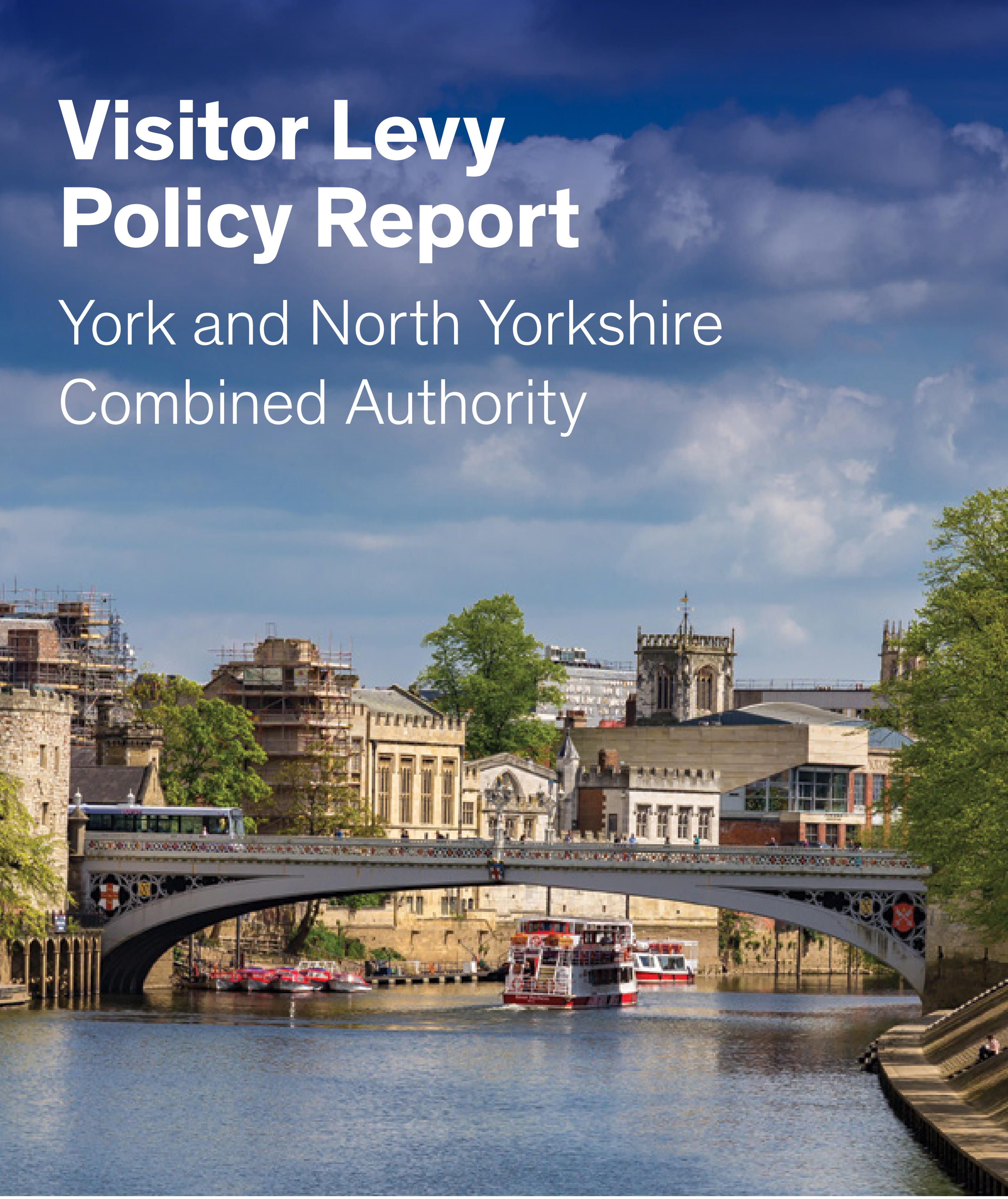
Visitor Levy Policy Report

York and North Yorkshire Combined Authority



YORK & NORTH YORKSHIRE COMBINED AUTHORITY

DAVID SKAITH MAYOR

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Executive Summary

This report has been prepared to support the York and North Yorkshire Combined Mayoral Authority in considering whether a visitor levy could be an appropriate policy option for the region. It provides a neutral, evidence-based assessment of the potential economic, social, and administrative implications of introducing a levy across York and North Yorkshire.

Tourism is a cornerstone of the regional economy, with over 41 million tourism visits annually generating a £6.2 billion visitor economy. The region's rich cultural heritage, from the walled city of York, its 2 national parks, and coastal regions, sustains a visitor economy that underpins employment, local business activity and community identity. However, high visitor volumes also place increasing pressure on local infrastructure, public services, housing, and the natural environment. In this context, a visitor levy offers a dual opportunity to invest proactively in place-based improvements, infrastructure development, environment, and destination management and marketing that will sustain and grow the visitor economy for the long term, while also addressing the pressures that high visitor volumes place on local communities, public services, public realm and the natural environment.

This report has been commissioned to provide an independent, balanced assessment of the proposed introduction of a visitor levy across the York and North Yorkshire region. It is intended to inform decision-making by elected members, officers and other stakeholders within the Combined Authority and wider industry. Drawing on both UK and international academic research, policy analysis, stakeholder interviews, and comparator case study analysis, the report identifies key opportunities, risks, and design considerations associated with a potential overnight visitor levy.

Key findings

- 7.8 million overnight visitors in 2024 represent a significant taxable base for any levy on accommodation.
- A visitor levy has the potential to generate substantial revenue for the region. A charge of £1–£2 per night could raise approximately £26 million to £52 million annually across York and North Yorkshire.
- The national legislative framework enabling English mayors to introduce visitor levies is progressing through Parliament, with the English Devolution and Community Empowerment Bill currently in the House of Lords. The earliest implementation date is likely 2027–28.
- The evidence consistently demonstrates that modest visitor levies have limited impact on overall demand. Price elasticity research indicates that small cost increases lead to proportionally smaller reductions in visitor numbers, particularly in established, high-appeal destinations such as York. Greater care is needed for price-sensitive rural and domestic market segments, and rate-setting should reflect this variation.
- Comparable schemes in Manchester, Edinburgh, Amsterdam, Paris, and Barcelona provide evidence that modest levies can raise substantial revenue with limited negative impact on visitor numbers when designed well.
- The impacts of a levy are highly dependent on local context, policy design, and implementation.
- The hospitality sector has raised legitimate concerns around competitiveness, administrative burden and cumulative tax pressure that must be carefully considered in the design of any scheme.
- Administrative complexity represents a major challenge, particularly for smaller accommodation providers and local authorities. Simpler charging models reduce this burden but may raise concerns around fairness.
- Consideration should be given to a unified English framework to ensure a simplified approach for industry and visitors.
- Stakeholder support is conditional, with strong emphasis placed on:
  - Transparent governance and equity
  - Clear communication
  - Ring-fencing (hypothecation) of revenues for tourism-related purposes
- The policy involves clear compromises between revenue generation, administrative simplicity, fairness, and competitiveness, and no single model fully resolves these tensions.
- Revenue allocation, governance and stakeholder engagement will be critical to the levy's acceptance and long-term success.

Key conclusion

Overall, the evidence suggests that a modest, well-designed visitor levy could be a viable policy option for York and North Yorkshire, and the case for proceeding to a structured feasibility and development phase is strong. The region has a substantial overnight visitor base, compelling investment needs, and an increasing political interest in exploring new funding mechanisms. The emerging national framework, the Scottish and Welsh precedents, and the growing body of UK operational experience provide a practical evidence base which to build upon. However, this is contingent on careful policy design, strong stakeholder engagement, and the establishment of clear governance, delivery and evaluation mechanisms. The key policy question is not simply whether a visitor levy should be introduced, but how to design and implement one that commands stakeholder confidence, delivers demonstrable public value, and reflects the specific characteristics of this region. Based on the evidence assessed in this report, a flat-rate levy introduced at £1 per night, with a clear spending framework, transparent governance, and a built-in review mechanism, represents the most deliverable and credible starting point. This creates a foundation from which rates or structures can be refined as the evidence base develops, without the risks that come from attempting to design the definitive scheme before operational experience exists.

Recommendations

The report does not assume the introduction of a levy but identifies a series of next steps to inform decision-making:

1. **Undertake a formal feasibility study**
   Including detailed economic modelling, legal analysis, governance and a distributional impact assessment for York and North Yorkshire.
2. **Initiate early and structured stakeholder engagement**
   Engaging accommodation providers, tourism businesses, residents, and visitors before any policy commitment is made, with a commitment to ongoing stakeholder engagement and decision-making
3. **Develop a clear strategic narrative and spending framework**
   Clearly define the purpose of the levy and how revenues would be used to deliver visible tourism-focused and place-based benefits.
4. **Prioritise simplicity in policy design**
   With an initial preference towards flat-rate or tiered models to minimise administrative burden, and consider to what extent a unified approach across England could be introduced.
5. **Assess administrative capacity and delivery options at an early stage**
   Including systems, exemptions, staffing, enforcement mechanisms, and associated costs.
6. **Address key evidence gaps**
   Particularly around visitor price sensitivity, accommodation data, and behavioural impacts.
7. **Ensure regional coordination and consistency**
   Any future visitor levy should be developed at the Combined Authority level, rather than through fragmented local approaches to reduce administrative complexity and improve clarity for operators.

8. **Allow sufficient lead-in time for implementation**
   If a decision is taken to proceed, implementation should include a clear and realistic timeline that considers system development and testing and stakeholder engagement and communication.
9. **Develop a clear communication strategy**
   A comprehensive communication strategy should be developed that explains the purpose of the levy, sets expectations for businesses and visitors and highlights the benefits of reinvestment.
10. **Support national coordination and consistency**
    The Combined Authority should work with central government and other regional authorities to support the development of a more consistent national framework for visitor levies.
11. **Establish a visitor levy advisory group**
    The Combined Authority should establish a Visitor Levy Advisory Group to support the governance and oversight of revenue use.
12. **Establish a monitoring and evaluation framework**
    Any visitor levy should be accompanied by a formal monitoring and evaluation framework from the outset.

The report concludes that a visitor levy is a viable but complex policy option that requires further development rather than immediate implementation. The report presents emerging analysis and findings that are evolving.

Foreword

The launch of the York and North Yorkshire Policy Lab marked a step change in how we think about policy in our region. It was created with a clear purpose: to develop policy in the region, by the region, for the region, bringing together local insight, academic expertise and real-world experience to tackle the challenges and opportunities we face.

This report is that mission in practice.

Through our partnership with York St John University, the Policy Lab is turning ideas into action, combining robust, community-focused research with a deep understanding of place to shape practical solutions that work for our communities. I want to thank the team at York St John University for their leadership, insight and commitment in bringing this work together. Their contribution demonstrates the very best of what this collaboration can achieve.

The focus of this first programme, the potential introduction of an Overnight Visitor Levy, speaks directly to one of the biggest opportunities facing our region. York and North Yorkshire welcomes over 41 million visitors each year, generating a £6.2 billion visitor economy that supports jobs, businesses and local pride but also creates real pressures on infrastructure, services and communities.

This report explores whether a visitor levy could provide a valuable additional funding mechanism for our region. Early modelling suggests that a modest charge on overnight stays could raise substantial revenue each year to reinvest back into our places, supporting transport, infrastructure, environmental management and the visitor economy itself.

This is about more than funding. It is about fairness, sustainability and long-term stewardship, ensuring that the success of our visitor economy benefits the communities who host it, and that we protect what makes this region so special for generations to come.

As Mayor, I have been clear that we must explore this opportunity carefully, transparently and in partnership, with residents, with businesses, and with the sector.

My team and I will now look closely at the data and recommendations set out here, working with the sector to ensure we deliver the very best outcome for our region. The work of the Policy Lab at York St John University gives us the evidence, insight and confidence to do exactly that. Together, this is what devolution looks like in practice: new ideas, rooted in place, shaped locally, and delivering for the people of York and North Yorkshire.

David Skaith,
Mayor of York and North Yorkshire

Contents

1. Introduction

Tourism plays a central role in the economy of York and North Yorkshire, supporting employment, investment, and place identity. The region attracted over 41 million tourism visits in 2024 of whom 7.8 million stayed overnight. Tourism contributed an estimated £6.2 billion to the regional economy in that year (STEAM, North Yorkshire Council, Visit York, 2024) . The region's assets, including York Minster, Castle Howard, Whitby Abbey, the North York Moors, the Yorkshire Dales and a thriving hospitality sector, attract visitors from across the UK and internationally.

However, high visitor volumes also place increasing pressures on local infrastructure, public services, housing, and the environment. These pressures can generate costs for local authorities and communities that are not always directly offset by tourism-related revenues. In 2023, over 94% of 701 surveyed residents in the North York Moors National Park felt that tourism had a negative impact on the housing market (North York Moors National Park, 2023), with North Yorkshire Council introducing strict council tax premiums on empty homes and second homes from April 2024.

Environmental degradation is also a significant issue, with popular walking routes such as the summit of Roseberry Topping and the Yorkshire Three Peaks suffering erosion caused by high foot traffic (National Trust, 2026). In this context, there is growing interest in policy mechanisms that can support more sustainable and balanced visitor economies, exemplified in the York Tourism Strategy for 2032, which explicitly seeks 'transformation towards a more regenerative and sustainable visitor economy' (York Tourism Strategy, 2024)

One such mechanism is a visitor levy, a charge typically applied to overnight stays, which many international destinations use to generate dedicated funding for destination management and marketing,infrastructure investment, arts, culture, and environmental mitigation.

Recent policy developments in England, alongside legislative changes made by the devolved Scottish and Welsh administrations, have increased the relevance of visitor levies as a potential tool for local and regional authorities, including the York and North Yorkshire Combined Authority.

This report addresses the key policy question:

To provide an independent, balanced assessment of the proposed introduction of a visitor levy across the York and North Yorkshire region.

The report provides a neutral, evidence-based assessment of the potential economic, social, and administrative implications of introducing a visitor levy. It draws on early and emerging academic research, policy analysis, stakeholder insights, and comparator case study analysis.

The report does not assume the introduction of a visitor levy but is intended to support informed decision-making and further policy development.

[1]The combined figure of 41.7 million was calculated by adding the STEAM 2024 visitor figures for North Yorkshire (32.3 million tourism visits) to the STEAM 2024 visitor figures for the City of York (9.4 million visitors).

1.2 Methodology

This report adopts a mixed-methods approach, combining quantitative analysis, qualitative stakeholder insights, and a review of existing academic and policy literature. The aim is to provide a robust and balanced evidence base to inform decision-making by the York and North Yorkshire Combined Authority and industry stakeholders.

A review of relevant academic and policy literature was undertaken to assess the impacts and design of visitor levies. Sources included:

- Academic journals in tourism economics and policy
- Reports from international organisations such as the Organisation for Economic Co-operation and Development (OECD) and the United National Word Tourism Organisation (UNWTO)
- UK government publications and consultation documents
- Policy publications and grey literature from international governments and tourism organisations
- Industry reports and position papers

This review informed the analysis of economic, social, and distributional impacts presented in Section 4.

