest £0.1m

Table D10a: Fife overnight visitor sector forecasts (£millions) – Flat rate

PEM	Investment Impact	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Baseline		£509.8	£517.4	£525.2	£533.1	£541.1	£549.2	£557.4	£565.8
-0.2	0%	£508.9	£516.5	£524.3	£532.1	£540.1	£548.2	£556.5	£564.8
	1%	£508.9	£516.5	£529.4	£537.4	£545.5	£553.7	£562.0	£570.4
	2%	£508.9	£516.5	£534.6	£542.6	£551.0	£559.3	£567.6	£576.2
	3%	£508.9	£516.5	£539.8	£547.9	£556.6	£564.9	£573.4	£582.0
-0.85	0%	£506.0	£513.6	£521.3	£529.2	£537.1	£545.2	£553.3	£561.6
	1%	£506.0	£513.6	£526.5	£534.4	£542.4	£550.6	£558.8	£567.2
	2%	£506.0	£513.6	£531.6	£539.6	£547.9	£556.1	£564.4	£572.9
	3%	£506.0	£513.6	£536.7	£544.8	£553.4	£561.8	£570.2	£578.7
-1.5	0%	£503.2	£510.7	£518.4	£526.2	£534.1	£542.1	£550.2	£558.5
	1%	£503.2	£510.7	£523.5	£531.3	£539.4	£547.5	£555.7	£564.0
	2%	£503.2	£510.7	£528.6	£536.5	£544.8	£553.0	£561.3	£569.7
	3%	£503.2	£510.7	£533.7	£541.7	£550.3	£558.6	£567.0	£575.5
-0.2 St Andrews; -0.85 Rest of Fife	0%	£507.0	£514.6	£522.3	£530.1	£538.1	£546.2	£554.3	£562.7
	1%	£507.0	£514.6	£527.4	£535.4	£543.4	£551.6	£559.9	£568.3
	2%	£507.0	£514.6	£532.6	£540.6	£548.9	£557.1	£565.5	£574.0
	3%	£507.0	£514.6	£537.7	£545.8	£554.5	£562.8	£571.2	£579.8

Note: Figures rounded to nearest £0.1m

Table D10b: Fife overnight visitor sector forecasts (£millions) – Percentage rate

PEM	Investment Impact	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Baseline		£509.8	£517.4	£525.2	£533.1	£541.1	£549.2	£557.4	£565.8
-0.2	0%	£507.3	£514.9	£522.6	£530.5	£538.4	£546.5	£554.7	£563.0
	2.85%	£507.3	£514.9	£531.0	£538.9	£547.2	£555.4	£563.7	£572.2
	5.7%	£507.3	£514.9	£552.0	£560.3	£570.4	£579.0	£587.7	£596.5
	8.5%	£507.3	£514.9	£566.4	£574.9	£587.3	£596.4	£605.4	£614.5
-0.85	0%	£499.2	£506.7	£514.3	£522.0	£529.8	£537.8	£545.8	£554.0
	2.85%	£499.2	£506.7	£522.5	£530.3	£538.5	£546.5	£554.7	£563.1
	5.7%	£499.2	£506.7	£543.2	£551.3	£561.2	£569.8	£578.3	£587.0
	8.5%	£499.2	£506.7	£557.3	£565.7	£577.9	£586.9	£595.7	£604.7
-1.5	0%	£491.1	£498.5	£505.9	£513.5	£521.2	£529.0	£537.0	£545.0
	2.85%	£491.1	£498.5	£514.0	£521.7	£529.7	£537.7	£545.7	£553.9
	5.7%	£491.1	£498.5	£534.3	£542.4	£552.1	£560.5	£568.9	£577.5
	8.5%	£491.1	£498.5	£548.3	£556.5	£568.5	£577.4	£586.1	£594.9
-0.2 St Andrews; -0.85 Rest of Fife	0%	£502.7	£510.2	£517.9	£525.7	£533.5	£541.5	£549.7	£557.9
	2.85%	£502.7	£510.2	£526.2	£534.1	£542.3	£550.4	£558.7	£567.1
	5.7%	£502.7	£510.2	£547.0	£555.2	£565.2	£573.8	£582.4	£591.1
	8.5%	£502.7	£510.2	£561.3	£569.7	£582.0	£591.0	£599.9	£608.9

Note: Figures rounded to nearest £0.1m

Tax revenue generated

The tax revenue generated by the flat rate structure and by the percentage-based levy structure has been estimated by applying the charges to the total accommodation expenditure as presented in the tables above.

As noted at the beginning of this chapter, the estimate is based on proposed levy structures with no local exemptions, no cap on the number of nights of accommodation on which a visitor levy is charged, no remittance to accommodation businesses and that a visitor levy goes into effect in year 3 after an 18-month implementation period as required by legislation.

The estimates for **gross tax receipts** under each levy structure are presented in **Tables D11a and D11b**.

Table D11a: Gross annual tax receipts (£millions) - Flat rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
-0.2	0%	£0.0	£0.0	£4.4	£4.5	£4.5	£4.6	£4.7	£4.7	£4.8	£4.9
	1%	£0.0	£0.0	£4.4	£4.5	£4.5	£4.6	£4.7	£4.8	£4.9	£4.9
	2%	£0.0	£0.0	£4.4	£4.5	£4.5	£4.7	£4.8	£4.8	£4.9	£5.0
	3%	£0.0	£0.0	£4.4	£4.5	£4.5	£4.7	£4.8	£4.9	£4.9	£5.0
-0.85	0%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.6	£4.6	£4.7	£4.8	£4.8
	1%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.6	£4.7	£4.8	£4.8	£4.9
	2%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.7	£4.7	£4.8	£4.9	£4.9
	3%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.7	£4.8	£4.8	£4.9	£5.0
-1.5	0%	£0.0	£0.0	£4.3	£4.4	£4.5	£4.5	£4.6	£4.7	£4.7	£4.8
	1%	£0.0	£0.0	£4.3	£4.4	£4.5	£4.6	£4.7	£4.7	£4.8	£4.9
	2%	£0.0	£0.0	£4.3	£4.4	£4.5	£4.6	£4.7	£4.8	£4.8	£4.9
	3%	£0.0	£0.0	£4.3	£4.4	£4.5	£4.7	£4.7	£4.8	£4.9	£5.0
-0.2 St Andrews; - 0.85 Rest of Fife	0%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.6	£4.6	£4.7	£4.8	£4.9
	1%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.6	£4.7	£4.8	£4.8	£4.9
	2%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.7	£4.7	£4.8	£4.9	£5.0
	3%	£0.0	£0.0	£4.4	£4.4	£4.5	£4.7	£4.8	£4.9	£4.9	£5.0