Primary research was conducted through semi-structured interviews with representatives from:

- Local authorities across England, Wales, and Scotland
- Combined Authorities and regional bodies
- An English Business Improvement District (BID) operating an accommodation-based levy

The interviews explored:

- Experiences of visitor levy design and implementation
- Perceived challenges and risks
- Lessons learned and practical advice

Revenue estimates for potential visitor levy scenarios were developed using STEAM tourism economic impact data for York and North Yorkshire (North

Yorkshire Council, 2024; Visit York, 2024), in line with Visit North Yorkshire and Visit York published STEAM data for tourism-related economic monitoring.

The modelling:

- Estimates total overnight stays in paid accommodation
- Applies indicative levy rates under different models (flat-rate, tiered, and percentage-based)

The results provide illustrative estimates of potential revenue, rather than precise forecasts, and are subject to the limitations outlined in Section 3.5.

The analysis is subject to several limitations:

- The UK evidence base on visitor levies remains limited and evolving, particularly in England
- Revenue modelling relies on aggregate data and assumptions, including occupancy rates and compliance
- Stakeholder interviews reflect a sample of perspectives and may not capture the full range of views

These limitations are acknowledged throughout the report, and findings should be interpreted as indicative rather than definitive.

2. Policy Context

2.1 What is a Visitor Levy?

A visitor levy, often referred to as a tourism tax, is a charge commonly applied through overnight accommodation and which the visitor is liable to pay. Such levies are widely used internationally as a mechanism to generate revenue from tourism activity and to support the sustainable management of destinations (OECD, 2014; UNWTO, 2019).

Visitor levies are typically designed with two core objectives. First, they provide a dedicated source of funding that can be reinvested into the visitor economy, including destination marketing, infrastructure improvements, culture and the arts, and environmental management. Second, they are used to help mitigate the impacts of tourism, particularly in areas experiencing high visitor volumes, by contributing to the maintenance of public services, environmental protection, and local infrastructure improvements and development (Gago et al., 2009; UNWTO, 2019).

Internationally visitor levies are well established, with schemes operating across a wide range of destinations, including major cities such as Amsterdam and Barcelona, as well as smaller and rural destinations such as Hawaii and New Zealand. As of September 2026, there are currently 50 countries worldwide that utilise a visitor levy system in some form (Ap Gwilym et al., 2026). Although the structure and scale of these levies differ, a common feature is the hypothecation (ring-fencing) of revenues for tourism-related purposes. This is widely recognised as critical to maintaining public and industry support as it provides transparency and demonstrates a direct link between the levy and local benefits.

Visitor levies are designed and implemented in diverse ways, with models including:

- **Percentage-based occupancy taxes calculated as a proportion of accommodation costs**, such as in Amsterdam (12.5%), Berlin (7.5%) and the City of Edinburgh (5%)
- **Per person per night levies**, such as in Lisbon (€4 per person per night, capped at 7 nights)
- **Environmental levies**, such as Hawaii's 'Green Fee' and Greece's Climate Crisis Resilience Fee
- **Additional access fees for popular sites**, such as the peak-season charge imposed in the historic city centre of Venice, and the 'eco-tax' entry charge for visitors to hike at Mount Teide in Tenerife
- **Flat fees paid prior to or at the point of arrival**, such as the New Zealand International Visitor Conservation and Tourism Levy (IVL) and the Bali Tourist Levy
- **Tiered systems**, where different rates apply depending on accommodation type or location

The scope of application also varies. While most schemes apply to overnight accommodation, some jurisdictions extend levies to day visitors, transport arrivals, or specific attractions. Revenue collection and administration can be undertaken at different levels of governance, including national, regional, or at local authority level, and in some cases, through partnerships with industry bodies such as the Accommodation Business Improvement District (A-BID) scheme in the UK.

A summary of some of the main schemes currently in use is given below.

Destination	Rate	Status / Introduced	Revenue Use
Edinburgh	5% of accommodation cost	July 2026	Infrastructure, housing, events
Manchester	£1 per night (A-BID)	Since 2023	Marketing, street services (raised £2.8m/yr)
Liverpool	1.6% of cost (A-BID)	Since 2025	Events, public realm
Amsterdam	€3 + 7% of room cost	Long-established	City maintenance, tourism management
Paris	€1–€15 per night (tiered)	Long-established	General municipal budget
Barcelona	€2.75–€4 per night	Long-established	Tourism management

Despite their widespread use, visitor levies remain a contested policy instrument. While supporters argue that they represent a fair mechanism for ensuring that visitors contribute to the costs they generate, critics highlight the potential impacts on competitiveness, administrative burdens for businesses, and concerns around fairness, particularly in relation to flat-rate models. As a result, the effectiveness of visitor levies is highly dependent on local context, design choices, stakeholder engagement, and the governance and implementation approaches (European Travel Commission, 2022; UKHospitality, 2023).

2.2 National Policy Context (England and Devolved Nations)

The policy landscape for visitor levies within the United Kingdom (UK) has evolved significantly in recent years. In England, visitor levies have historically not been permitted as a formal statutory mechanism. However, in November 2025, the UK Government announced it would grant Mayoral Strategic Authorities the powers to introduce discretionary overnight visitor levies. This forms part of a broader programme of fiscal devolution, aimed at providing elected mayors with greater control over local revenue-raising mechanisms to support economic growth and place-based investment (UK Government, 2025).

At the time of writing, the detailed design and implementation framework for these powers remains to be developed. A national consultation on visitor levies ran between November 2025 and February 2026, with outcomes yet to be fully published. As a result, there is ongoing uncertainty regarding the scope, constraints, and practical operation of visitor levies in England, including issues such as charging structures and administration, the governance and allocation of revenues, the extent of local authority powers, and the degree of flexibility available to destinations.

As of September 2026, the projected timeframe involved:

1. Consultation Phase concluded in February 2026 (Ministry of Housing Communities and Local Government, 2026).
2. Legislative Phase (2026). Primary Legislation: English Combined Authorities do not have the legal power to charge a levy. Announced in the Kings Speech (May 2026) the English Devolution and Community Empowerment Bill is to include powers for Mayoral Strategic Authorities to charge a levy – due mid to late 2026.
3. Earliest implementation 2027 – 2028. A notice period will be required (12 – 18 months) to assist businesses update their accounting systems.

In the absence of statutory powers, some English cities have developed alternative approaches through Business Improvement Districts (BIDs). For example, accommodation-based BIDs in Manchester and Liverpool have introduced voluntary or semi-formal levy systems, where accommodation providers contribute funds for reinvestment in the visitor economy (Greater Manchester Combined Authority, 2023). While these models provide useful insights into stakeholder engagement and revenue use, they differ significantly from statutory levies in terms of their legal basis, consistency of participation, enforcement mechanisms, scale and predictability of revenue, and the extent of local authority control over collection and allocation.

In contrast, both Scotland and Wales have introduced formal legislative frameworks for visitor levies. In Scotland, legislation enables local authorities to design and implement their own visitor levy schemes, providing a relatively high degree of local autonomy. Authorities can determine key aspects such as charging structure, rate levels, and certain exemptions, within a national legislative framework. Early proposals, including those in Edinburgh, have explored percentage-based levies, although subsequent developments have introduced greater flexibility, including the option of flat-rate models in response to concerns about administrative complexity.

In Wales, the approach is more centralised and standardised. National legislation establishes a fixed framework for visitor levies, including defined charging rates and structures, with local authorities able to opt into the scheme. The Welsh model adopts a tiered flat-rate system, with different rates applied to categories of accommodation such as hotels, self-catering properties, and campsites. Collection and administration are undertaken centrally by the Welsh Revenue Authority, reducing the administrative burden on individual local authorities but limiting local flexibility.

Across both devolved administrations, there are common features that reflect emerging best practice, including:

- A requirement to establish visitor levy forums to engage stakeholders in decision-making
- The ring-fencing of revenues for tourism and destination management purposes
- Defined implementation timelines to allow for preparation and consultation

Despite these developments, the UK evidence base on visitor levies remains limited and evolving, particularly in England where schemes have yet to be widely implemented. As a result, much of the available evidence presented in this report is drawn from international experience or early-stage UK initiatives.

At the same time, the policy remains highly contested within the UK tourism and hospitality sector. Industry stakeholders have raised concerns about the potential impact of additional costs on visitor demand and competitiveness, particularly given the existing tax burden on the sector, such as VAT. There are also concerns regarding administrative complexity, especially for small and independent accommodation providers (UKHospitality, 2023). However, emerging evidence suggests that modest levies are unlikely to have a significant impact on overall visitor demand, particularly in established destinations, and that public support may be stronger where revenues are clearly linked to visible local benefits.

These developments indicate that visitor levies are becoming an increasingly viable policy option within the UK, particularly in the context of expanding fiscal devolution. Yet, they also highlight that policy design, implementation, and outcomes remain uncertain and highly context dependent (OECD, 2014; UNWTO, 2019). This reinforces the importance of considering the specific characteristics of the York and North Yorkshire visitor economy when assessing whether a visitor levy would represent an appropriate and effective policy tool.

3. York and North Yorkshire Context

3.1 Overview of the Visitor Economy

Source: York and North Yorkshire Combined Authority Map (May 2026), https://hub.datanorthyorkshire.org/dataset/york-and-north-yorkshire-combined-authority-mapping/resource/4b3da566-8e75-457b-8173-c757ee1d9189

York and North Yorkshire represent one of the most significant and diverse visitor economies in England. The region welcomes over 41 million visitors annually (VisitBritain, 2024), generating substantial economic activity and supporting businesses, employment, investment and culture. The area combines the major historic urban destination of the City of York, established coastal and spa towns such as Harrogate, Scarborough and Whitby, extensive rural landscapes, including the Yorkshire Dales National Park and the North York Moors National Park, as well as three National Landscapes (formerly Areas of Outstanding Natural Beauty). This diversity underpins a visitor economy that is both economically significant and geographically dispersed, encompassing day visitors, short breaks, and longer rural stays.

Tourism plays a central role in the regional economy. The sector is worth approximately £6.2 billion, contributing to local employment across accommodation, hospitality, and attractions, with the sector supporting 54,000 jobs across the region , business viability in rural and coastal areas, especially given that the business landscape of North Yorkshire is dominated by micro businesses (YNYCA and Y-PERN, 2025), and the maintenance of cultural and heritage assets, including the preservation of historic landmarks (Historic England and the York and North Yorkshire LEP, 2021). At the same time, the scale and distribution of visitor activity create varying pressures across the region, requiring careful consideration in policy design.

In this context, a visitor levy offers a dual opportunity. It would provide dedicated, locally retained funding to address infrastructure and environmental pressures. But it is equally a tool for proactive investment in the future quality and competitiveness of the destination. Evidence from comparable UK schemes illustrates this dual role clearly. The Manchester Accommodation BID levy has directed funds towards securing major events for the city, including the BRIT Awards in 2026 and 2027, generating significant economic benefit that would not have been achievable without a reliable, ring-fenced funding stream. A well-designed visitor levy for York and North Yorkshire could similarly support destination marketing, visitor experience improvements, and strategic investment in culture, heritage and environment that sustains long-term visitor appeal. The case for a visitor levy therefore rests not only on managing the costs of tourism, but on actively investing in its future.

3.2 Structure of the Visitor Economy

The visitor economy in York and North Yorkshire is characterised by a mixed accommodation base, including serviced accommodation (hotels, guest houses, B&Bs), non-serviced accommodation (self-catering properties, holiday lets) and outdoor and budget accommodation (campsites, caravan parks, hostels). Notably, the non-serviced accommodation sector is particularly significant, especially in rural and coastal areas. This has important implications for visitor levy design, as charging mechanisms may affect accommodation types differently, administrative capacity varies significantly across providers and smaller operators may be more sensitive to additional regulatory burden.

The region also has a strong domestic tourism market, alongside a concentration of international visitors in key destinations such as York. Visitor behaviour includes:

- High volumes of day visitors: of the 41.7 million tourism visits to the York and North Yorkshire region in 2024, 33.9 million visits were made by day visitors.
- In the City of York, 7.7 million visits out of a total of 9.4 million were made by day visitors (STEAM, North Yorkshire Council and Visit York, 2024)[2]
- Short stays in urban areas: in the City of York, the average length of overnight stay in 2024 was 3.3 nights (Visit York, 2024)
- Longer stays in rural and coastal locations: in North Yorkshire, staying visitors spent an average of 4 nights in the area (North Yorkshire Council, 2024)

These patterns are important when considering the scope and effectiveness of a levy, particularly where charges apply only to overnight stays.

[2]The combined figure of 33.9 million was calculated by adding the STEAM 2024 visitor figures for North Yorkshire (26.2 day visits) to the STEAM 2024 visitor figures for the City of York (7.7 day visits).

3.3 Spatial Variation and Local Pressures

Tourism impacts are not evenly distributed across the region. For example, the City of York experiences high visitor density, with pressures on infrastructure, public space, and services associated with a compact urban environment. Rural and protected landscapes, including National Parks, experience seasonal and location-specific pressures, particularly in popular visitor hotspots. Within the York and North Yorkshire area, both the North York Moors and the Yorkshire Dales are economically strong rural tourism destinations, with the North York Moors in particular experiencing high pressure relative to land area. STEAM modelling indicated that the North York Moors received 6,247 visitors per square kilometre in 2023, compared to 2,337 in the Yorkshire Dales in 2022. These differences highlight that a 'one-size-fits-all' approach to a visitor levy may not fully reflect the diversity of the regional visitor economy. Instead, policy design may need to consider spatial variation, seasonality and the differences in accommodation types and visitor behaviour.

Tourism generates substantial economic benefits for York and North Yorkshire, and a visitor levy is best understood as a mechanism for protecting and enhancing those benefits over the long-term, not simply as a response to the costs tourism creates. However, it also creates cost pressures for local authorities and communities. Local authorities are increasing responsibility for maintaining the infrastructure that makes the region an attractive destination such as roads, paths, public spaces, waste management, natural landscape management, and heritage conservation. In many cases, these costs are not directly recovered from visitors, placing significant and unsustainable pressure on local authority budgets at a time of constrained public finances. The mismatch between the costs generated by high visitor volumes and the resources available to manage them creates a compelling policy rationale for a dedicated funding mechanism. A visitor levy would not only help redress this imbalance but, if well-designed and clearly hypothecated, could fund the kind of strategic investment in the region's infrastructure, environment and visitor experience that sustains its appeal and competitiveness for years to come.

3.5 Visitor Levy Revenue Potential

Preliminary modelling based on STEAM tourism data provides an indication of the potential scale of revenue that could be generated through different visitor levy models in York and North Yorkshire. These estimates are indicative and depend on assumptions regarding occupancy, pricing, and compliance.

3.5.1 Flat-Rate Model

A flat-rate model applies a fixed charge per room (or per person) per night. Based on available data:

North Yorkshire:

- Approximately 21.38 million paid accommodation nights annually
- £1 per night → ~£21.4 million
- £2 per night → ~£42.8 million

City of York:

- Approximately 4.75 million paid accommodation nights annually
- £1 per night → ~£4.75 million
- £2 per night → ~£9.5 million

Combined total:

- £1 levy → ~£26.1 million annually
- £2 levy → ~£52.3 million annually

(North Yorkshire Council, 2024; Visit York, 2024)

Interpretation:
A flat-rate levy offers predictable and substantial revenue, with relatively simple administration. However, it may raise concerns regarding fairness, particularly for lower-cost accommodation. Consideration should also be given to gross verses net in the context of the administrative costs of delivery.

3.5.2 Tiered Flat-Rate Model (Welsh Model)

A tiered model applies different flat rates depending on accommodation type, as proposed by the Welsh Government. Indicative assumptions:

- £1.30 per night for serviced accommodation
- £0.75 per night for non-serviced accommodation

Estimated revenue:

- North Yorkshire → ~£21.8 million
- York → ~£5.3 million
- Combined → ~£27.1 million annually

(North Yorkshire Council, 2024; Visit York, 2024)

Interpretation:
A tiered model generates similar revenue to a £1 flat-rate, while partially addressing fairness concerns. However, it introduces additional administrative complexity.

3.5.3 Percentage-Based Model

A percentage-based model applies a charge as a proportion of accommodation cost, as proposed in schemes such as Edinburgh.

Due to variability in accommodation pricing, precise modelling is more complex. However, an indicative scenario can be constructed:

Assumptions:

- Average nightly accommodation cost (blended estimate): £100
- Levy rate: 5%
- Approx. 26 million paid nights across the region

Indicative revenue:

- £100 × 5% = £5 per night
- £5 × 26 million nights = ~£130 million annually (upper illustrative estimate)

Interpretation:
A percentage-based model has the potential to generate significantly higher revenue, particularly from higher-value accommodation. However, estimates are highly sensitive to pricing assumptions, the model is administrative complex and there is a greater risk of behavioural responses (e.g. pricing adjustments).

3.5.4 Key Considerations Across Models

Across all models, revenue outcomes are influenced by:

- Charging basis (per room vs per person)
- Charging period, for example whether a levy is 'capped' at a certain number of nights
- Exemptions (e.g. children, residents)
- Compliance rates
- Seasonal variation
- Accommodation pricing

Overall Implications

- Even modest flat-rate or tiered levies can generate substantial and reliable revenue streams
- Percentage-based models offer higher theoretical revenue, but with increased uncertainty and complexity
- There is a clear trade-off between:
  - Revenue maximisation
  - Administrative simplicity
  - Perceived fairness

No single model fully satisfies all criteria; the choice of approach involves compromises between simplicity, fairness, revenue potential, and administrative feasibility.

Model	How it Works	Indicative Revenue (Y&NY)	Advantages	Disadvantages
Flat-Rate	Fixed charge per room per night (e.g. £1–£2)	£26m–£52m annually	• Simple to understand and administer • Predictable revenue • Low compliance burden	- Regressive (higher impact on budget accommodation) - Less responsive to price variation
Tiered Flat-Rate	Different fixed rates by accommodation type (e.g. hotels vs campsites)	~£27m annually	- Balances simplicity and fairness - Reflects accommodation diversity - Familiar UK model (Wales)	- More complex than flat-rate - Still partly regressive - Requires classification system
Percentage-Based	Levy based on accommodation price (e.g. 5%)	~£50m–£130m+ (highly variable)	- Progressive (fairer) - Higher revenue potential - Scales with market conditions	- Complex to administer - Greater compliance burden - Revenue less predictable - Risk of pricing distortions

3.5.5 Caveats and Limitations

The revenue estimates presented should be interpreted as indicative and subject to several important limitations. First, the estimates assume full compliance across all accommodation providers, including small and non-serviced operators. In practice, compliance levels may vary, particularly in the short-term, and enforcement mechanisms may affect realised revenues. Second, the modelling is based on aggregate STEAM data, which provides an estimate of total overnight stays but may not fully capture the variations in occupancy rates across the year, the differences in accommodation pricing and the full scale of unregistered or informal accommodation such as short-term lets. Third, the estimates do not fully account for behavioural responses. While evidence suggests that modest levies have limited impact on demand, some reduction in overnight stays or changes in visitor behaviour cannot be ruled out, particularly in more price-sensitive segments of the market.

The table below models revenue impact under a range of demand-reduction scenarios. International evidence from established schemes suggests realistic demand effects of 2-5% at most for modest flat-rate levies.

Even under a 20% reduction in overnight stays, an outcome that would be considered extreme relative to international evidence, the levy would still generate over £20 million per year at the £1 per night rate. This suggests that the revenue case remains robust across a wide range of plausible behavioural responses.

Evidence collected for this report indicates that tourism demand is relatively price inelastic, particularly in established and high-demand destinations. For example, analyses by the OECD (2014; 2020) found that modest accommodation taxes typically have limited impact on visitor numbers, especially where charges represent a small proportion of overall trip costs. Empirical evidence from cities such as Barcelona, Amsterdam and Paris further supports this position, with visitor growth continuing following the introduction or increase of tourism levies. Research demonstrates that demand elasticity also suggest that price elasticities are generally in the range of -0.5 to -1.0, indicating that small increases in cost lead to proportionally smaller reductions in demand. In the UK context, modelling by the Greater Manchester Combined Authority (2023), alongside evidence from Scottish Government consultations, similarly

Visitor Reduction Assumption	Overnight Stays	Revenue at £1/night	Revenue at £2/night
0% — baseline (no change)	7.80 million	£26.1m	£52.2m
5% reduction	7.41 million	£24.7m	£49.6m
10% reduction	7.02 million	£23.4m	£46.9m
15% reduction	6.63 million	£22.1m	£44.3m
20% reduction — extreme scenario	6.24 million	£20.8m	£41.7m

concludes that modest per-night levies are unlikely to significantly deter visitors. Taken together, this evidence indicates that a £1 per night levy represents a marginal increase in overall trip cost and is therefore unlikely to produce substantial behavioural change, reinforcing the resilience and reliability of projected revenues.

Fourth, the figures represent gross revenue rather than net yield. They do not account for administrative and set-up costs, ongoing operational and enforcement costs, potential exemptions (e.g. children, residents, specific accommodation types) and the potential limitations to charging period, i.e. a cap on how many nights per stay a levy may be charged for. Indeed, administration costs will reduce net revenue available for investment. Based on comparable schemes, the principal cost categories are visitor levy administration and compliance staffing, a digital collection and remittance platform, guidance and support for accommodation providers, and audit, enforcement and dispute resolution. A reasonable working assumption is that administration costs will represent 4-6% of gross revenue in the early years, reducing to 2-3% at steady state. At the £1/night rate, this implies net revenue in the range of £23-25 million per year once the scheme is established. These factors would reduce the net revenue available for reinvestment.

Fifth, comparisons with other UK locations should be made with caution. The estimated revenue for York and North Yorkshire appears relatively high when compared to individual cities such as Manchester or Edinburgh. However, this reflects the combined scale of the York and North Yorkshire geography and a large volume of overnight stays across both urban and rural areas

Sixth, the data presented in this report assumes no current exemptions. The justification of exemptions is complex, and the upholding of exemptions typically requires specialised systems to be put in place which may result in implementation and management costs.

Seventh, York and North Yorkshire's visitor economy is highly seasonal. Evidence from Edinburgh's modelling suggests approximately 45% of annual levy revenue would be generated in the four summer months (June-September). For York and North Yorkshire, additional revenue peaks are expected around York Races, York Christmas market, school holidays, and bank holiday weekends at coastal and national park destinations. This seasonality has two important implications: the levy fund will receive revenue unevenly through the year and will need to manage cash flow accordingly, and any capital investment programme funded by the levy should maintain a prudent reserve against lower-than-expected receipts in quiet periods or during economic downturns.

Eight, the modelling of percentage-based levies is particularly uncertain as it relies on assumptions regarding average accommodation prices, which vary significantly across the region and by season. A more detailed assessment of revenue potential would require access to granular accommodation-level data, including occupancy rates, pricing structures, and seasonal variation. This falls beyond the scope of the current analysis but should form a core component of any future feasibility study.

Finally, revenue potential should not be interpreted as the primary criterion for policy success. The effectiveness of any visitor levy will depend equally on governance, stakeholder acceptance, implementation feasibility and the demonstrable benefits delivered through reinvestment.

Taken together, these caveats suggest that the estimates presented should be understood as order-of-magnitude indicators rather than precise forecasts. They are intended to illustrate the potential scale of revenue under different models, rather than predict exact outcomes.

3.5.6 Equity and Distributional Analysis

A flat-rate visitor levy applies the same nominal charge regardless of accommodation cost, creating an inherently regressive distributional effect: the same £1 or £2 per night represents a larger proportion of the bill for a budget traveller than for a guest at a premium hotel. The table below illustrates this across the range of accommodation types present in York and North Yorkshire.

For most accommodation types the visitor levy represents a small fraction of total trip costs. Nevertheless, the Combined Authority should consider whether targeted exemptions or a tiered rate structure would better serve equity objectives. A de minimis exemption for the lowest-cost accommodation such as hostels, campsites could reduce regressive effects while having only a modest impact on overall revenue.

Accommodation Type	Avg. Nightly Cost	£1 Levy as % of Cost	£2 Levy as % of Cost
Youth hostel / budget	~£25-40	2.5-4.0%	5.0-8.0%
Standard B&B / guesthouse	~£60-90	1.1-1.7%	2.2-3.3%
Mid-range hotel	~£100-150	0.7-1.0%	1.3-2.0%
Premium hotel (York centre)	~£180-300+	0.3-0.6%	0.7-1.1%
Self-catering (per unit)	~£80-200/unit	0.5-1.3%	1.0-2.5%

Without explicit geographic redistribution mechanisms, rural communities and national park areas, which often bear disproportionate environmental and infrastructure pressures from tourism, risk receiving an inequitable share of revenues relative to the costs they absorb.

- National park areas face specific pressures, such as footpath erosion, wildlife disturbance and traffic on narrow rural roads, that are not addressed by general infrastructure investment. A dedicated allocation to national park and upland area management would address this gap directly.
- The proposed national framework allows constituent local authorities to receive a share of revenues. York city centre will account for a large share of overnight stays and, consequently, levy revenue. The Combined Authority should develop a transparent revenue-sharing formula for distribution between the City of York Council, North Yorkshire Council and the national park authorities.
- Coastal communities such as Scarborough, Whitby and Filey face distinct tourism pressures on their seafronts, car parks and beach infrastructure. A geographic allocation formula should ensure these areas benefit proportionately.

To maximise perceived equity, the Combined Authority should commit publicly that levy revenues represent genuine additional investment and will not substitute for existing funding, involve local communities in decisions about how revenues are spent, publish annual accounts of visitor levy income and expenditure, and consider ring-fencing a proportion of revenues (for example 15-20%) specifically for community benefit projects in areas most affected by visitor pressure. A well-designed visitor levy can rebalance this relationship by directing resources towards the things that matter most to communities.

Small, independent accommodation providers, such as family-run B&Bs, independent guesthouses, small self-catering operators, will face proportionately higher administrative costs from levy collection than large hotel chains with sophisticated property management systems. Mitigation measures could include a simple low-cost digital remittance platform, a quarterly (rather than monthly) remittance periods for smaller operators, a dedicated support programme during transition and consideration of a de-minimis threshold for micro-businesses, subject to legal advice.

3.5.7 Key Implications for Policy Design

The characteristics of the York and North Yorkshire visitor economy have several important implications for the potential design of a visitor levy:

- The diversity of accommodation types suggests that a single flat-rate model may raise fairness concerns, particularly for lower-cost and non-serviced accommodation
- The importance of small and independent providers highlights the need to minimise administrative burden and complexity
- The spatial variation in tourism pressures suggests that flexibility or targeted approaches may be desirable, although these may increase complexity
- The presence of a large day visitor market means that an overnight levy would capture only part of the visitor economy
- This suggests the need for a unified English model, with exemptions and stakeholder decision making integrated

The case for a visitor levy is strengthened by the increasing gap between the costs generated by tourism activity and the resources available to manage those impacts. Local authorities face growing financial pressures, while demand for investment in transport infrastructure, environmental management, public realm maintenance, heritage conservation and destination management continues to increase. Within this context, a visitor levy represents not simply a revenue-raising mechanism but a potential means of improving the long-term financial sustainability of the visitor economy.

Overall, the regional context reinforces the need for careful, evidence-based design that reflects local conditions rather than adopting a model developed elsewhere without adaptation. Understanding the structure and dynamics of the York and North Yorkshire visitor economy provides a critical foundation for assessing the potential impacts of a visitor levy.

4. Evidence on Impacts

This section examines the available evidence on the impacts of visitor levies, drawing on academic research, policy reports, and emerging UK experience. Sources include international organisations such as the Organisation for Economic Co-operation and Development (OECD) and the United Nations World Tourism Organization (UNWTO), alongside UK government, industry, and local authority evidence.

A consistent finding across the literature is that the impacts of visitor levies are highly context-dependent, shaped by local market conditions, visitor profiles, and policy design (OECD, 2014; UNWTO, 2019).

4.1 Economic Impacts

4.1.1 Impact on Visitor Demand

One of the central concerns associated with visitor levies is their potential impact on visitor demand and destination competitiveness. International evidence suggests that modest visitor levies typically have limited impact on overall demand, particularly in established destinations (OECD, 2014; UNWTO, 2019). Studies of tourism demand indicate that short-term travel decisions are relatively insensitive to small price increases, particularly when these represent a small proportion of total trip cost (Song et al., 2012). Emerging UK evidence supports this position. Analysis of the Manchester Accommodation Business Improvement District (ABID) found no significant impact on hotel performance following the introduction of a small nightly charge (Greater Manchester Combined Authority, 2023). Industry data from STR Global also indicates that occupancy and average daily rates remained stable following implementation.

However, impacts vary across different contexts. Research suggests that price-sensitive market segments, including domestic and budget travellers, are more responsive to cost increases (Dwyer et al., 2000). Also, smaller or peripheral destinations may be more vulnerable to demand shifts and in tourism-dependent economies, larger tax increases have been associated with measurable reductions in demand (Gago et al., 2009).

A modest levy in York and North Yorkshire is unlikely to significantly deter visitors overall, but rate-setting should reflect the region's mix of urban and price-sensitive rural markets.

4.1.2 Competitiveness and the UK Context

The potential impact of a visitor levy must also be considered within the UK's broader tax environment. Industry analysis highlights that the UK hospitality sector operates under a relatively high tax burden, including a standard VAT rate of 20% (UKHospitality, 2023). In comparison, many European destinations apply lower VAT rates while also operating tourism tax systems. For example, cities such as Barcelona and Amsterdam apply visitor levies within a different overall tax structure. Comparative research suggests that overall tax burden, rather than individual taxes, is the key determinant of competitiveness (European Travel Commission, 2022). However, wider evidence indicates that visitor levies are rarely a primary determinant of destination choice and factors such as accessibility, cultural offer, and experience quality are more influential (OECD, 2014). Competitiveness risks exist but are likely to be limited at low visitor levy levels, particularly where revenues are reinvested to enhance the visitor offer.

4.2 Social and Community Impacts

4.2.1 Resident Attitudes and Social Licence

Visitor levies are often justified as a mechanism to address the imbalance between the benefits and costs of tourism. Evidence from UK organisations such as the National Trust and Friends of the Lake District highlights growing concern among residents in high-visitor areas regarding infrastructure pressures, environmental impacts, and overcrowding (National Trust, 2022; Friends of the Lake District, 2023). This mirrors trends in European and global destinations, with visitor levy schemes justified as a means of mitigating the negative effects of high visitor numbers. Some destinations charge high fees to maximise low-volume, high-value tourism. For example, since July 2019 New Zealand has imposed an arrival tax of $100, the International Visitor Conservation and Tourism Levy (IVL), which funds nature conservation projects and the development of sustainable tourism infrastructures (New Zealand Immigration, 2026).