Note: Figures rounded to nearest £0.1m

Table D11b: Gross annual tax receipts (£millions) - Percentage rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
-0.2	0%	£0.0	£0.0	£12.4	£12.6	£12.8	£13.0	£13.2	£13.4	£13.6	£13.8
	2.85%	£0.0	£0.0	£12.4	£12.6	£12.8	£13.2	£13.4	£13.6	£13.8	£14.0
	5.7%	£0.0	£0.0	£12.4	£12.6	£12.8	£13.7	£13.9	£14.1	£14.4	£14.6
	8.5%	£0.0	£0.0	£12.4	£12.6	£12.8	£14.0	£14.4	£14.6	£14.8	£15.0
-0.85	0%	£0.0	£0.0	£12.2	£12.4	£12.6	£12.7	£12.9	£13.1	£13.3	£13.5
	2.85%	£0.0	£0.0	£12.2	£12.4	£12.6	£13.0	£13.2	£13.4	£13.6	£13.8
	5.7%	£0.0	£0.0	£12.2	£12.4	£12.6	£13.5	£13.7	£13.9	£14.1	£14.3
	8.5%	£0.0	£0.0	£12.2	£12.4	£12.6	£13.8	£14.1	£14.3	£14.5	£14.8
-1.5	0%	£0.0	£0.0	£12.0	£12.2	£12.3	£12.5	£12.7	£12.9	£13.1	£13.3
	2.85%	£0.0	£0.0	£12.0	£12.2	£12.3	£12.8	£12.9	£13.1	£13.3	£13.5
	5.7%	£0.0	£0.0	£12.0	£12.2	£12.3	£13.2	£13.5	£13.7	£13.9	£14.1
	8.5%	£0.0	£0.0	£12.0	£12.2	£12.3	£13.6	£13.9	£14.1	£14.3	£14.5
-0.2 St Andrews; -0.85 Rest of Fife	0%	£0.0	£0.0	£12.3	£12.5	£12.7	£12.9	£13.1	£13.3	£13.4	£13.7
	2.85%	£0.0	£0.0	£12.3	£12.5	£12.7	£13.1	£13.3	£13.5	£13.7	£13.9
	5.7%	£0.0	£0.0	£12.3	£12.5	£12.7	£13.6	£13.8	£14.0	£14.2	£14.5
	8.5%	£0.0	£0.0	£12.3	£12.5	£12.7	£13.9	£14.2	£14.5	£14.7	£14.9

Note: Figures rounded to nearest £0.1m

The net tax receipts consider the set-up and implementation costs (as presented in **Table D2**) borne by Fife Council and this figure represents the maximum funding that would be available for investment in the visitor economy, before any exemptions, caps, business payments are considered. **Tables D12a and D12b** presents net tax receipts. Recall that the Flat-Rate Levy Structure assumes the “low” direct cost scenario and the Percentage-Based structure assumes the “high” direct cost scenario.

Table D12a: Net annual tax receipts (£millions) – Flat rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
-0.2	0%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.2	£4.3	£4.3	£4.4	£4.5
	1%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.3	£4.4	£4.5	£4.5
	2%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.4	£4.4	£4.5	£4.6
	3%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.4	£4.5	£4.6	£4.6
-0.85	0%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.2	£4.3	£4.3	£4.4	£4.5
	1%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.2	£4.3	£4.4	£4.4	£4.5
	2%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.3	£4.4	£4.5	£4.6
	3%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.4	£4.5	£4.5	£4.6
-1.5	0%	£0.0	-£0.2	£4.0	£4.0	£4.1	£4.2	£4.2	£4.3	£4.4	£4.4
	1%	£0.0	-£0.2	£4.0	£4.0	£4.1	£4.2	£4.3	£4.3	£4.4	£4.5
	2%	£0.0	-£0.2	£4.0	£4.0	£4.1	£4.2	£4.3	£4.4	£4.5	£4.5
	3%	£0.0	-£0.2	£4.0	£4.0	£4.1	£4.3	£4.4	£4.4	£4.5	£4.6
-0.2 St Andrews; - 0.85 Rest of Fife	0%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.2	£4.3	£4.3	£4.4	£4.5
	1%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.2	£4.3	£4.4	£4.4	£4.5
	2%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.4	£4.4	£4.5	£4.6
	3%	£0.0	-£0.2	£4.0	£4.1	£4.1	£4.3	£4.4	£4.5	£4.5	£4.6

Note: Figures rounded to nearest £0.1m

Table D12b: Net annual tax receipts (£millions) - Percentage rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
-0.2	0%	£0.0	-£0.2	£11.9	£12.1	£12.3	£12.5	£12.7	£12.9	£13.1	£13.3
	2.85%	£0.0	-£0.2	£11.9	£12.1	£12.3	£12.7	£12.9	£13.1	£13.3	£13.5
	5.7%	£0.0	-£0.2	£11.9	£12.1	£12.3	£13.2	£13.5	£13.7	£13.9	£14.1
	8.5%	£0.0	-£0.2	£11.9	£12.1	£12.3	£13.6	£13.9	£14.1	£14.3	£14.5
-0.85	0%	£0.0	-£0.2	£11.7	£11.9	£12.1	£12.3	£12.5	£12.7	£12.9	£13.1
	2.85%	£0.0	-£0.2	£11.7	£11.9	£12.1	£12.5	£12.7	£12.9	£13.1	£13.3
	5.7%	£0.0	-£0.2	£11.7	£11.9	£12.1	£13.0	£13.2	£13.4	£13.6	£13.9
	8.5%	£0.0	-£0.2	£11.7	£11.9	£12.1	£13.3	£13.6	£13.9	£14.1	£14.3
-1.5	0%	£0.0	-£0.2	£11.5	£11.7	£11.9	£12.1	£12.2	£12.4	£12.6	£12.8
	2.85%	£0.0	-£0.2	£11.5	£11.7	£11.9	£12.3	£12.5	£12.7	£12.9	£13.1
	5.7%	£0.0	-£0.2	£11.5	£11.7	£11.9	£12.8	£13.0	£13.2	£13.4	£13.6
	8.5%	£0.0	-£0.2	£11.5	£11.7	£11.9	£13.1	£13.4	£13.6	£13.8	£14.0
-0.2 St Andrews; -0.85 Rest of Fife	0%	£0.0	-£0.2	£11.8	£12.0	£12.2	£12.4	£12.6	£12.8	£13.0	£13.2
	2.85%	£0.0	-£0.2	£11.8	£12.0	£12.2	£12.6	£12.8	£13.0	£13.2	£13.4
	5.7%	£0.0	-£0.2	£11.8	£12.0	£12.2	£13.1	£13.4	£13.6	£13.8	£14.0
	8.5%	£0.0	-£0.2	£11.8	£12.0	£12.2	£13.5	£13.8	£14.0	£14.2	£14.4

Note: Figures rounded to nearest £0.1m

It is estimated that a £2.50 flat rate visitor levy could generate between £4.5m and £4.6m by 2035/36. Over the 10-year appraisal period, it is forecast that a flat rate visitor levy may generate a total of £27.6m to £28.5m at present values.