More commonly, destinations utilise a levy system based on small additional charges, justifying their collection by referring specifically to the pressures of overtourism. For example, from July 2026 the Visitor Contribution Act will come into force in Norway, which will allow municipalities with a demonstrably high burden from overtourism to charge a percentage-based accommodation fee for reinvestment into public goods relevant to the tourism industry (Ministry of Trade, Industry and Fisheries, Norway, 2026).

Survey-based research suggests that a significant proportion of residents in tourism-intensive areas believe local infrastructure is under strain due to visitor numbers. International evidence indicates that visitor levies can improve perceptions of fairness, increase local acceptance of tourism and support more sustainable destination management (OECD, 2014; UNWTO, 2019). However, public support is strongly dependent on transparency in revenue use, visible local benefits and early and on-going stakeholder engagement. A visitor levy could strengthen the social sustainability of tourism, but only if revenues are clearly linked to tangible improvements.

4.3 Distributional Effects and Fairness

4.3.1 Regressive vs Progressive Charging

Distributional impacts are a central issue in the design of any form of visitor levy, particularly in terms of how costs are shared across different types of visitors. Policy analysis from the Welsh Government and Scottish Government highlights an important distinction between charging models: flat-rate levies (e.g. a fixed amount per night) are typically considered regressive, while percentage-based levies (e.g. a proportion of the accommodation cost) are more progressive (Welsh Government, 2023; Scottish Government, 2024).

Flat-rate visitor levies apply the same charge regardless of the price or quality of accommodation. As a result, they represent a higher proportion of total cost for visitors staying in lower-priced accommodation, such as budget hotels, hostels, or short-term rentals. This can disproportionately affect more price-sensitive travellers, including domestic tourists, younger visitors, and those with lower incomes. In this sense, flat-rate models may raise concerns around equity and inclusivity within the visitor economy. It is important, however, to keep this concern in proportion. The absolute sums involved are small. For example, at £1–£2 per night, a flat-rate levy represents a modest addition to the cost of any stay, including budget accommodation. The equity concern is one of relative burden, not of genuine financial exclusion from the destination. Moreover, the benefits funded by a visitor levy disproportionately benefit visitors to lower-cost, rural and environmental destinations, precisely the segments most affected by the regressivity of a flat rate. The Combined Authority can further mitigate distributional concerns through a targeted de-minimis exemption for the very lowest-cost accommodation categories, such as basic campsites and youth hostels. This approach resolves the most significant equity concerns without the administrative complexity of a full tiered or percentage-based system. Crucially, evidence from comparable schemes consistently shows that visitors are more concerned about how visitor levy revenues are spent than about the structure of the charge itself. Evidence suggests that a transparent and well-communicated spending framework does more to address perceptions of unfairness than any charging model.

In contrast, percentage-based levies scale with the cost of accommodation, meaning that visitors staying in higher-end hotels or premium accommodation contribute more in absolute terms. This aligns more closely with principles of ability to pay and is therefore typically viewed as a more progressive approach. Such models may also be perceived as fairer by both visitors and industry stakeholders, particularly where the levy is positioned as a contribution to maintaining and enhancing the destination experience.

However, this creates a fundamental trade-off between fairness and administrative simplicity. Flat-rate levies are generally easier to understand, implement, and administer. They provide predictable revenue streams, are straightforward for businesses to collect, and reduce the administrative burden on accommodation providers. This simplicity can be particularly attractive in the early stages of policy implementation.

By contrast, percentage-based levies introduce greater complexity. They require alignment with pricing structures, may vary across accommodation types, and can be more challenging to administer and monitor. They may also introduce variability in revenue, particularly in destinations with seasonal demand or fluctuating pricing.

Therefore, the choice of charging model involves not only technical and administrative factors, but also broader questions of fairness, stakeholder acceptance, and the strategic objectives of the levy. In practice, some destinations adopt hybrid approaches or apply differential rates across accommodation types to balance equity and practicality. For example, Paris operates a tiered system where the visitor levy varies depending on the classification of accommodation, with higher rates applied to luxury hotels and lower rates for budget accommodation and campsites. This approach introduces a degree of progressivity while maintaining a relatively simple per night structure. Similarly, Amsterdam combines both a percentage-based charge and a fixed per-night fee. Visitors pay a percentage of the room rate alongside a flat fee, creating a hybrid model that captures revenue from higher value stays while retaining a consistent baseline contribution from all visitors. This approach helps balance fairness with revenue stability.

In Barcelona, a differentiated flat-rate system is used, where charges vary by accommodation type and quality, including separate rates for hotels, tourist apartments, and cruise passengers. This enables policymakers to reflect differences in visitor spending and impact while avoiding the administrative complexity of a fully percentage-based system. Within the UK context, emerging models such as the accommodation-based BID in Manchester apply a flat-rate charge (e.g. £1 per room per night) but only to certain types of accommodation (e.g. larger hotels within a defined area). While not fully progressive, this selective application represents a pragmatic approach to balancing administrative simplicity with targeted revenue generation.

These examples illustrate how destinations often move beyond a purely flat or purely percentage-based model, instead adopting hybrid or differentiated approaches that reflect local priorities, administrative capacity, and stakeholder preferences.

4.3.2 Impacts on Accommodation Providers

The operational and administrative burden of a visitor levy falls primarily on accommodation providers, who are typically responsible for collecting and recording the charge. Evidence from industry bodies and consultation responses highlights several key concerns associated with this responsibility, particularly around administrative burden, complexity in reporting, and the management of exemptions (UKHospitality, 2023; British Hospitality Association, 2022).

One of the most frequently cited challenges is the additional administrative workload created by levy systems. Providers must adapt booking systems, train staff, and ensure compliance with reporting requirements, which can be particularly demanding for smaller businesses with limited administrative capacity. This burden is amplified where visitor levy structures are complex or where reporting requirements are not well aligned with existing accounting systems. Closely related to this is the issue of reporting complexity. Where visitor levies involve variable rates, seasonal pricing, or percentage-based calculations, providers may face additional challenges in accurately calculating and declaring charges. This can increase the risk of errors, create uncertainty, and require ongoing engagement with local authorities or administering bodies. For businesses operating across multiple platforms or distribution channels, including online travel agents, integrating levy collection into existing systems can be particularly challenging.

The management of exemptions adds a further layer of complexity. Exemptions may apply to specific groups, such as residents, children, business travellers, long-stay guests, or educational visits, and requires providers to verify eligibility and ensure compliance. This not only increases administrative workload but can also create points of friction in customer interactions, particularly where guests are unfamiliar with the rules or question the legitimacy of the charge.

These challenges are especially pronounced given the structure of the UK accommodation sector, which includes a high proportion of small and independent providers. For these businesses, even relatively modest increases in administrative requirements can have a disproportionate impact.

At the same time, evidence suggests that acceptance among accommodation providers improves where levy systems are simple, transparent, and clearly linked to local reinvestment. Flat-rate charges, for example, are generally easier to administer and integrate into pricing structures, particularly for smaller operators. Furthermore, where revenues are visibly reinvested in destination marketing, infrastructure, or services that directly benefit the visitor economy, providers are more likely to view the levy as a shared investment rather than an additional cost burden.

As a result, the design of visitor levy systems must carefully balance fairness, simplicity, and administrative feasibility. It is important to consider not only the distributional impacts on visitors, but also the operational realities faced by accommodation providers, ensuring that systems are proportionate, easy to implement, and aligned with the capacity of businesses across the sector.

4.4 Key Insights

Across the evidence base, several consistent themes emerge:

- Visitor levies can generate significant revenue with limited demand impact at low levels (OECD, 2014; UNWTO, 2019)
- Impacts vary depending on local context and visitor profile
- Administrative complexity is a major challenge
- Stakeholder trust and transparency are critical
- There are unavoidable trade-offs between simplicity, fairness, and effectiveness

The evidence demonstrates that the effectiveness of visitor levies depends heavily on policy design. Evidence from comparable schemes demonstrates that a well-designed levy can be both an economic growth tool and a mitigation mechanism.

The following section examines the policy design options available, including different charging models and their implications.

Case Studies

The Highland Council: Strategy and Sustainability

Following the Visitor Levy (Scotland) Act 2024, the Highland Council began developing a potential visitor levy which addressed a key action point of the Council's 'Our Future Highland, 2022–2027' programme. The proposed levy aligned with wider Council goals for regional growth and resilience. The Council's Sustainable Tourism Strategy, introduced in November 2024, presents the visitor levy as a long-term systemic tool which has the potential to 'generate change in the ways we manage visitors and support the industry to deliver positive change for everyone.' (The Highland Council, 2024). The visitor levy is thereby presented as a component part of the Council's future development plans, which aim to mitigate tourism pressures, invest in local communities and support broad-spectrum economic growth.

In November 2024, the Council approved a statutory consultation on a proposed 5% levy on overnight accommodation. The Highland Council placed strong emphasis on stakeholder engagement and wider public consultation throughout the planning and development phase, in alignment with the requirements of the Visitor Levy (Scotland) Act 2024. Public consultation ran from November 2025 to March 2025, with an extension granted after tourism businesses requested more time to craft their responses. The Council designed and implemented a consultation survey, which received over 4,000 responses (The Diffley Partnership, 2025), and made provision for email submissions. A total of 27 engagement events were also carried out, both online and in-person, covering a broad geographical area as well as the widest possible sample of industry and community stakeholders. The Council asserted the importance of evidence-based decision making, commissioning an independent third-party to analyse the consultation results and undertake impact assessments.

Due to concerns raised by accommodation providers during the consultation period over the impact of a percentage-based levy system, the Highland Council paused the introduction of a visitor levy in 2025. At the time of writing, the Highland Council is awaiting the outcome of the Visitor Levy (Amendment) (Scotland) Bill, which will give Scottish councils greater flexibility in how they choose to implement visitor levy systems (The Highland Council, 2026). In response to concerns raised by accommodation providers during the consultation period, the Highland Council have paused the introduction of the visitor levy. The Highland Council's decision to pause is because it chose a percentage-based model without sufficient early engagement and then faced pushback from key stakeholders. The issue here is a design and process failure, not evidence that levies do not work.

Case Studies

Cyngor Gwynedd: A Region Under Pressure

After the passing of the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025, Cyngor Gwynedd explicitly positioned the potential introduction of a visitor levy as a means of generating revenue to fund sustainable tourism 'that benefits both visitors and communities' (Cyngor Gwynedd, 2026), aligning with the Gwynedd and Eryri Sustainable Visitor Economy 2035 Strategic Plan, as well as committing revenue to specific priorities such as protecting the Welsh language and maintaining cultural attractions. The Cyngor Gwynedd area is one of the most popular tourism destinations in Wales, with Eryri National Park covering a large part of the county. As a result, its regional economy is highly dependent on tourism. Cyngor Gwynedd responded to increasing pressure on the local environment and infrastructure when considering a visitor levy system. Areas such as Eryri have long been subject to pressures on housing (gentrification) and public services caused by high visitor numbers, as well as environmental damage from foot traffic and littering, with the impact especially clear at well-known beauty spots such as Yr Wyddfa (Eryri National Park, 2022).

When assessing the suitability of the visitor levy system for the Gwynedd area, Cyngor Gwynedd prioritised evidence-based decision making through broad-spectrum consultation and engagement with academic research. The Bangor University report, 'A Visitor Levy for Gwynedd', uses international examples to demonstrate that Cyngor Gwynedd should position a potential visitor levy as 'a mechanism for reinvestment and sustainability, not as a stand-alone tax' (Ap Gwilym et al., 2026). However, Cyngor Gwynedd has long considered the implementation of a visitor levy system as a means of supporting Gwynedd and especially Eryri as sustainable tourism destinations, estimating in 2019 that a levy could raise up to £9 million per year. Current Welsh Government estimates indicating that the levy could generate around £6 million per year, and Cyngor Gwynedd is expected to decide on whether to begin public consultation on the potential visitor levy in summer 2026. Cyngor Gwynedd has not yet decided whether to implement a visitor levy, the design of which would align with the Welsh Government's national visitor levy framework.

5. Policy Design Models

5.1 Overview of Design Choices

The design of a visitor levy is a critical determinant of its effectiveness, acceptability, and administrative feasibility. International evidence and emerging UK experiences demonstrate that there is no single optimal model, and that all approaches involve trade-offs between revenue generation, fairness, simplicity, and deliverability (OECD, 2014; UNWTO, 2019).

For York and North Yorkshire, the choice of model must reflect:

- The diversity of the visitor economy, including urban, rural, and coastal destinations
- The mix of accommodation types, including a large non-serviced sector and therefore any associated exemptions
- The need to balance revenue potential with administrative capacity and stakeholder acceptability
- Consistent use of data that reflects a unified approach

This section outlines the principal policy models available, focusing on three broad models: flat-rate, tiered flat-rate, and percentage-based levies.

5.2 Option A: Flat-Rate Levy

Description

A flat-rate levy applies a fixed charge per unit of accommodation (typically per room or per person) per night, regardless of the price of the accommodation. This is the simplest and most widely used model, particularly in destinations seeking to minimise administrative burden.

Advantages

- **Simplicity and ease of administration**
  Flat-rate systems are straightforward for accommodation providers to calculate and report, requiring only the number of overnight stays.
- **Predictable revenue stream**
  Revenue is directly linked to occupancy levels, making it relatively stable and easy to forecast.
- **Lower compliance burden**
  Particularly important for small and independent providers, which are prevalent in rural areas (UKHospitality, 2023).

Disadvantages

- **Regressive impact**
  A fixed charge represents a higher proportion of the cost of lower-priced accommodation, raising concerns about fairness (Welsh Government, 2023).
- **Limited responsiveness to market conditions**
  The levy does not scale with accommodation price or visitor spending.

Policy Implications

A flat-rate model is likely to be:

- Easier to implement and administer
- More acceptable from an operational perspective
- Potentially more contentious in terms of perceived fairness

5.3 Option B: Tiered Flat-Rate Levy

Description

A tiered flat-rate model applies different fixed charges depending on accommodation type, as proposed by the Welsh Government. For example:

- Higher rates for hotels and serviced accommodation
- Lower rates for campsites, hostels, or budget accommodation

Advantages

- **Improved fairness compared to a single flat rate**
  By differentiating between accommodation types, the model partially addresses regressivity.
- **Retention of relative simplicity**
  While more complex than a single rate, it remains significantly simpler than percentage-based systems.
- **Alignment with UK policy development**
  The Welsh model provides a relevant comparator within the UK context (Welsh Government, 2023)

Disadvantages

- **Increased administrative complexity**
  Requires classification of accommodation types and potentially more detailed reporting.
- **Residual fairness concerns**
  Even within tiers, the levy remains a fixed charge and may still disproportionately affect lower-cost providers.
- **Boundary issues**
  Differences between accommodation categories may create ambiguity or disputes.

Policy Implications

A tiered model offers a pragmatic compromise between simplicity and fairness but introduces additional complexity that must be managed through clear definitions and guidance.

Region-wide application across all of York and North Yorkshire is the most equitable approach and avoids competitive distortions between areas. Zonal approaches (e.g., higher rates in the city of York than in rural areas) could be considered but add administrative complexity.

5.4 Option C: Percentage-Based Levy

Description

A percentage-based levy applies a charge as a proportion of the accommodation price. This approach has been proposed in locations such as Edinburgh and is used in several international destinations.

Advantages

- **Progressive and perceived as fairer**
  Visitors pay in proportion to the cost of their accommodation, aligning with ability to pay (Scottish Government, 2024).
- **Higher revenue potential**
  Particularly in areas with higher-value accommodation.
- **Responsiveness to market conditions**
  Revenue increases automatically with rising prices.

Disadvantages

- **Administrative complexity**
  Requires providers to calculate the levy as a proportion of price, including handling bundled services (e.g. bed and breakfast) (UKHospitality, 2023).
- **Higher compliance burden**
  Particularly challenging for smaller providers with limited administrative capacity.
- **Potential behavioural effects**
  May create incentives for pricing adjustments or restructuring of charges.
- **Revenue uncertainty**
  More sensitive to market fluctuations and pricing strategies.

Policy Implications

A percentage-based model may be fairer in principle, as it aligns more closely with visitors' ability to pay and ensures that those staying in higher-value accommodation contribute proportionally more. This can enhance perceptions of equity among both visitors and accommodation providers and may support broader policy objectives around inclusivity and fairness within the visitor economy. However, this approach is significantly more complex to implement as such systems require integration with pricing structures that may vary by provider, seasonality, and booking platform, increasing the administrative burden on accommodation businesses. They also introduce greater complexity in reporting and monitoring, as revenues must be calculated as a proportion of fluctuating room rates rather than a fixed charge. This can create challenges for compliance, particularly among smaller providers with limited administrative capacity, and may increase the risk of errors or inconsistent application.

In addition, percentage-based models can lead to less predictable revenue streams, with this variability making financial planning and long-term investment more challenging. There are also practical considerations around enforcement and transparency. More complex systems may require enhanced oversight, clearer guidance, and potentially additional resources to ensure consistent implementation across the sector. Without this, there is a risk that compliance may vary, undermining both the effectiveness and perceived fairness of the levy.

5.5 Key Design Variables

In addition to the choice of charging model, several design variables will shape the operation and impact of a visitor levy.

Charging Basis

- Per room vs per person
  Per-person charges may increase revenue but require more detailed reporting.

Exemptions

- Common exemptions include:
  - Children
  - Long-term stays
  - Residents
  - Certain accommodation types (e.g. youth hostels)
- While exemptions may improve fairness, they increase administrative complexity.

Geographic Scope

- Levy could be applied:
  - Across the entire Combined Authority area
  - Within specific zones or high-pressure areas
- Broader coverage improves consistency but may not reflect local variation
- Region-wide application across all of York and North Yorkshire is the most equitable approach and avoids competitive distortions between areas.
- Zonal approaches (e.g., higher rates in the city of York than in rural areas) could be considered but add administrative complexity.

Seasonality

- Variable rates by season could reflect demand patterns
- However, this introduces additional complexity.

Caps on Duration

- Some schemes apply a maximum number of chargeable nights
- This limits the impact on longer stays and may improve acceptability.

5.6 Summary

The analysis highlights that no single model fully satisfies all policy objectives.

- **Flat-rate models** prioritise simplicity and ease of implementation but raise fairness concerns
- **Tiered models** offer a balance between simplicity and equity but introduce additional complexity
- **Percentage-based models** are more progressive but significantly more difficult to administer

Overall, the choice of model involves fundamental trade-offs between:

- Revenue generation
- Fairness
- Administrative feasibility
- Stakeholder acceptability

These trade-offs must be considered alongside the specific characteristics of the York and North Yorkshire visitor economy. While the choice of levy model is critical, its success ultimately depends on how it is implemented in practice.

The following section examines the delivery and implementation considerations, including administration, enforcement, governance, and the use of revenues.

6. Delivery and Implementation

6.1 Overview

The successful introduction of a visitor levy depends not only on policy design, but on the effectiveness of its delivery and implementation. Evidence from UK and international experience indicates that administrative feasibility, governance arrangements, and stakeholder engagement are critical determinants of success (OECD, 2014; UNWTO, 2019).

For York and North Yorkshire, implementation considerations are particularly important given:

- The scale and geographic diversity of the region
- The large number of small and independent accommodation providers
- The absence of an existing statutory visitor levy system in England

This section outlines the key components of delivery, including administration, enforcement, governance, and the use of revenues.

6.2 Administration

System Requirements
The introduction of a visitor levy would require the establishment of systems for:

- Registration of accommodation providers
- Collection and reporting of visitor levy payments
- Monitoring and compliance

International and UK evidence suggests that administration can represent a significant operational challenge, particularly during initial implementation (Scottish Government, 2024).

Administrative Burden
A consistent finding from stakeholder engagement is that administrative burden is a primary concern, particularly for small and independent businesses.

Key issues include:

- Additional reporting requirements
- Complexity in calculating charges (particularly under percentage-based models)
- Managing exemptions and eligibility

Evidence from UK consultations indicates that simpler systems, particularly flat-rate models are generally more manageable for smaller providers (UKHospitality, 2023).

Approaches to Administration
Different administrative models are available:

- **Local authority-led systems**
  Using existing council tax or business rates teams to manage collection and enforcement
- **Centralised systems**
  As in Wales, where the Welsh Revenue Authority manages collection on behalf of local authorities (Welsh Government, 2023)
- **Hybrid approaches**
  Combining local oversight with shared or outsourced systems

Leveraging existing administrative capacity is likely to reduce risk and improve efficiency, particularly in the early stages of implementation.

6.3 Enforcement and Compliance

Compliance Mechanisms
Effective enforcement is essential to ensure that revenues are collected and that the system is perceived as fair. Common approaches include:

- Mandatory registration of accommodation providers
- Regular submission of returns
- Cross-referencing with external data sources (e.g. occupancy data, booking platforms)

In some models, digital systems are used to flag inconsistencies or non-compliance. The growing role of online booking platforms may also create opportunities to streamline collection and reporting processes, although the extent to which such platforms could support visitor levy administration would depend on future legislative arrangements.

Key enforcement challenges include:

- Identifying and monitoring non-traditional accommodation, such as short-term lets
- Ensuring compliance among small or informal providers
- Balancing enforcement with a proportionate regulatory approach

Evidence from UK and international experience suggests that high levels of compliance are typically achieved over time. However, early implementation may require active monitoring and support.

Burden of Proof and Exemptions
Managing exemptions (e.g. for children, residents, or specific accommodation types) can create operational challenges.

There is particular concern about:

- Placing the burden of proof on front-line staff
- Managing sensitive or complex eligibility criteria

Minimising complex exemptions can significantly reduce administrative burden and improve compliance.

6.4 Governance

Decision-Making Structures
Effective governance arrangements are essential to ensure accountability, transparency, equity, and strategic alignment. Evidence from UK models suggests a multi-layered approach, including:

- Combined Authority oversight
- Dedicated tourism or investment boards
- Input from Destination Management Organisations (DMOs) and industry stakeholders

Stakeholder Engagement
In both Scotland and Wales, legislation requires the establishment of visitor levy forums, bringing together representatives from:

- Accommodation providers
- Tourism businesses
- Transport and cultural organisations

These forums provide advisory input on:

- Levy design
- Use of revenues

However, stakeholder involvement must be balanced with democratic accountability, with final decisions regarding expenditure remaining the responsibility of elected representatives (Scottish Government, 2024).

Regional Coordination
There is also evidence of the importance of regional consistency, particularly where businesses operate across multiple local authority areas. A fragmented approach risks:

- Increasing administrative complexity
- Creating perceived inequities between neighbouring areas

A coordinated approach across York and North Yorkshire would improve clarity, reduce administrative burden, and help avoid the emergence of a fragmented system that could undermine stakeholder confidence.

6.5 Use of Revenue (Hypothecation)

A consistent finding across all case studies is the importance of ring-fencing revenues for tourism-related purposes. The effectiveness and acceptability of visitor levies are closely linked to how revenues are used, and hypothecation is widely regarded as essential for building stakeholder trust, securing industry support, and demonstrating public value (OECD, 2014; UNWTO, 2019). International experience suggests that visitor levies are most likely to gain public and industry acceptance when revenue is visibly reinvested in projects that address tourism-related pressures or enhance the visitor experience. Consequently, decisions regarding revenue allocation are not simply operational considerations but central elements of policy design. Successful schemes typically invest in the following:

- **Infrastructure improvements:** where revenue raised from visitor levy schemes is used for infrastructure maintenance and development to address tourism-related pressures. The City of Edinburgh allocates a fixed amount of revenue annually to housing and tourism mitigation, with a significant percentage of funds also dedicated to funding city operations and infrastructure (The City of Edinburgh Council). Since 2012, visitors to Catalonia must pay a regional tax which subsidises the regeneration of natural and cultural sites, visitors to the city of Barcelona pay an additional municipal tax on top of this which the city then uses for infrastructure projects including public transport and street cleaning.
- **Environmental protection:** there are many examples globally of revenue-gathering schemes which are specifically designed to offset the impact of tourism on landscape and the environment. In Iceland, the Tourist Site Protection Fund, introduced in 2011, to protect and diversify sites for nature tourism, using funds from an accommodation tax reinforced by government subsidies. While environmental visitor levies are longstanding in destinations such as the Maldives, which has charged a Green Tax since 2015 (Maldives Inland Revenue Authority), a broader shift in the language surrounding the hypothecation of visitor levy schemes has occurred in recent years. Greece replaced its existing overnight levy system with a nightly Climate Crisis Resilience Fee in January 2024 (Independent Authority for Public Revenue, Hellenic Republic). Alternative methods of generating revenue to offset the impact of tourism on the environment are also being explored in the UK. For example, in 2025 the North York Moors National Park introduced the ‘Make a Difference’ payback scheme, which enables the public to contribute voluntarily to conservation work through specifically justified projects (NYMNPA, 2026).
- **Cultural and heritage assets:** revenue from visitor levy schemes has been channelled into boosting local heritage, culture and the arts. For example, since 2019 a portion of the Hotel Occupancy Tax in Austin, Texas, has been ring-fenced for the region’s Live Music Fund, which supports local musicians and music venues (Austin Arts, Culture, Music and Entertainment, 2026). At the opposite end of the spectrum, additional entry fees have been used to control the flow of tourists at fragile cultural heritage sites, with the City of Venice charging an access fee for visitors to the historic city centre on certain days during the peak tourist season, on top of its regional tourist tax on overnight stays (Città di Venezia, 2026).
- **Destination marketing:** as well as improving the assets that drive visitation, revenue from visitor levy schemes is used to fund destination marketing. In 2019 Slovenia introduced a promotion tax to fund the marketing and promotion of Slovenia as a desirable tourism destination (Visit Ljubljana). In the UK, funds raised by the Manchester and Liverpool ABIDs have been channelled into attracting more visitors to the city, including by funding large-scale music and sports events, as well as business event such as conferences.
- **Business support:** in some destinations, visitor levy revenues are used to support tourism businesses directly through grants, skills development, infrastructure investment, marketing and promotion, and destination improvement initiatives. Such approaches can help offset concerns within the hospitality sector that visitor levies impose additional costs without corresponding benefits. Direct support for tourism businesses may be particularly relevant in destinations characterised by a high proportion of small and independent enterprises, where resources for investment and innovation are often limited. In the York and North Yorkshire context, business support could include funding for sustainability initiatives, digitalisation, workforce development, accessibility improvements, or visitor experience enhancements.

There is also evidence that visitors are more willing to pay when revenues are clearly explained and linked to improvements in their experience (Gago et al., 2009). Common approaches include:

- Annual reporting on revenue and expenditure
- Clearly defined spending categories
- Stakeholder input into funding priorities

The proposed national framework currently gives mayors flexibility in how levy revenue is deployed. Discussions with key stakeholders across York and North Yorkshire have identified several priority areas:

- Transport infrastructure
- Environmental management
- Heritage asset maintenance
- Public realm improvements
- Tourism marketing and destination management

The evidence reviewed suggests that the principle of ring-fencing revenue for tourism-related purposes, combined with transparent governance and stakeholder involvement in spending decisions, will be critical to securing support from both the hospitality sector and the wider public. Without clear and visible reinvestment, there is a significant risk that a visitor levy will be perceived primarily as a revenue-raising measure rather than a mechanism for supporting sustainable destination management.

International evidence demonstrates that there is no single model for the allocation of visitor levy revenues. However, three common principles emerge. First, revenues are most frequently directed towards addressing the impacts of tourism, including infrastructure pressures, housing concerns, environmental management and heritage conservation. Second, successful schemes tend to prioritise projects that deliver visible and tangible benefits to visitors, residents and businesses. Third, transparency in decision-making and expenditure is critical to maintaining legitimacy and stakeholder confidence.

The evidence also suggests that the governance of visitor levy revenues can be as important as the spending priorities themselves. Several comparator destinations have established advisory forums or stakeholder groups to provide input into spending decisions and ensure that revenues remain aligned with local priorities. Such arrangements can strengthen accountability, improve stakeholder buy-in and reduce concerns that levy revenues will be absorbed into general public expenditure.

For York and North Yorkshire, this suggests that consideration should be given not only to how much revenue might be generated, but also to the governance structures through which spending decisions are made. A formal visitor levy advisory group, comprising representatives from local authorities, tourism businesses, destination management organisations and community stakeholders, could provide an effective mechanism for ensuring transparency and maintaining confidence in the scheme.

6.6 Implementation Considerations

Phasing and Lead-In Time
Introducing a visitor levy requires significant preparation, including:

- System development
- Stakeholder engagement
- Communication with businesses and visitors

International experience demonstrates that the introduction of visitor levies is rarely a simple administrative exercise. New systems must be developed for registration, collection, reporting and enforcement, while accommodation providers require sufficient time to adapt business processes and communicate changes to customers. Consequently, jurisdictions that have introduced visitor levies have typically allowed lead-in periods of between 12 and 18 months between legislative approval and implementation (Welsh Government, 2023; Scottish Government, 2024).