It is estimated that a 5% percentage-based visitor could generate between £12.8m and £14.5m by 2035/36. Over the 10-year appraisal period, it is forecast that a percentage rate visitor levy may generate a total of £80.3m and £87.9m at present values.

We note that the greater amount of tax revenue generated under the percentage-based levy structure is due to the relatively higher effective tax rate. While the percentage-based structure calls for a 5% charge, the £2.50 flat rate is effectively a 1.3% charge in St Andrews and a 2.1% charge in the rest of Fife.

Accommodation sector and overnight visitor sector turnover

The net impact on accommodation sector turnover and the net impact on the wider overnight visitor economy sector (which considered visitor expenditure in additional areas such as dining, retail, transport, recreational activities, etc.) depends on the magnitude of turnover decrease due to price rises caused by a visitor levy (see **Tables D7a and D7b**, Turnover change rows) set against the turnover increase induced by visitor levy funded investment in the sector.

Tables D13a and D13b present the net impact on the accommodation sector across a range of PED and investment impact values. This is calculated by assessing the difference between the baseline accommodation sector forecast in the first rows of **Tables D9a and D9b** and the accommodation sector forecasts presented in the subsequent rows of these tables which consider PED and investment impact effects.

Table D13a: Net accommodation sector turnover (£millions) - Flat rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present Value
-0.2	0%	£0.0	£0.0	-£0.4	-£0.4	-£0.4	-£0.4	-£0.5	-£0.5	-£0.5	-£0.5	-£3.6	-£3.0
	1%	£0.0	£0.0	-£0.4	-£0.4	£2.1	£2.1	£2.2	£2.2	£2.2	£2.3	£12.2	£9.7
	2%	£0.0	£0.0	-£0.4	-£0.4	£4.6	£4.7	£4.9	£4.9	£5.0	£5.1	£28.3	£22.5
	3%	£0.0	£0.0	-£0.4	-£0.4	£7.1	£7.2	£7.6	£7.7	£7.8	£7.9	£44.5	£35.5
-0.85	0%	£0.0	£0.0	-£1.8	-£1.8	-£1.9	-£1.9	-£1.9	-£2.0	-£2.0	-£2.0	-£15.3	-£12.7
	1%	£0.0	£0.0	-£1.8	-£1.8	£0.6	£0.6	£0.7	£0.7	£0.7	£0.7	£0.4	-£0.1
	2%	£0.0	£0.0	-£1.8	-£1.8	£3.1	£3.2	£3.3	£3.4	£3.4	£3.5	£16.4	£12.6
	3%	£0.0	£0.0	-£1.8	-£1.8	£5.7	£5.7	£6.1	£6.2	£6.2	£6.3	£32.5	£25.6
-1.5	0%	£0.0	£0.0	-£3.2	-£3.3	-£3.3	-£3.4	-£3.4	-£3.5	-£3.5	-£3.6	-£27.1	-£22.4
	1%	£0.0	£0.0	-£3.2	-£3.3	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£11.4	-£9.9
	2%	£0.0	£0.0	-£3.2	-£3.3	£1.7	£1.7	£1.8	£1.9	£1.9	£1.9	£4.5	£2.8
	3%	£0.0	£0.0	-£3.2	-£3.3	£4.2	£4.2	£4.5	£4.6	£4.7	£4.8	£20.5	£15.6
-0.2 St Andrews ; -0.85 Rest of Fife	0%	£0.0	£0.0	-£1.2	-£1.3	-£1.3	-£1.3	-£1.3	-£1.3	-£1.4	-£1.4	-£10.4	-£8.6
	1%	£0.0	£0.0	-£1.2	-£1.3	£1.2	£1.3	£1.3	£1.3	£1.3	£1.4	£5.4	£4.0
	2%	£0.0	£0.0	-£1.2	-£1.3	£3.8	£3.8	£4.0	£4.0	£4.1	£4.2	£21.4	£16.8
	3%	£0.0	£0.0	-£1.2	-£1.3	£6.3	£6.4	£6.7	£6.8	£6.9	£7.0	£37.6	£29.7

Note: Figures rounded to nearest £0.1m. Present values discounted at 3.5% annually.

The estimated net impact on accommodation sector turnover is dependent on the PED and investment impacts values. In the “best case scenario” where PED is low at -0.2 and investment impact high at 3% annually, a visitor levy could support an increase in accommodation sector turnover of up to £7.9m per annum by 2035/36 and have a cumulative impact of £44.5m (£35.5m at present value) over the 10-year appraisal period.

In the “worst-case scenario” where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£3.6m per annum by 2035/36 and have a cumulative impact of -£27.1m (-£22.4m in present value) over the 10-year appraisal period.

The baseline scenario where PED is -0.2 in St Andrews and -0.85 for the rest of Fife, and the investment impact is 2% annually, a visitor levy could support an increase in accommodation sector turnover of £4.2m per annum by 2035/36 and have a cumulative impact of £21.4m (£16.8m at present value) over the 10-year appraisal period.

Table D13b: Net accommodation sector turnover (£millions) - Percentage rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present Value
-0.2	0%	£0.0	£0.0	-£1.3	-£1.3	-£1.3	-£1.3	-£1.3	-£1.4	-£1.4	-£1.4	-£10.7	-£8.9
	2.85%	£0.0	£0.0	-£1.3	-£1.3	£3.2	£3.3	£3.4	£3.5	£3.5	£3.6	£17.9	£14.0
	5.70%	£0.0	£0.0	-£1.3	-£1.3	£13.0	£13.2	£14.3	£14.5	£14.7	£15.0	£82.2	£65.3
	8.50%	£0.0	£0.0	-£1.3	-£1.3	£20.1	£20.4	£22.5	£23.0	£23.4	£23.7	£130.6	£103.9
-0.85	0%	£0.0	£0.0	-£5.4	-£5.5	-£5.6	-£5.6	-£5.7	-£5.8	-£5.9	-£6.0	-£45.4	-£37.6
	2.85%	£0.0	£0.0	-£5.4	-£5.5	-£1.1	-£1.1	-£1.0	-£1.1	-£1.1	-£1.1	-£17.3	-£15.1
	5.70%	£0.0	£0.0	-£5.4	-£5.5	£8.6	£8.7	£9.6	£9.8	£10.0	£10.1	£45.9	£35.4
	8.50%	£0.0	£0.0	-£5.4	-£5.5	£15.5	£15.7	£17.8	£18.2	£18.5	£18.8	£93.5	£73.3
-1.5	0%	£0.0	£0.0	-£9.5	-£9.7	-£9.8	-£9.9	-£10.1	-£10.2	-£10.4	-£10.6	-£80.2	-£66.4
	2.85%	£0.0	£0.0	-£9.5	-£9.7	-£5.4	-£5.5	-£5.5	-£5.6	-£5.7	-£5.7	-£52.6	-£44.3
	5.70%	£0.0	£0.0	-£9.5	-£9.7	£4.1	£4.1	£5.0	£5.1	£5.2	£5.3	£9.6	£5.4
	8.50%	£0.0	£0.0	-£9.5	-£9.7	£10.9	£11.0	£13.0	£13.3	£13.6	£13.8	£56.4	£42.7
-0.2 St Andrews ; -0.85 Rest of Fife	0%	£0.0	£0.0	-£3.2	-£3.2	-£3.3	-£3.3	-£3.4	-£3.4	-£3.5	-£3.5	-£26.9	-£22.3
	2.85%	£0.0	£0.0	-£3.2	-£3.2	£1.2	£1.2	£1.4	£1.4	£1.4	£1.4	£1.6	£0.5
	5.70%	£0.0	£0.0	-£3.2	-£3.2	£10.9	£11.1	£12.1	£12.3	£12.5	£12.7	£65.3	£51.3
	8.50%	£0.0	£0.0	-£3.2	-£3.2	£17.9	£18.2	£20.3	£20.8	£21.1	£21.4	£113.3	£89.6

Note: Figures rounded to nearest £0.1m. Present values discounted at 3.5% annually.

The estimated net impact on accommodation sector turnover is dependent on the PED and investment impacts values. In the “best case scenario” where PED is low at -0.2 and investment impact high at 8.5% annually, a visitor levy could support an increase in accommodation sector turnover of up to £23.7m per annum by 2035/36 and have a cumulative impact of £130.6 (£103.9 at present value) over the 10-year appraisal period.

In the “worst-case scenario” where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£10.6m per annum by 2035/36 and have a cumulative impact of -£80.2m (-£66.4m in present value) over the 10-year appraisal period.

The baseline scenario where PED is -0.2 in St Andrews and -0.85 for the rest of Fife, and the investment impact is 5.7% annually, a visitor levy could support an increase in accommodation sector turnover of £12.7m per annum by 2035/36 and have a cumulative impact of £65.3m (£53.1m at present value) over the 10-year appraisal period.

To estimate the turnover impact across the wider overnight visitor economy we rely on STEAM data which suggests that accommodation expenditure accounted for 42% and 63% and of total overnight visitor expenditure in 2024. Assuming this proportion remains constant over the appraisal period, **Tables D14a and D14b** below present the net impact on the wider overnight visitor economy across a range of PED and investment impact values. This is calculated by assessing the difference between the baseline accommodation sector forecast in the first row of **Tables D10a and D10b** and the accommodation sector forecasts presented in the subsequent rows of these tables which consider PED and investment impact effects.

Table D14a: Net overnight visitor sector turnover (£millions) – Flat rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present Value
-0.2	0%	£0.0	£0.0	-£0.9	-£0.9	-£0.9	-£0.9	-£0.9	-£0.9	-£1.0	-£1.0	-£7.4	-£6.1
	1%	£0.0	£0.0	-£0.9	-£0.9	£4.3	£4.3	£4.4	£4.5	£4.6	£4.6	£25.0	£19.8
	2%	£0.0	£0.0	-£0.9	-£0.9	£9.4	£9.6	£9.9	£10.1	£10.2	£10.4	£57.8	£46.0
	3%	£0.0	£0.0	-£0.9	-£0.9	£14.6	£14.8	£15.5	£15.7	£16.0	£16.2	£91.1	£72.6
-0.85	0%	£0.0	£0.0	-£3.7	-£3.8	-£3.9	-£3.9	-£4.0	-£4.0	-£4.1	-£4.2	-£31.5	-£26.1
	1%	£0.0	£0.0	-£3.7	-£3.8	£1.3	£1.3	£1.4	£1.4	£1.4	£1.4	£0.7	-£0.4
	2%	£0.0	£0.0	-£3.7	-£3.8	£6.4	£6.5	£6.8	£6.9	£7.0	£7.1	£33.3	£25.7
	3%	£0.0	£0.0	-£3.7	-£3.8	£11.6	£11.7	£12.4	£12.6	£12.8	£13.0	£66.4	£52.2
-1.5	0%	£0.0	£0.0	-£6.6	-£6.7	-£6.8	-£6.9	-£7.0	-£7.1	-£7.2	-£7.3	-£55.7	-£46.1
	1%	£0.0	£0.0	-£6.6	-£6.7	-£1.7	-£1.7	-£1.7	-£1.7	-£1.7	-£1.8	-£23.6	-£20.5
	2%	£0.0	£0.0	-£6.6	-£6.7	£3.4	£3.5	£3.7	£3.8	£3.8	£3.9	£8.8	£5.5
	3%	£0.0	£0.0	-£6.6	-£6.7	£8.5	£8.7	£9.2	£9.4	£9.5	£9.7	£41.7	£31.8
-0.2 St Andrews ; -0.85 Rest of Fife	0%	£0.0	£0.0	-£2.8	-£2.9	-£2.9	-£2.9	-£3.0	-£3.0	-£3.1	-£3.1	-£23.7	-£19.6
	1%	£0.0	£0.0	-£2.8	-£2.9	£2.3	£2.3	£2.4	£2.4	£2.4	£2.5	£8.6	£6.2
	2%	£0.0	£0.0	-£2.8	-£2.9	£7.4	£7.5	£7.8	£8.0	£8.1	£8.2	£41.3	£32.3
	3%	£0.0	£0.0	-£2.8	-£2.9	£12.5	£12.7	£13.4	£13.6	£13.8	£14.0	£74.4	£58.8

Note: Figures rounded to nearest £0.1m. Present values discounted at 3.5% annually.

The estimated net impact on overnight visitor sector turnover is dependent on the PED and investment impacts values. In the “best case scenario” where PED is low at -0.2 and investment impact high at 3% annually, a visitor levy could support an increase in accommodation sector turnover of up to £16.2m per annum by 2035/36 and have a cumulative impact of £91.1 (£72.6 at present value) over the 10-year appraisal period.

In the “worst-case scenario” where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£7.3m per annum by 2035/36 and have a cumulative impact of -£55.7m (-£46.1m in present value) over the 10-year appraisal period.