Communication Strategy
Clear communication is essential to:

- Explain the purpose of the levy
- Set expectations
- Minimise resistance

This includes communication with:

- Accommodation providers
- Visitors
- Residents

Capacity and Resourcing
Implementation requires:

- Dedicated staffing
- Technical systems
- Ongoing monitoring and enforcement

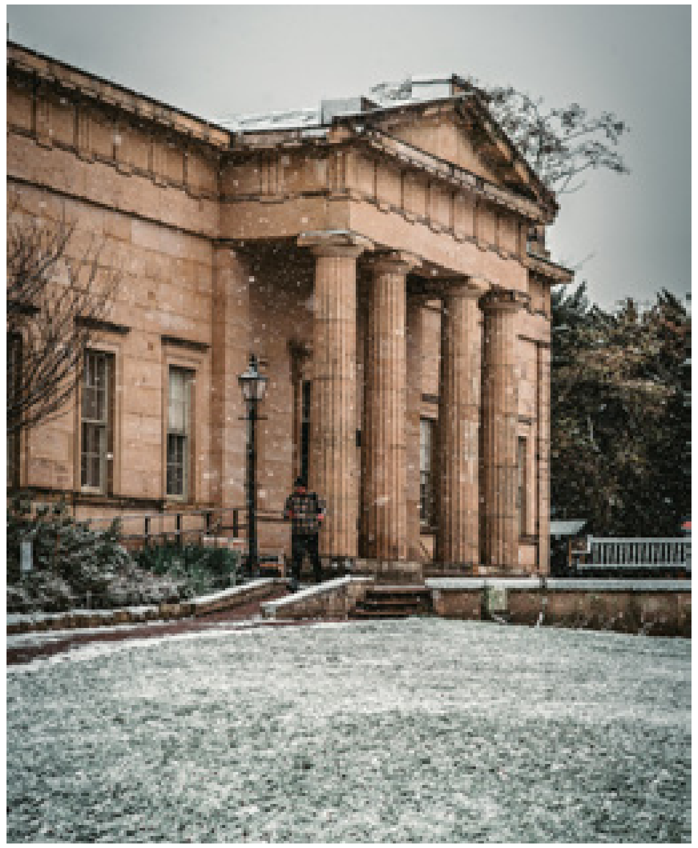
International experience demonstrates that headline revenue figures can overstate the resources ultimately available for reinvestment, as implementation, enforcement, communications and governance arrangements all incur ongoing costs. Consequently, consideration should be given to net rather than gross revenue when evaluating the benefits of a visitor levy.

Given the uncertainty surrounding the passage of the English Devolution Bill and the proposed powers for Strategic Authorities, any implementation timetable should be regarded as indicative rather than definitive. Nevertheless, based on the current legislative timetable and experiences in Scotland and Wales, the following sequence appears realistic:

2026
- Continued national policy development
- Review of consultation responses
- Initial stakeholder engagement and evidence gathering

2027
- Subject to parliamentary approval of enabling legislation
- Publication of a detailed visitor levy prospectus
- Formal consultation on levy design, governance and revenue allocation

2027–28
- Development of administrative systems
- Communication and business readiness programme
- Potential implementation, subject to legislative approval and operational readiness



An important advantage of the proposed timetable is that it allows York and North Yorkshire to learn from the experiences of early adopters. By the time any local scheme could realistically be introduced, there is likely to be emerging evidence from the implementation of the Edinburgh Visitor Levy and the operation of Accommodation BID models in cities such as Manchester and Liverpool. This will provide valuable insights into revenue generation, business impacts, stakeholder responses, governance arrangements and administrative costs. The ability to draw on real-world UK experience should reduce implementation risk and improve policy design.

Overall, the evidence suggests that successful implementation depends less on the speed of introduction and more on the quality of preparation. A phased approach, supported by adequate resourcing, stakeholder engagement and clear communication, is likely to be more effective than rapid implementation. Given the scale of administrative and governance arrangements required, early preparation should be regarded as a critical component of policy development rather than a final stage before implementation.

6.7 Summary

The implementation of a visitor levy represents a significant operational undertaking, requiring careful planning, adequate resourcing, and a realistic implementation timetable. International and UK experience demonstrates that successful schemes depend not only on the design of the levy itself, but also on the effectiveness of the systems and governance arrangements that support it.

Key success factors include:

- Simplicity of design
- Strong governance arrangements
- Effective stakeholder engagement
- Transparent and credible use of revenues
- Sufficient lead-in time and organisational capacity

The evidence suggests that many of the risks associated with visitor levies are not inherent to the policy itself but arise from weaknesses in implementation, communication, and governance. Consequently, successful delivery is likely to depend on the quality of preparation and stakeholder confidence as much as on the choice of levy model.

For York and North Yorkshire, the proposed implementation timetable provides an opportunity to develop administrative capacity, engage stakeholders, and learn from the experiences of early adopters elsewhere in the UK. This should help reduce implementation risk and support the development of a levy that is both operationally feasible and publicly acceptable.

While delivery and implementation are critical, the ultimate success of a visitor levy also depends on how it is perceived by businesses, residents, and visitors. The following section therefore examines stakeholder perspectives and engagement considerations.

7. Stakeholder Perspectives

7.1 Overview

Stakeholder perspectives are central to assessing the feasibility and long-term sustainability of a visitor levy. Evidence from UK and international destinations consistently demonstrates that meaningful engagement is not merely good practice, but critical for successful policy development and implementation (OECD, 2014; Scottish Government, 2024).

This section draws on insights from seven local authorities across England, Scotland, and Wales, one English Business Improvement District, and comparator case study analysis . It identifies the dominant themes in stakeholder opinion and draws out specific implications for York and North Yorkshire. A consistent finding is that stakeholder positions are rarely fixed. Initial resistance, particularly from the hospitality sector, can shift significantly where policy design is simple, governance is transparent, and when revenue is visibly reinvested in the visitor economy.

7.2 The Overall Stakeholder Landscape

There is no uniform position on visitor levies among the range of stakeholders likely to be engaged in York and North Yorkshire. Public authorities and destination management organisations tend to emphasise the revenue and sustainability benefits, while industry stakeholders, particularly accommodation providers, express significant concern about cost, competitiveness, and administrative burden. This divide is not unique to this region. It reflects a broader tension that has emerged consistently across UK consultations and international case studies. What distinguishes more successful levy proposals from those that have stalled or been abandoned is not the absence of opposition, but the quality of the process through which concerns are identified and addressed, and the choices made in levy design. The Highland Council's experience is instructive, but the lesson requires careful reading. The scheme was paused not because a visitor levy proved unworkable, but because the Council proposed a specific model, a 5% percentage-based levy, that placed significant administrative burden on accommodation providers and was advanced without sufficient stakeholder engagement. The pause reflects a design and process failure, not an inherent weakness of visitor levy policy. Manchester's Accommodation BID demonstrates a contrasting story. A flat-rate levy introduced through a process of genuine industry partnership achieved broad acceptance even among initially sceptical operators and has since delivered demonstrable benefits including the securing of the BRIT Awards. For the York and North Yorkshire Combined Authority, these two cases highlight the importance of approaching stakeholder engagement as an ongoing dialogue rather than a one-off consultation exercise and the need to build the spending framework alongside the design.

7.3 Key Themes

7.3.1. Economic concern is widespread but not always evidence-based

The most consistently cited concern across stakeholder evidence is that a visitor levy will reduce demand, undermine competitiveness, and place additional financial pressure on businesses, particularly small and medium-sized enterprises already operating under significant cost pressures, including VAT thresholds and rising energy and labour costs.

These concerns are most pronounced among smaller, independent operators and businesses in price-sensitive markets, where margins are tighter and any additional charge is perceived as a direct threat to viability. They are compounded by the perception that the UK hospitality sector already carries a heavier tax burden than many of its European competitors.

The evidence reviewed in Section 4 suggests that these fears are generally overstated at modest levy levels. Tourism demand is relatively price-inelastic, and comparable schemes in Manchester, Edinburgh, Barcelona, and Amsterdam have not produced the significant falls in visitor numbers that operators had predicted. However, stakeholder perception of risk can be just as consequential as actual risk. For example, if accommodation providers believe a visitor levy will harm their businesses, they are likely to oppose it regardless of what the modelling shows. Early engagement that actively presents and discusses the available evidence, rather than simply asserting that the levy is safe, will be critical to shifting these perceptions.

7.3.2. Administrative burden is often the greater concern

Stakeholders consistently identify administrative complexity as one of the most significant challenges. Operators describe the prospect of additional reporting requirements, complex calculations, and the management of exemptions as placing a disproportionate burden on businesses, particularly those with limited administrative capacity, such as small guesthouses, independent B&Bs, and self-catering operators.

This concern is particularly acute in York and North Yorkshire, where the accommodation sector is characterised by a high proportion of small, independent providers and a large non-serviced sector. For these businesses, even relatively modest increases in regulatory requirements can have a real operational impact. The risk of errors, inconsistent compliance, and disengagement from the scheme is significantly higher where systems are complex.

The practical implication is that design choices prioritise simplicity, particularly flat-rate or straightforward tiered models, which are more likely to achieve compliance and acceptance than percentage-based approaches.

> *"Go flat rate would be my tip. Keep it as simple as possible"*
>
> ***(ABID)***

The management of exemptions deserves particular attention. Exemptions for children, residents, or specific accommodation types may improve the equity of a scheme, but they also create front-line complexity for hotel and guesthouse staff who must verify eligibility, handle disputes, and manage customer interactions around a charge many visitors will be encountering for the first time. Minimising the number and complexity of exemptions or designing them in a way that does not place undue burden on individual operators, should be treated as a design priority from the outset.

7.3.3. Support is conditional on how revenues are used

A recurring and important finding across stakeholder evidence is that initial opposition to a visitor levy is not necessarily permanent. Support, or at least acceptance, can increase significantly where revenues are clearly ring-fenced, spending is transparent and accountable, and the benefits are visible and directly linked to the visitor economy. Stakeholders across all sectors express strong preference for revenues to be used for infrastructure improvements, destination marketing, culture, events, and business support, and strong concern that funds could be absorbed into general local authority budgets, with no discernible benefit to the tourism economy. This concern about hypothecation is not merely technical, it goes to the heart of whether the levy is perceived as a shared investment in the destination or simply an additional tax.

The implication for the York and North Yorkshire Combined Authority is that the spending framework must be developed in parallel with the levy design. Operators and community groups are unlikely to support a charge whose purpose remains vague or aspirational. They need to clearly see what the levy will fund, how decisions about spending will be made, and how they will be held to account. Annual public reporting on levy income and expenditure, clearly defined spending categories, and a formal stakeholder role in prioritising investment will all be important in building and sustaining the trust on which long-term acceptance depends.

> *“Don’t try and impose it on the sector. Try and work in partnership”*
>
> ***(Industry stakeholder)***

7.3. 4. Engagement must be early, genuine, and sustained

Evidence from comparator areas consistently shows that late-stage consultation increases resistance, while early engagement builds trust and shared ownership that makes implementation more viable. Several interviewees emphasised the importance of approaching the sector in a genuinely exploratory way, seeking input before positions are fixed, rather than presenting a pre-determined scheme for comment.

It is recommended that the Combined Authority should be communicating with accommodation providers, DMOs, industry bodies, and community groups now, while the legislative framework is still being developed, rather than waiting until scheme design is further advanced.

> *“Every time there has been an update from the Welsh Government on the levy, we’ve always updated our destination management organisation so that they have the latest information. That helps with maintaining our relationship with traders”*
>
> ***(Destination Management Organisation)***

Keeping stakeholders informed as the national picture develops, even before any local commitment is made, helps to establish the Combined Authority as a trustworthy partner rather than a body imposing change.

Engagement should be designed to reach across the full range of stakeholders, including large hotel groups and established industry bodies, small operators, community organisations, and residents in areas most affected by visitor pressure. Rural and coastal businesses in North Yorkshire, in particular, may have quite different concerns and perspectives from those in the City of York, and engagement design should reflect this diversity.

> *"Having as much data available as you can will help in making the case for the levy"*
>
> ***(ABID)***

7.3.5. Regional context cannot be assumed from elsewhere

Stakeholders consistently emphasise that models developed in one location do not transfer automatically to another. The visitor profile, the accommodation mix, the economic structure, and the strength of existing stakeholder relationships all shape both the likely impacts of a visitor levy and the conditions under which it could succeed. A flat-rate scheme that works well in a large urban destination with predominantly serviced accommodation may not work in a region characterised by dispersed rural tourism, high proportions of self-catering and camping, and a visitor economy heavily dependent on domestic short breaks.

York and North Yorkshire is particularly complex in this regard, combining the densely visited city of York with large rural and coastal areas where price sensitivity may be higher and operator capacity lower. Policy design must be grounded in this specific context rather than simply importing an approach from Edinburgh, Manchester, or Wales without adaptation.

7.3.6. Governance and trust are inseparable

Across all stakeholder evidence, trust in governance arrangements emerges as a critical determinant of whether a levy achieves lasting acceptance. Key questions for stakeholders include: who controls the revenue, how are decisions made about spending, and what meaningful role does industry have in shaping those decisions. Formal structures, such as the visitor levy forums mandated under Scottish and Welsh legislation, are valued for providing structured stakeholder input and enhancing transparency. However, stakeholders are also realistic about the limits of advisory roles noting that final decision-making rests appropriately, with elected members. What matters is that governance arrangements are clear, credible, and demonstrably connected to tangible outcomes. A governance structure that is transparent on paper but opaque in practice will not build the confidence the scheme requires.

7.3.7. The case for a consistent, coordinated approach

A number of stakeholders expressed concern about the risks of a fragmented patchwork of different levy schemes across England, particularly for accommodation providers operating across multiple areas, who could face different rates, charging structures, and reporting requirements in different regions. There is a strong case, from both an efficiency and equity perspective, for the Combined Authority to work with neighbouring authorities and with central government to support the development of a more consistent national framework.

At the same time, stakeholders acknowledge that full national standardisation is unlikely in the short term. The practical recommendation is that the Combined Authority coordinates closely with other Mayoral authorities both to present a united front to central government and to avoid becoming an outlier that is vulnerable to industry pressure.

> *"It will help us if we're all speaking with one voice broadly as much as possible. Because there is safety in numbers — you don't want to be an outlier"*
>
> ***(ABID)***

7.4 Implications for York and North Yorkshire

The stakeholder evidence reviewed in this section points to a clear set of conditions under which a visitor levy in York and North Yorkshire could achieve sufficient acceptance to be viable. These are not conditions that can be met at the point of introduction, rather they need to be built over the development period ahead.

The Combined Authority should expect initial resistance, particularly from accommodation providers, and should plan for it rather than be surprised by it. That resistance is not insurmountable, but it requires a response grounded in evidence, genuine dialogue, and credible commitments about how revenues will be used. Simplicity of design will matter as much as fairness in principle. Governance structures need to be transparent and meaningful, not merely consultative. And the process of engagement itself how the Combined Authority listens, communicates, and builds relationships with industry and communities will shape the political sustainability of the policy as much as any technical design choice.

The following section examines the principal risks associated with a visitor levy, drawing together evidence from across the report to identify the key challenges that any future scheme would need to address.

8. Risks and Challenges

8.1 Overview

While visitor levies offer potential benefits in terms of revenue generation and support for sustainable tourism, they also present a range of economic, operational, and political risks. Evidence from UK and international experience indicates that these risks are often the primary barrier to implementation and can significantly influence stakeholder acceptance and policy outcomes (OECD, 2014; UNWTO, 2019).

This section draws together the key risks identified across the evidence base and stakeholder engagement, highlighting the main challenges that would need to be addressed in any future development of a visitor levy in York and North Yorkshire.

8.2 Economic Risks

The central economic concern that a visitor levy will reduce demand and undermine the competitiveness of York and North Yorkshire is consistently raised by industry stakeholders, even if the empirical evidence suggests it is often overstated. International evidence from established schemes indicates that modest per-night levies have limited impact on overall visitor numbers, particularly in destinations with strong product and high repeat visitation. Tourism demand is relatively price-inelastic, and a £1 to £2 charge represents a small fraction of the typical trip cost. Even under conservative modelling assumptions, as shown in Section 3.5, revenues remain substantial across a wide range of demand-reduction scenarios.