The baseline scenario where PED is -0.2 in St Andrews and -0.85 for the rest of Fife, and the investment impact is 2% annually, a visitor levy could support an increase in accommodation sector turnover of £8.2m per annum by 2035/36 and have a cumulative impact of £41.3m (£32.3m at present value) over the 10-year appraisal period.

Table D14b: Net overnight visitor sector turnover (£millions) - Percentage rate

PED	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present Value
-0.2	0%	£0.0	£0.0	-£2.5	-£2.5	-£2.6	-£2.6	-£2.6	-£2.7	-£2.7	-£2.8	-£21.0	-£17.4
	2.85%	£0.0	£0.0	-£2.5	-£2.5	£5.8	£5.9	£6.1	£6.2	£6.3	£6.4	£31.8	£24.8
	5.70%	£0.0	£0.0	-£2.5	-£2.5	£26.8	£27.2	£29.3	£29.8	£30.3	£30.7	£169.1	£134.4
	8.50%	£0.0	£0.0	-£2.5	-£2.5	£41.2	£41.8	£46.2	£47.2	£48.0	£48.7	£268.1	£213.4
-0.85	0%	£0.0	£0.0	-£10.6	-£10.7	-£10.9	-£11.1	-£11.2	-£11.4	-£11.6	-£11.8	-£89.3	-£73.9
	2.85%	£0.0	£0.0	-£10.6	-£10.7	-£2.7	-£2.7	-£2.6	-£2.6	-£2.7	-£2.7	-£37.5	-£32.5
	5.70%	£0.0	£0.0	-£10.6	-£10.7	£18.0	£18.2	£20.2	£20.6	£20.9	£21.2	£97.7	£75.5
	8.50%	£0.0	£0.0	-£10.6	-£10.7	£32.2	£32.6	£36.8	£37.7	£38.3	£38.9	£195.2	£153.2
-1.5	0%	£0.0	£0.0	-£18.7	-£19.0	-£19.3	-£19.5	-£19.8	-£20.1	-£20.4	-£20.7	-£157.6	-£130.5
	2.85%	£0.0	£0.0	-£18.7	-£19.0	-£11.2	-£11.4	-£11.4	-£11.5	-£11.7	-£11.9	-£106.7	-£89.8
	5.70%	£0.0	£0.0	-£18.7	-£19.0	£9.2	£9.3	£11.1	£11.3	£11.5	£11.7	£26.4	£16.5
	8.50%	£0.0	£0.0	-£18.7	-£19.0	£23.1	£23.5	£27.5	£28.2	£28.6	£29.1	£122.3	£92.9
-0.2 St Andrews ; -0.85 Rest of Fife	0%	£0.0	£0.0	-£7.1	-£7.2	-£7.3	-£7.4	-£7.5	-£7.6	-£7.7	-£7.9	-£59.8	-£49.5
	2.85%	£0.0	£0.0	-£7.1	-£7.2	£1.0	£1.0	£1.2	£1.2	£1.3	£1.3	-£7.3	-£7.5
	5.70%	£0.0	£0.0	-£7.1	-£7.2	£21.8	£22.1	£24.1	£24.6	£25.0	£25.3	£128.6	£101.0
	8.50%	£0.0	£0.0	-£7.1	-£7.2	£36.1	£36.6	£40.9	£41.8	£42.5	£43.1	£226.7	£179.2

Note: Figures rounded to nearest £0.1m. Present values discounted at 3.5% annually.

The estimated net impact on overnight visitor sector turnover is dependent on the PED and investment impacts values. In the “best case scenario” where PED is low at -0.2 and investment impact high at 8.5% annually, a visitor levy could support an increase in accommodation sector turnover of up to £48.7m per annum by 2035/36 and have a cumulative impact of £268.1 (£213.4 at present value) over the 10-year appraisal period.

In the “worst-case scenario” where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£20.7m per annum by 2035/36 and have a cumulative impact of -£157.6m (-£130.5m in present value) over the 10-year appraisal period.

The baseline scenario where PED is -0.2 in St Andrews and -0.85 for the rest of Fife, and the investment impact is 5.7% annually, a visitor levy could support an increase in accommodation sector turnover of £25.3m per annum by 2035/36 and have a cumulative impact of £128.6m (£101.0m at present value) over the 10-year appraisal period.

Socioeconomic benefits – net additional GVA

To estimate the net additional impact on the regional overnight visitor sector economy we have converted net turnover to net additional GVA²⁹ by applying average sector economic coefficients based on Scottish Government Sustainable Tourism sector data³⁰, applying the additionality factors of leakage and displacement and applying economic multipliers³¹ associated with supply chain and income effects. The following economic additionality factors have been applied:

- turnover to GVA ratio: 52%.
- leakage: 5% to account for the outward flow of profits from national or internationally headquartered businesses operating in the regional sector.
- displacement: 10% to account for the potential redistribution of visitors from one area in Fife to another depending on the location of investment and the potential for new roles in the sector to be filled by those who are already employed elsewhere in the economy and are switching roles.
- type-2 GVA multiplier: 1.4. Assumed to be 67% of the Scotland level multiplier to account for the smaller economy and geographic reach of Fife. In economic impact analysis, Type II multipliers include both:
 - indirect effects (business-to-business supply chain spending).
 - induced effects (spending by employees from wages).

²⁹ GVA is a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment. This is Scottish and UK government standard approach to measurement.

³⁰ [Scottish Annual Business Statistics 2022](#)

³¹ Type-2 multipliers sourced from Scotland Input/Output Tables.

Tables D15a and D15b summarise the estimated net additional GVA generated in the Fife overnight visitor economy as a result of a visitor levy.

Table D15a: Net additional GVA - overnight visitor sector (£millions) - Flat rate

PED value	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present Value
-0.2	0%	£0.0	£0.0	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£0.6	-£4.7	-£3.9
	1%	£0.0	£0.0	-£1.8	-£1.8	£1.4	£1.4	£1.5	£1.5	£1.5	£1.6	£5.4	£3.9
	2%	£0.0	£0.0	-£0.6	-£0.6	£5.9	£6.0	£6.2	£6.3	£6.4	£6.5	£36.3	£28.9
	3%	£0.0	£0.0	-£0.6	-£0.6	£9.2	£9.3	£9.7	£9.9	£10.0	£10.2	£57.2	£45.6
-0.85	0%	£0.0	£0.0	-£2.3	-£2.4	-£2.4	-£2.5	-£2.5	-£2.5	-£2.6	-£2.6	-£19.8	-£16.4
	1%	£0.0	£0.0	-£2.3	-£2.4	£0.8	£0.8	£0.9	£0.9	£0.9	£0.9	£0.4	-£0.2
	2%	£0.0	£0.0	-£2.3	-£2.4	£4.0	£4.1	£4.3	£4.4	£4.4	£4.5	£20.9	£16.2
	3%	£0.0	£0.0	-£2.3	-£2.4	£7.3	£7.4	£7.8	£7.9	£8.0	£8.1	£41.7	£32.8
-1.5	0%	£0.0	£0.0	-£4.1	-£4.2	-£4.3	-£4.3	-£4.4	-£4.5	-£4.5	-£4.6	-£35.0	-£28.9
	1%	£0.0	£0.0	-£4.1	-£4.2	-£1.1	-£1.1	-£1.1	-£1.1	-£1.1	-£1.1	-£14.8	-£12.9
	2%	£0.0	£0.0	-£4.1	-£4.2	£2.1	£2.2	£2.3	£2.4	£2.4	£2.4	£5.6	£3.4
	3%	£0.0	£0.0	-£4.1	-£4.2	£5.4	£5.4	£5.8	£5.9	£6.0	£6.1	£26.2	£20.0
-0.2 St Andrews; -0.85 Rest of Fife	0%	£0.0	£0.0	-£1.8	-£1.8	-£1.8	-£1.8	-£1.9	-£1.9	-£1.9	-£2.0	-£14.9	-£12.3
	1%	£0.0	£0.0	-£1.8	-£1.8	£1.4	£1.4	£1.5	£1.5	£1.5	£1.6	£5.4	£3.9
	2%	£0.0	£0.0	-£1.8	-£1.8	£4.6	£4.7	£4.9	£5.0	£5.1	£5.1	£25.9	£20.3
	3%	£0.0	£0.0	-£1.8	-£1.8	£7.9	£8.0	£8.4	£8.5	£8.7	£8.8	£46.7	£36.9

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

The estimated net impact on overnight visitor sector net additional GVA is dependent on the PED and investment impacts values. In the “best case scenario” where PED is low at -0.2 and investment impact high at 3% annually, a visitor levy could support an GVA increase of up to £10.2m per annum by 2035/36 and have a cumulative impact of £57.2 (£45.6 at present value) over the 10-year appraisal period.

In the “worst-case scenario” where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£4.6m per annum by 2035/36 and have a cumulative impact of -£35.0m (-£28.9m in present value) over the 10-year appraisal period.

The baseline scenario where PED is -0.2 in St Andrews and -0.85 for the rest of Fife, and the investment impact is 2% annually, a visitor levy could support an increase in accommodation sector turnover of £5.1m per annum by 2035/36 and have a cumulative impact of £25.9m (£20.3m at present value) over the 10-year appraisal period.

Table D15b: Net additional GVA - overnight visitor sector (£millions) - Percentage rate

PED value	Investment impact	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total	Present Value
-0.2	0%	£0.0	£0.0	-£1.6	-£1.6	-£1.6	-£1.6	-£1.7	-£1.7	-£1.7	-£1.7	-£13.2	-£10.9
	2.85%	£0.0	£0.0	-£4.5	-£4.5	£0.6	£0.6	£0.8	£0.8	£0.8	£0.8	-£4.6	-£4.7
	5.70%	£0.0	£0.0	-£1.6	-£1.6	£16.8	£17.1	£18.4	£18.7	£19.0	£19.3	£106.2	£84.4
	8.50%	£0.0	£0.0	-£1.6	-£1.6	£25.9	£26.3	£29.0	£29.7	£30.1	£30.6	£168.4	£134.0
-0.85	0%	£0.0	£0.0	-£3.7	-£3.8	-£3.9	-£3.9	-£4.0	-£4.0	-£4.1	-£4.1	-£31.5	-£26.1
	2.85%	£0.0	£0.0	-£3.7	-£1.7	-£1.8	-£1.8	-£1.8	-£1.8	-£1.8	£0.0	-£14.4	-£12.3
	5.70%	£0.0	£0.0	-£3.7	-£3.8	£2.5	£4.2	£5.9	£7.7	£9.6	£11.5	£34.0	£25.5
	8.50%	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
-1.5	0%	£0.0	£0.0	-£11.7	-£11.9	-£12.1	-£12.3	-£12.5	-£12.6	-£12.8	-£13.0	-£99.0	-£81.9
	2.85%	£0.0	£0.0	-£11.7	-£11.9	-£7.0	-£7.1	-£7.1	-£7.2	-£7.3	-£7.5	-£67.0	-£56.4
	5.70%	£0.0	£0.0	-£11.7	-£11.9	£5.8	£5.8	£7.0	£7.1	£7.2	£7.3	£16.6	£10.4
	8.50%	£0.0	£0.0	-£11.7	-£11.9	£14.5	£14.7	£17.3	£17.7	£18.0	£18.3	£76.8	£58.4
-0.2 St Andrews; -0.85 Rest of Fife	0%	£0.0	£0.0	-£4.3	-£4.4	-£4.5	-£4.5	-£4.6	-£4.7	-£4.7	-£4.8	-£36.6	-£30.3
	2.85%	£0.0	£0.0	-£4.3	-£4.4	£0.6	£0.6	£0.7	£0.8	£0.8	£0.8	-£4.5	-£4.6
	5.70%	£0.0	£0.0	-£4.3	-£4.4	£13.3	£13.5	£14.8	£15.1	£15.3	£15.5	£78.8	£61.9
	8.50%	£0.0	£0.0	-£4.3	-£4.4	£22.1	£22.4	£25.1	£25.6	£26.0	£26.4	£139.0	£109.8

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

The estimated net impact on overnight visitor sector net additional GVA is dependent on the PED and investment impacts values. In the “best case scenario” where PED is low at -0.2 and investment impact high at 8.5% annually, a visitor levy could support an GVA increase of up to £19.3m per annum by 2035/36 and have a cumulative impact of £106.2 (£84.4 at present value) over the 10-year appraisal period.

In the “worst-case scenario” where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£13.0m per annum by 2035/36 and have a cumulative impact of -£99.0m (-£81.9m in present value) over the 10-year appraisal period.

The baseline scenario where PED is -0.2 in St Andrews and -0.85 for the rest of Fife, and the investment impact is 5.7% annually, a visitor levy could support an increase in accommodation sector turnover of £15.5m per annum by 2035/36 and have a cumulative impact of £78.8m (£61.9m at present value) over the 10-year appraisal period.