The more nuanced risk lies in the differential impact across market segments. Price-sensitive domestic visitors, budget travellers, and guests using lower-cost rural and coastal accommodation are more likely to respond to even modest cost increases than visitors to York, for example. The region's large non-serviced accommodation sector such as campsites, self-catering lets, and smaller guesthouses, is also more exposed than larger hotel chains. Rate-setting and exemption design must reflect this variation, and the York and North Yorkshire Combined Authority should resist pressure to set headline rates at a level that appears attractive from a revenue perspective but creates disproportionate risk for the most vulnerable parts of the sector.

Competitiveness risk is a related but distinct concern. As long as levies are absent in most competing English destinations, York and North Yorkshire would be operating in a degree of isolation. This risk diminishes if neighbouring Mayoral authorities move in parallel, and the Combined Authority should actively pursue coordination with others both to strengthen the case to industry and to reduce the competitive disadvantage of being an early mover.

8.3 Administrative and Operational Risks

Administrative complexity is consistently identified in the evidence as one of the most significant barriers to effective implementation, not because it is insurmountable, but because it is easy to underestimate and its consequences are disproportionately felt by the businesses least able to absorb them. Evidence from comparator areas indicates that administration can be resource-intensive, particularly during the initial implementation phase (Scottish Government, 2024).

The accommodation sector in York and North Yorkshire includes a high proportion of small, independent operators with limited administrative capacity. For these businesses, additional reporting requirements, new digital systems, and the management of exemptions can represent a real burden, even where the levy itself is modest. There is a genuine risk that complexity drives non-compliance, not through deliberate evasion, but through confusion, error, and the difficulty of integrating a new charge into existing booking and accounting systems.

The short-term lets sector presents a specific enforcement challenge. Airbnb-style properties and informal holiday lets are harder to identify, register, and monitor than established accommodation businesses, and are part of the market where non-compliance is most likely. Engaging major booking platforms to collect and remit the levy at the point of transaction as has been done successfully in Barcelona and Amsterdam is the most effective mitigation available and should be pursued as an early priority.

The overall administrative risk is most effectively managed through design simplicity. Flat-rate or straightforward tiered models minimise the complexity that falls on individual operators. Quarterly rather than monthly remittance periods for smaller providers, a dedicated support programme during the transition period, and a clear digital platform for reporting will all reduce the burden. The Combined Authority should assess its own administrative capacity honestly and early and should model net revenue after administration costs before committing to any spending frameworks based on headline figures.

8.4 Political Risk

Industry resistance is a near-certainty in the early stages. The hospitality sector has consistently opposed visitor levies in both the Scottish and Welsh consultations, citing concerns about increased costs for visitors, competitiveness, business viability double taxation, and administrative burden where other levies (e.g. BIDs) already exist. While this opposition can shift as engagement deepens and spending commitments become clearer, it should be planned for rather than hoped away.

The risk of a "tourist tax" narrative taking hold in the media is real and could be particularly damaging if it gains traction before the spending framework is established. While visitor levies can attract public support, particularly where they are linked to infrastructure and environmental improvements, there is also a risk of negative public perception and resistance to additional charges on visitors. Public opposition may emerge if the levy is perceived as unfair, ineffective and poorly communicated. The Combined Authority's communication strategy must get ahead of this, framing the levy consistently as a visitor contribution that funds visible local improvements, and ensuring that early implementation produces outcomes that can be pointed to as proof of concept.

The risk of future political change should also be acknowledged. Visitor levies require sustained political commitment over several years to design, implement, and embed. A change of mayoral administration that withdrew support for the scheme after significant investment in design and consultation would be costly and damaging. Building cross-party understanding of the policy rationale, and embedding levy revenues in multi-year investment commitments, provides some protection against this risk.

8.5 Design Risks

Poor design choices can undermine a levy even where the policy rationale is sound. The principal design risks are choosing a model that is perceived as unfair and generates sustained opposition from specific operator groups; creating an exemption structure so complex that it becomes unworkable in practice, and generating behavioural responses such as pricing adjustments or the restructuring of service packages that reduce revenue without delivering the intended fairness improvements. Introducing exemptions (e.g. for children, residents, or specific accommodation types) may improve fairness but creates additional administrative burden, complexity in implementation and potential for disputes or inconsistencies.

Perceived unfairness could reduce stakeholder support and create tensions between different types of accommodation providers.

On financial risk, the estimates presented in Section 3.5 are indicative and based on aggregate data. Actual revenues will depend on compliance levels, seasonal variation, exemption design, and the costs of administration, none of which can be predicted with precision at this stage. The Combined Authority should treat headline revenue projections with appropriate caution, basing budgets on conservative scenarios (80% of projected gross revenue at most) and avoiding commitments to capital investment programmes that depend on levy income being realised at the upper end of modelled ranges.

Revenue seasonality deserves specific attention. As noted in Section 3.5, approximately 45% of annual receipts are likely to be generated in the four summer months. The levy fund will need to manage cash flow accordingly and maintain a prudent reserve against lower-than-expected receipts in quieter periods or during economic downturns.

Many local authorities and BIDs struggle with inconsistent or insufficient data (such as STEAM data or bed-stock records) required to produce robust Economic Impact Assessments (EIAs), some consider the production of EIAs inappropriate before consultation. A diversity of approaches could lead to inconsistencies in design modelling and inequalities in application.

8.6 Risk Register

The following register consolidates the principal risks associated with the introduction of a visitor levy in York and North Yorkshire. Risks are assessed on a standard likelihood/impact matrix: High (H), Medium (M), Low (L).

Risk	Likelihood	Impact	Overall	Mitigation
Legislative delay Devolution Bill does not deliver levy powers in time for 2027–28	M	H	H	Continue scheme design regardless; explore BID mechanism as interim option; maintain close liaison with MHCLG.
Hypothecation failure Revenues absorbed into general budgets rather than ring-fenced	L	H	M	Establish statutory ring-fencing in scheme design; annual independent audit of levy fund; publish income and expenditure accounts publicly.
Sustained sector opposition Industry resistance delays or prevents implementation	M	H	H	Early, structured, and genuinely exploratory stakeholder engagement; clear ring-fencing commitments; simple flat-rate design to reduce administrative burden concerns.
Visitor deterrence Levy reduces overnight stays beyond modelled scenarios	L-M	H	M	Introduce at £1/night initially; monitor booking data quarterly post-launch; commission independent evaluation after year one.
Administrative burden on SMEs Small operators struggles with compliance requirements	M	M	M	Simple digital platform; quarterly remittance for smaller operators; dedicated helpline; phased introduction starting with larger providers.
Short-term lets evasion Airbnb and informal lettings under-declare stays	M	M	M	Engage major platforms to collect at booking (as in Barcelona, Amsterdam); consider mandatory accommodation registration scheme.
Revenue shortfall Actual receipts materially below projections	M	M	M	Base budgets on 80% of projected gross revenue; maintain a prudent reserve fund; avoid committing capital programmes on levy income alone in early years.
Negative media coverage "Tourist tax" narrative damages destination reputation	M	M	M	Develop proactive communications strategy; frame as a "visitor contribution"; lead with visible improvements funded by the levy.
Competitive displacement Visitors choose non-levy areas or neighbouring regions	L	M	L-M	Monitor regional booking data; coordinate with neighbouring mayoral authorities; ensure revenues are reinvested visibly.
Sector non-compliance Accommodation providers fail to collect or remit levy	L	M	L-M	Establish clear legal duty to collect; robust audit and enforcement regime; support programme for smaller operators from launch.
Political change Future Mayor opposes the levy and withdraws it	L	H	M	Build cross-party support during design; demonstrate early tangible outcomes; embed levy in multi-year capital programmes.
Macroeconomic downturn Recession reduces visitor volumes and levy revenue	L	H	M	Prudent reserves; treat levy as supplementary rather than primary revenue stream; avoid over-reliance for core infrastructure funding.

8.7 Mitigation: The Conditions for a Viable Scheme

The risk identified are substantial and point to the need for careful design and implementation. Evidence from comparable schemes, both in the UK and internationally, demonstrate that the risks associated with visitor levies are significantly reduced where four conditions are met.

First, design simplicity. The more straightforward the charging model, the lower the administrative burden on businesses, the higher the compliance rate, and the easier the scheme is to communicate to visitors. This points strongly towards a flat-rate or straightforward tiered model in the first instance, with complexity added only once the system is bedded in and a clear case has been made.

Second, credible hypothecation. Ring-fencing revenues for tourism-related purposes with transparent governance, independent audit, and public reporting is the single most effective way of building and sustaining stakeholder and public support. It must be built into the legal and governance framework from the outset, not treated as an aspiration.

Third, early and genuine engagement. Stakeholder opposition that has been heard, acknowledged, and responded to through design modifications is manageable. Opposition that has been ignored or steamrolled is not. The Combined Authority should begin structured engagement now, before positions harden, and should approach it as an exploratory dialogue rather than a consultation on a settled proposal.

Fourth, realistic expectations about revenue and implementation timeline. Overcommitting to spending programmes on the basis of optimistic revenue projections, or underestimating the lead-in time required for effective implementation, are among the most common causes of scheme failure. The evidence reviewed in this report supports a cautious, phased approach, beginning with a low rate, monitoring impacts closely, and building the case for expansion on the basis of demonstrated outcomes.

The following section therefore provides an overall evaluation of the policy options, drawing together evidence from across the report to assess their relative strengths and weaknesses.

9. Evaluation of Policy Options

9.1 Overview

This section provides an overall evaluation of the principal visitor levy models, drawing together evidence on impacts, stakeholder perspectives, and delivery considerations. The aim is to assess the relative strengths and weaknesses of each option against a consistent set of policy criteria.

The evaluation is structured around five criteria: revenue generation, economic impact, fairness and distribution, administrative feasibility, and stakeholder acceptability, applied not in the abstract but in the context of what the evidence tells us about this region. The aim is not to produce a definitive recommendation (that is detailed in Section 10) but to set out what the evidence supports and where the key trade-offs lie.

9.2 Evaluation Criteria

The five criteria used to assess each option reflect both the policy objectives of a visitor levy and the practical constraints identified through the evidence gathered for this report.

- Revenue generation – the scale and reliability of income generated
- Economic impact - the likely effect on visitor demand and destination competitiveness
- Fairness and distribution - how the cost of the levy is shared across different types of visitors and accommodation providers, including the distributional implications for smaller and lower-cost operators.
- Administrative feasibility - the practical complexity of collecting and enforcing the levy, the burden placed on accommodation providers, particularly small and independent operators, and the capacity to administer the scheme.
- Stakeholder acceptability - the likely response from accommodation providers, tourism businesses, residents, and visitors, and the conditions under which support could be built and sustained.

9.3 Comparative Assessment of Options

9.3.1 Flat-Rate Levy

A flat-rate model, a fixed charge per room or per person per night, regardless of accommodation price, is the most straightforward option and, on balance appears to be the option most closely aligned with the characteristics of the York and North Yorkshire visitor economy at this stage of policy development. A flat-rate model performs strongly in terms of administrative feasibility and revenue predictability.

- **Revenue Generation:**
  Provides stable and predictable income linked to occupancy levels. At £1 per night, a flat-rate levy would generate approximately £26 million annually across the combined area. At £2 per night, approximately £52 million would be generated. Even under conservative demand-reduction assumptions of 10–15%, revenues remain well above £20 million per year. This predictability would allow the Combined Authority to plan investment programmes with reasonable confidence and avoid the revenue uncertainty that complicates percentage-based models.
- **Economic Impact:**
  A £1–£2 charge represents a marginal addition to overall trip costs and is unlikely to deter the majority of visitors, particularly in established destinations such as York. The greater risk lies in more price-sensitive segments such as domestic short-break visitors, budget travellers, and guests at lower-cost rural and coastal accommodation. These segments require careful attention in rate-setting and the case for introducing at £1 per night rather than £2 is partly about managing this risk during the early years of the scheme.

- **Fairness:**
  The flat-rate model's principal weakness is distributional. A fixed charge represents a higher proportion of total accommodation cost for a guest at a youth hostel or budget guesthouse than for a guest at a premium city-centre hotel. This is a legitimate fairness concern, and it is one that the Combined Authority will need to address both in stakeholder engagement and in any decision about exemptions. However, it is worth noting that the absolute amounts involved are small, and international evidence suggests that visitors are generally more concerned about where revenues are spent than about the structure of the charge itself. A well-communicated spending framework can do significant work in offsetting perceptions of unfairness.
- **Administrative Feasibility:**
  Administratively, the flat-rate model has a decisive advantage in the context of York and North Yorkshire. The region's accommodation sector is characterised by a high proportion of small, independent providers and a large non-serviced sector. A flat-rate charge requires only that providers record the number of chargeable nights and remit accordingly, it is straightforward to calculate, straightforward to explain to guests, and straightforward to audit. This simplicity is a material factor in whether the scheme achieves the compliance levels needed to generate the revenues projected.
- **Stakeholder Acceptability:**
  Among stakeholders, the flat-rate model is the most consistently preferred option in practice, even among those who express reservations about visitor levies in principle. The evidence from Manchester's Accommodation BID, where a flat-rate charge has operated successfully since 2023, and from stakeholder interviews conducted for this report both point in the same direction.

Overall

The flat-rate levy is the simplest and most widely used visitor levy model internationally. Under this approach, visitors pay a fixed charge per person, per room, or per night, regardless of the price or quality of the accommodation used. Variations of the model are employed in destinations across Europe and North America because they are relatively easy to understand, administer and communicate. The principal advantages of a flat-rate levy are simplicity, predictability and low administrative burden. Revenue can be forecast relatively easily, and accommodation providers are not required to calculate charges as a percentage of room rates. However, the model has been criticised on equity grounds because the charge represents a larger proportion of the total cost for lower-cost accommodation than for higher-end establishments. For York and North Yorkshire, a flat-rate visitor levy represents the most straightforward model to implement and is therefore frequently identified as the logical starting point for policy development. However, its suitability depends on how effectively it balances simplicity, revenue generation and stakeholder acceptability.

9.3.2 Tiered Flat-Rate Levy

A tiered flat-rate model applies different fixed rates depending on accommodation type. For example, a higher rate for hotels and serviced accommodation and a lower rate for campsites, hostels, and budget properties. This is the approach proposed by the Welsh Government and provides a relevant UK comparator. A tiered model provides a balance between simplicity and fairness.

- **Revenue Generation:**
  The indicative revenue modelling in Section 3.5 suggests that a tiered model along Welsh lines would generate approximately £27 million annually, broadly comparable to a £1 flat rate, while distributing the burden more proportionately across the market.
- **Economic Impact:**
  In principle, this is an attractive option for a region as diverse as York and North Yorkshire, where the accommodation mix spans luxury city-centre hotels, rural self-catering cottages, coastal B&Bs, and campsites in the national parks. A model that treats all of these identically can reasonably be criticised as blunt; a tiered model at least acknowledges the diversity.
- **Fairness:**
  Improved relative to a single flat rate, as by differentiating between accommodation types, it partially addresses the regressivity of a single flat rate without introducing the full complexity of a percentage-based system.
- **Administrative Feasibility:**
  Moderate complexity as it requires a clear and legally defensible classification of accommodation types, which creates boundary disputes and adds a layer of complexity to both provider reporting and local authority administration. For smaller operators, even a modest increase in complexity can be a significant deterrent to compliance. The additional revenue generated by a tiered model relative to a flat rate is modest, but the additional administrative burden is not.
- **Stakeholder Acceptability:**
  Potentially higher than a single flat rate, particularly among budget and non-serviced providers.