Cost-benefit analysis

EKOS has assessed the cost and benefits associated with a visitor levy through three distinct cost benefit analyses (CBA). These CBAs consider the following:

4. A financial cost benefit analysis from the perspective of Fife measuring the tax revenue generated against the public sector cost of implementing and operating a visitor levy.
5. A financial cost benefit analysis from the perspective of Fife accommodation sector businesses who would be subject to paying a visitor levy. This considers the benefit (additional business turnover/income to the sector associated with direct visitor economy investment by Fife Council using funds collected from a visitor levy) assessed against the direct cost to accommodation businesses (implementation and ongoing administrative costs) and indirect costs, including business turnover/income change due to consumer behavioural changes in response to price increases.
6. A socioeconomic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (GVA) generated through visitor levy funded visitor economy investment against the public sector costs of implementing and operating a visitor levy. Note that the indirect cost of lost turnover is included within the calculation of Net Additional GVA as this itself is based on the net effect a visitor levy has on accommodation sector and overnight visitor sector turnover.

The analysis presents two results metrics:.

- Net Present Value (NPV) – is a measure of the **absolute** magnitude of impact attributed to a visitor levy. NPV measures the present value benefits minus the present value costs.

- Benefit to Cost Ratio (BCR) – is a measure of the **relative** magnitude of impact attributed to a visitor levy. The BCR measures the present value benefits divided by the present value costs

Fife Council financial cost benefit analysis

This analysis measures the net present value of gross tax receipts received as a result of a visitor levy against the net present value of the council's set-up/implementation costs and ongoing administration costs over the 10-year appraisal period. Results are presented in **Tables D16a and D16b**.

Table D16a: Fife financial cost benefit analysis results (£millions) – Flat rate

PED value	Investment impact	Tax revenue generated	Cost of set-up and admin	NPV	BCR
-0.2	0%	£30.7	£2.7	£27.9	11.2
	1%	£30.9	£2.7	£28.1	11.3
	2%	£31.0	£2.7	£28.3	11.4
	3%	£31.2	£2.7	£28.5	11.4
-0.85	0%	£30.5	£2.7	£27.8	11.2
	1%	£30.7	£2.7	£27.9	11.2
	2%	£30.9	£2.7	£28.1	11.3
	3%	£31.1	£2.7	£28.3	11.4
-1.5	0%	£30.3	£2.7	£27.6	11.1
	1%	£30.5	£2.7	£27.8	11.2
	2%	£30.7	£2.7	£28.0	11.2
	3%	£30.9	£2.7	£28.1	11.3
-0.2 St Andrews; -0.85 Rest of Fife	0%	£30.6	£2.7	£27.8	11.2
	1%	£30.7	£2.7	£28.0	11.3
	2%	£30.9	£2.7	£28.2	11.3
	3%	£31.1	£2.7	£28.4	11.4

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Table D16b: Fife financial cost benefit analysis results (£millions) - Percentage rate

PED value	Investment impact	Tax revenue generated	Cost of set-up and admin	NPV	BCR
-0.2	0%	£86.5	£3.4	£83.2	25.8
	2.85%	£87.5	£3.4	£84.1	26.1
	5.70%	£89.6	£3.4	£86.3	26.7
	8.50%	£91.3	£3.4	£87.9	27.2
-0.85	0%	£85.1	£3.4	£81.8	25.4
	2.85%	£86.0	£3.4	£82.7	25.7
	5.70%	£88.1	£3.4	£84.8	26.3
	8.50%	£89.7	£3.4	£86.4	26.8
-1.5	0%	£83.7	£3.4	£80.3	24.9
	2.85%	£84.6	£3.4	£81.2	25.2
	5.70%	£86.7	£3.4	£83.3	25.8
	8.50%	£88.2	£3.4	£84.9	26.3
-0.2 St Andrews; -0.85 Rest of Fife	0%	£85.9	£3.4	£82.5	25.6
	2.85%	£86.8	£3.4	£83.5	25.9
	5.70%	£88.9	£3.4	£85.6	26.5
	8.50%	£90.5	£3.4	£87.2	27.0

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Both levy structures generate extremely high BCRs to Fife Council from a purely financial perspective. However, we note that in terms of NPV, the percentage structure generates significantly larger financial benefit – driven by the relatively higher tax rate.

Fife accommodation sector businesses CBA

This analysis measures the net present value of the turnover benefit to businesses as a result of public investment in the visitor economy using visitor levy generated funds against the present value direct costs to accommodation business and indirect costs (the value of lost turnover due to prices increases brought on by a visitor levy) over the 10-year appraisal period. Results are presented in **Tables D17a and D17b**.

Table D17a: Accommodation sector businesses financial cost benefit analysis results (£millions) - Flat rate

PED value	Investment impact	Turnover uplift	Set-up and admin costs	Turnover lost	Total cost	NPV	BCR
-0.2	0%	£0.0	£4.3	£3.0	£7.3	-£7.3	0.0
	1%	£12.7	£4.3	£3.0	£7.3	£5.4	1.7
	2%	£25.5	£4.3	£3.0	£7.3	£18.2	3.5
	3%	£12.7	£4.3	£3.0	£7.3	£5.4	1.7
-0.85	0%	£0.0	£4.3	£12.7	£17.0	-£17.0	0.0
	1%	£12.6	£4.3	£12.7	£17.0	-£4.4	0.7
	2%	£25.3	£4.3	£12.7	£17.0	£8.4	1.5
	3%	£38.3	£4.3	£12.7	£17.0	£21.3	2.3
-1.5	0%	£0.0	£4.3	£22.4	£26.7	-£26.7	0.0
	1%	£12.7	£4.3	£22.4	£26.7	-£14.0	0.5
	2%	£25.5	£4.3	£22.4	£26.7	-£1.2	1.0
	3%	£38.5	£4.3	£22.4	£26.7	£11.8	1.4
-0.2 St Andrews; -0.85 Rest of Fife	0%	£0.0	£4.3	£8.6	£12.9	-£12.9	0.0
	1%	£12.6	£4.3	£8.6	£12.9	-£0.3	1.0
	2%	£25.4	£4.3	£8.6	£12.9	£12.5	2.0
	3%	£38.4	£4.3	£8.6	£12.9	£25.5	3.0

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

The analysis suggests that the forecast impact on accommodation businesses is sensitive to PED values and investment impacts.

Achieving 1% investment impact ensures that positive returns are generated to accommodation sector businesses under all scenarios expect in the case where consumers are highly responsive to the levy (i.e.. PED of -1.50).

Table D17b: Accommodation sector businesses financial cost benefit analysis results (£millions) - Percentage rate

PED value	Investment impact	Turnover uplift	Set-up and admin costs	Turnover lost	Total cost	NPV	BCR
-0.2	0%	£0.0	£18.6	£8.9	£27.5	£-27.5	0.0
	2.85%	£22.9	£18.6	£8.9	£27.5	£-4.6	0.8
	5.70%	£74.2	£18.6	£8.9	£27.5	£46.7	2.7
	8.50%	£112.8	£18.6	£8.9	£27.5	£85.3	4.1
-0.85	0%	£0.0	£18.6	£37.6	£56.3	£-56.3	0.0
	2.85%	£22.5	£18.6	£37.6	£56.3	£-33.8	0.4
	5.70%	£73.0	£18.6	£37.6	£56.3	£16.7	1.3
	8.50%	£110.9	£18.6	£37.6	£56.3	£54.6	2.0
-1.5	0%	£0.0	£18.6	£66.4	£85.0	£-85.0	0.0
	2.85%	£22.9	£18.6	£66.4	£85.0	£-62.1	0.3
	5.70%	£74.2	£18.6	£66.4	£85.0	£-10.8	0.9
	8.50%	£112.8	£18.6	£66.4	£85.0	£27.8	1.3
-0.2 St Andrews; -0.85 Rest of Fife	0%	£0.0	£18.6	£22.3	£40.9	£-40.9	0.0
	2.85%	£22.8	£18.6	£22.3	£40.9	£-18.1	0.6
	5.70%	£73.6	£18.6	£22.3	£40.9	£32.7	1.8
	8.50%	£111.9	£18.6	£22.3	£40.9	£71.0	2.7

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

As with the flat-rate structure, the analysis suggests that the forecast impact on accommodation businesses is sensitive to PED values and investment impacts.

However, under most PED scenarios, the levy funds will need to achieve a 5.7% investment impact to ensure that positive returns are generated to accommodation sector. In comparison to the flat-rate this is a significantly higher rate of return, although the Council will have significantly more money to re-invest under the percentage-based system.

Socioeconomic cost benefit analysis

This analysis measures the present value of the net additional GVA retained in Fife as a result of investment of visitor levy generated funds against the present value of the direct costs to the council plus the direct costs to accommodation business over the 10-year appraisal period³². Results are presented in **Tables D18a and D18b**.

Table D18a: Socioeconomic cost benefit analysis results (£millions) – Flat rate

PED value	Investment impact	Net additional GVA	Council Cost of set-up and admin	Business cost of set-up and admin	Total cost	NPV	BCR
-0.2	0%	£3.9	£2.7	£4.3	£7.0	£10.9	0.6
	1%	£3.9	£2.7	£4.3	£7.0	£3.1	0.6
	2%	£28.9	£2.7	£4.3	£7.0	£21.9	4.1
	3%	£45.6	£2.7	£4.3	£7.0	£38.6	6.5
-0.85	0%	£16.4	£2.7	£4.3	£7.0	£23.4	2.3
	1%	£0.2	£2.7	£4.3	£7.0	£7.2	0.0
	2%	£16.2	£2.7	£4.3	£7.0	£9.2	2.3
	3%	£32.8	£2.7	£4.3	£7.0	£25.8	4.7
-1.5	0%	£28.9	£2.7	£4.3	£7.0	£35.9	4.1
	1%	£12.9	£2.7	£4.3	£7.0	£19.8	1.8
	2%	£3.4	£2.7	£4.3	£7.0	£3.6	0.5
	3%	£20.0	£2.7	£4.3	£7.0	£13.0	2.9
-0.2 St Andrews; -0.85 Rest of Fife	0%	£12.3	£2.7	£4.3	£7.0	£19.3	1.8
	1%	£3.9	£2.7	£4.3	£7.0	£3.1	0.6
	2%	£20.3	£2.7	£4.3	£7.0	£13.3	2.9
	3%	£36.9	£2.7	£4.3	£7.0	£29.9	5.3

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Under the “best-case scenario” the flat rate visitor levy could achieve a BCR of 6.5.

Meaning that for every £1 of total costs, £6.50 of net additional GVA will be generated in the Fife overnight visitor economy. However, in the “worst case scenario”, the levy generates a negative BCR effectively meaning that the council and accommodation sector businesses are paying to shrink the sector.

³² Note that here we do not include indirect costs (the cost of decline in turnover for businesses) as this is already accounted for in the net additional GVA benefit which is derived from net additional turnover. Net additional turnover considers the turnover generated from investment in the visitor economy using visitor levy funds minus lost turnover from price increases as described earlier.

In the baseline scenario, the flat-rate levy is expected to generate £2.90 in net additional GVA to the Fife overnight visitor economy for every £1 in cost to Fife Council and accommodation sector businesses.

Table D18a: Socioeconomic cost benefit analysis results (£millions) - Percentage rate

PED value	Investment impact	Net additional GVA	Council Cost of set-up and admin	Business cost of set-up and admin	Total cost	NPV	BCR
-0.2	0%	-£10.9	£3.4	£18.6	£22.0	-£32.9	-0.5
	2.85%	-£4.7	£3.4	£18.6	£22.0	-£26.7	-0.2
	5.70%	£84.4	£3.4	£18.6	£22.0	£62.4	3.8
	8.50%	£134.0	£3.4	£18.6	£22.0	£112.0	6.1
-0.85	0%	-£26.1	£3.4	£18.6	£22.0	-£48.1	-1.2
	2.85%	-£12.3	£3.4	£18.6	£22.0	-£34.3	-0.6
	5.70%	£25.5	£3.4	£18.6	£22.0	£3.5	1.2
	8.50%	£0.0	£3.4	£18.6	£22.0	-£22.0	0.0
-1.5	0%	-£81.9	£3.4	£18.6	£22.0	-£103.9	-3.7
	2.85%	-£56.4	£3.4	£18.6	£22.0	-£78.4	-2.6
	5.70%	£10.4	£3.4	£18.6	£22.0	-£11.6	0.5
	8.50%	£58.4	£3.4	£18.6	£22.0	£36.4	2.7
-0.2 St Andrews; -0.85 Rest of Fife	0%	-£30.3	£3.4	£18.6	£22.0	-£52.3	-1.4
	2.85%	-£4.6	£3.4	£18.6	£22.0	-£26.6	-0.2
	5.70%	£61.9	£3.4	£18.6	£22.0	£39.9	2.8
	8.50%	£109.8	£3.4	£18.6	£22.0	£87.8	5.0

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

Under the “best-case scenario” the flat rate visitor levy could achieve a BCR of 6.1. Meaning that for every £1 of total costs, £6.10 of net additional GVA will be generated in the Fife overnight visitor economy. However, in the “worst case scenario”, the levy generates a negative BCR effectively meaning that the council and accommodation sector businesses are paying to shrink the sector.

In the baseline scenario, the flat-rate levy is expected to generate £2.80 in net additional GVA to the Fife overnight visitor economy for every £1 in cost to Fife Council and accommodation sector businesses.