Overall

The tiered model is best understood as a future refinement rather than a first-generation design choice. If a flat-rate visitor levy is introduced and proves administratively successful, moving to a tiered structure in a subsequent review, once systems are established and operators are familiar with the scheme is a sensible evolution. Attempting to implement a tiered model from the outset, before the administrative infrastructure exists and before stakeholder trust has been built, risks creating unnecessary friction at precisely the moment when the scheme needs to demonstrate that it works.

9.3.3 Percentage-Based Levy

A percentage-based model, typically applied as a proportion of the accommodation cost, as proposed in Edinburgh at 5%, is the most progressive of the three options and, in principle, the fairest. Visitors pay in proportion to what they can afford to spend on accommodation; higher-value stays generate proportionally more revenue; the regressivity concerns associated with flat-rate models are largely avoided.

- **Revenue Generation:**
  The indicative revenue modelling in Section 3.5 suggests that a 5% percentage-based levy could generate significantly more than flat-rate alternatives, though this estimate is highly sensitive to assumptions about average accommodation pricing and should be treated with considerable caution.
- **Economic Impact:**
  Similar to other models at low levels, though greater sensitivity may arise due to higher effective charges in premium accommodation.
- **Fairness:**
  Strong performance, as the levy is proportional to accommodation cost.

- **Administrative Feasibility:**
  Weak performance. Calculation, reporting, and enforcement are significantly more complex, particularly for smaller providers. Administratively, it is by some distance the most complex option. Providers must calculate the levy as a proportion of a room rate that may vary by season, by booking channel, and by the composition of what is included in the price, a bed-and-breakfast package, for example, presents genuine difficulty in calculating the accommodation-only component.
- **Stakeholder Acceptability:**
  For the large number of small and independent operators in the region, this is not a marginal inconvenience, it is a substantive operational challenge that increases the risk of errors, inconsistency, and non-compliance. Stakeholder evidence gathered for this report reinforces these concerns. The Highland Council's experience is instructive, a proposed 5% levy met with sufficient opposition from accommodation providers, focused precisely on the administrative burden and perceived unfairness of a percentage model that the scheme was paused pending legislative changes that would allow greater flexibility. This is not an isolated outcome, it reflects a recurring pattern in UK consultations.

Overall
A percentage-based model is more equitable in principle but presents substantial practical challenges that may limit its feasibility. There is a plausible long-term trajectory in which a mature, well-established visitor levy scheme, with strong administrative systems, high compliance rates, and solid stakeholder trust could evolve toward a more progressive structure. But as a first-generation design choice for a region without existing statutory levy experience, and in an operating environment characterised by small operators, administrative complexity, and fragile stakeholder confidence, it carries risks that are difficult to justify against the alternatives.

9.4 Trade-Offs and Key Considerations

The fundamental tension running through this evaluation is between fairness and feasibility. The most equitable model, percentage-based, is the hardest to implement and the most likely to generate the kind of sustained industry opposition that derails schemes before they take hold. The most feasible model, flat-rate, is the least equitable in its distributional effects but the most likely to be successfully implemented, to achieve compliance, and to generate the reliable revenue stream needed to fund meaningful investment.

This is not a novel tension. It is the same trade-off that has shaped visitor levy design in every comparable jurisdiction. What is notable about the international and UK evidence is the consistency with which destinations that have prioritised simplicity in first-generation design have been able to build the stakeholder trust and administrative infrastructure needed to introduce greater sophistication over time, while those that have attempted to start with more complex, progressive models have often found themselves stalled by industry opposition or implementation failure.

For York and North Yorkshire, the specific characteristics of the visitor economy reinforce this conclusion. The large non-serviced sector, the prevalence of small and independent operators, the geographic dispersion of accommodation across urban, rural, and coastal areas, and the absence of any existing statutory levy experience in England all point in the same direction: the scheme that can actually be implemented, that achieves high compliance, and that builds stakeholder confidence over time is more valuable than a theoretically superior scheme that cannot get off the ground.

This does not mean fairness concerns should be dismissed. A flat-rate levy should be accompanied by a small number of carefully targeted exemptions for the very lowest-cost accommodation, for example and a revenue-sharing formula that directs a meaningful proportion of funds to the rural and coastal communities that bear disproportionate environmental and infrastructure pressure from tourism. These measures can go a significant way toward addressing distributional concerns without introducing the administrative complexity that would undermine the scheme's viability.

On the question of rate, the evaluation points towards an introductory levy of £1 per night rather than £2, at least in the first phase. Four considerations support this. First, £1 per night sits within the range of comparable UK schemes such as Manchester's ABID which charges £1 per room per night, and the Welsh Government's tiered flat-rate model which applies rates of £0.75–£1.30 depending on accommodation type. An opening rate in line with these precedents is defensible to the sector and consistent with the national direction of travel. Second, at £1 per night the levy generates approximately £26 million annually across the combined area, a substantial and investable sum that can demonstrate tangible benefits before any case is made for a rate increase. Third, starting at £1 rather than £2 meaningfully reduces the risk of adverse demand effects in the region's more price-sensitive rural and domestic market segments, where the evidence base on elasticity is thinner. Fourth, and perhaps most importantly, beginning at the lower rate creates headroom: if the scheme operates successfully, if revenues are well-invested, and if stakeholder and public confidence has been established, the case for increasing to £2 per night after a three-year review will be straightforward to make on the basis of demonstrated outcomes. The reverse, reducing a rate that has caused damage, is far more difficult.

The evaluation also points to a clear sequencing logic. A flat-rate visitor levy introduced at £1 per night, with a built-in review mechanism after three years, gives the Combined Authority the opportunity to assess actual impacts on visitor behaviour, accommodation providers, and revenue and to make an evidence-based decision about whether to increase rates, move to a tiered structure, or introduce other refinements. This is a more credible and defensible approach than attempting to design the definitive scheme before the evidence base exists to support it.

Political feasibility should also be considered. A model that is capable of securing support from elected members, local authorities, and key stakeholder groups is more likely to progress successfully than a theoretically preferable model that proves politically contentious.

An important consideration is that visitor levy design is not necessarily fixed at the point of introduction. International experience suggests that visitor levies often evolve over time as administrative systems mature, stakeholder confidence develops, and evidence on impacts becomes available. This creates an opportunity to prioritise simplicity at the outset while retaining flexibility to introduce refinements through future reviews.

It is important to recognise that this evaluation is based on the best available evidence rather than direct operational experience within York and North Yorkshire. As such, conclusions should be viewed as indicative and subject to refinement through further feasibility work and stakeholder engagement.

9.5 Overall Assessment

Based on the available evidence:

- Flat-rate models are the most deliverable and administratively feasible, but raise fairness concerns
- Tiered flat-rate models offer a balanced approach, addressing some fairness issues while maintaining relative simplicity
- Percentage-based models are conceptually attractive but operationally challenging, particularly in the current UK context

Criterion	Flat-rate	Tiered flat-rate	Percentage-based
Revenue generation Scale, reliability and planning confidence	~£26–52m/yr.; stable and forecastable; directly linked to occupancy	~£27m/yr.; similar to flat rate; modest variation by tier	Higher theoretical yield but highly variable; sensitive to pricing assumptions
Economic impact Effect on visitor demand and competitiveness	Marginal cost increase; limited demand impact at £1–£2; risk concentrated in budget and rural segments	Broadly similar to flat-rate; lower rates for budget accommodation reduces sensitivity	Higher effective charge at premium end; greater behavioural response risk; pricing distortion possible
Fairness and distribution How costs are shared across visitors and providers	Regressive; fixed charge proportionally higher for budget stays; mitigable through targeted exemptions	Improved equity across accommodation types; residual regressivity within tiers	Most progressive; scales with ability to pay; widely perceived as the fairest model
Administrative feasibility Complexity, compliance burden, and deliverability	Simplest to calculate, report and audit; lowest burden on small operators; highest compliance likelihood	Requires accommodation classification; boundary disputes possible; manageable but more complex	Most complex; variable rate calculation; bundled pricing creates difficulties; high non-compliance risk for small operators
Stakeholder acceptability Likely industry and public response	Preferred by operators in practice; initial resistance but manageable; fairness concerns can be addressed through spending framework	Higher perceived fairness improves acceptance; complexity concerns among small operators remain	Perceived as fair in principle; administrative burden concerns dominant in practice; Highland Council precedent a warning
Overall assessment	Strong — preferred first-generation model Best fit for Y&NY context; simplicity enables compliance; revenue reliable; fairness concerns addressable	Moderate — viable future evolution Sensible refinement once flat-rate is established; not recommended as first-generation design	Weak — not recommended at this stage Fairness advantages outweighed by administrative risk and stakeholder precedent in current UK context

No option emerges as clearly superior across all criteria. However, the evidence suggests that models that prioritise simplicity, transparency, and administrative feasibility are more likely to be successfully implemented, particularly in the early stages of policy development. This evaluation provides the basis for identifying a preferred approach and defining appropriate next steps.

Intellectual honesty requires acknowledging the limits of what this evaluation can establish. The revenue modelling is indicative, not precise. The behavioural impacts of a levy on different visitor segments in this region specifically are not fully understood, and the evidence base on visitor price sensitivity in rural and domestic markets is thinner than in major urban destinations. The administrative capacity of the Combined Authority and constituent local authorities to manage a visitor levy scheme has not been formally assessed. And the legislative framework that would underpin any scheme remains unfinished.

These uncertainties are not reasons to defer indefinitely. They are the specific evidence gaps that a formal feasibility study, as recommended in Section 10, should address. The evaluation presented here provides a clear directional steer: a flat-rate visitor levy, introduced at a modest initial rate, is the model best matched to the York and North Yorkshire context. But it should be treated as an informed starting point for further development, not a settled conclusion.

Taken together, the evidence assessed in this report makes a positive case for proceeding. York and North Yorkshire has a visitor economy of sufficient scale to generate meaningful, investable revenue from a modest overnight visitor levy. The legislative framework that would make this possible is being put in place. The body of practical UK experience from Manchester's ABID, from Edinburgh's forthcoming scheme, and from Scotland and Wales is growing, reducing the uncertainties that faced earlier adopters. The region has the political interest and the institutional capacity to develop a scheme carefully and well. The alternative, continuing to absorb the costs of high visitor volumes without a dedicated, sustainable funding mechanism, becomes less tenable as local authority budgets tighten and visitor numbers grow. The task now is not to debate whether a visitor levy is appropriate in principle, but to build the evidence base, the stakeholder relationships, and the governance structures needed to make a specific scheme work in practice.

The following section sets out recommendations for the York and North Yorkshire Combined Authority, including whether and how a visitor levy should be further developed.

10. Recommendations

10.1 Overview

The evidence assessed in this report supports the case for the York and North Yorkshire Combined Authority to develop a visitor levy, subject to a carefully managed design and consultation process and the necessary legislative underpinning at national level. The region has a substantial overnight visitor base, a compelling need for infrastructure and environmental investment, and an increasing interest in exploring new funding mechanisms to support the visitor economy. The emerging national framework, the Scottish and Welsh precedents, and growing experience from cities such as Manchester and Edinburgh provide a body of practical evidence to draw upon.

At the same time, the concerns of the hospitality sector are legitimate and must inform scheme design. A visitor levy that damages the competitiveness of York and North Yorkshire as a destination, or that imposes disproportionate administrative costs on small businesses, would undermine both its revenue potential and its political sustainability. The evidence presented in this report demonstrates that successful implementation is highly contingent on policy design, administrative feasibility, and stakeholder confidence. A visitor levy should therefore not be treated as an immediate revenue-raising mechanism, but as a strategic intervention requiring careful development.

Accordingly, the following recommendations focus on next steps for evidence gathering, policy development, and implementation readiness, rather than immediate adoption.

Overall Recommendation
The York and North Yorkshire Combined Authority should:

Proceed to a structured feasibility and development phase for a visitor levy, without presuming implementation.

This approach reflects:

- The potential benefits identified in terms of revenue and sustainability
- The significant risks and uncertainties identified across Sections 8 and 9
- The need to build a robust evidence base and stakeholder consensus

Recommendation 1: Undertake a Formal Feasibility Study

A detailed feasibility study should be commissioned to refine the evidence base and test the practical viability of a visitor levy. This should include:

- Refined economic modelling, including sensitivity analysis
- Distributional analysis across accommodation types and visitor segments
- Legal and regulatory assessment of emerging national frameworks
- Net revenue analysis, accounting for administrative and operational costs

Rationale:
Current modelling provides an indicative view of revenue potential, but further work is required to develop robust and defensible projections.

Recommendation 2: Initiate Early and Structured Stakeholder Engagement

Stakeholder engagement should begin before any policy commitment is made and should be designed as an exploratory process. This should include:

- Accommodation providers (serviced and non-serviced)
- Tourism and hospitality businesses
- Residents and community groups
- Destination Management Organisations and industry bodies

Engagement should:

- Test the acceptability of different models
- Identify key concerns and potential unintended impacts
- Explore priorities for revenue use

Rationale:
Evidence shows that stakeholder support is conditional and highly sensitive to process, particularly regarding trust and transparency. Evidence also shows that stakeholders are reassured by an authority deliberately remaining neutral, focusing first on gathering data and understanding whether a visitor levy would genuinely support growth, and anchoring decisions in evidence, modelling, and consultation.

Recommendation 3: Develop a Clear Strategic Narrative and Spending Framework

Before any levy is introduced, the Combined Authority should establish a clear and compelling case for:

- Why a visitor levy is needed
- What it will fund
- How it will benefit both visitors and residents

This should include:

- Defined categories of expenditure (e.g. infrastructure, environment, marketing)
- Principles for ring-fencing (hypothecation) of revenues
- Mechanisms for transparent reporting and accountability

Consideration should be given to whether Combined Authorities can work together to create and implement a unified English system to reduce complexity for the industry and for visitors.

Rationale:
The evidence consistently shows that acceptability depends on how revenues are used, not just how they are raised.

Recommendation 4: Prioritise Simplicity in Policy Design

If a visitor levy is pursued, design should prioritise simplicity and administrative feasibility, particularly in the early stages. This includes:

- Preference for flat-rate or tiered flat-rate models
- Limiting the number of exemptions
- Avoiding overly complex calculation methods

Rationale:
Administrative burden is a primary concern for stakeholders and a key risk to successful implementation.

Recommendation 5: Assess Administrative Capacity and Delivery Options Early

The Combined Authority should undertake an early assessment of:

- Administrative capacity within local authorities
- Options for collection and enforcement systems
- Potential to leverage existing functions (e.g. business rates teams)

Consideration should also be given to:

- Centralised vs local collection models
- Digital systems and reporting mechanisms

Rationale:
Underestimating administrative requirements is a major implementation risk identified in comparator areas.

Recommendation 6: Address Key Evidence Gaps

While this report has identified a number of important findings regarding the potential implications of a visitor levy in York and North Yorkshire, several areas of uncertainty remain. These evidence gaps do not prevent an assessment of the policy's overall viability, but they do limit the precision with which impacts can be forecast and should therefore form a central component of any future feasibility study. Further work is required to strengthen the evidence base in areas of uncertainty, including:

- Visitor price sensitivity, particularly in rural and domestic markets
- Accommodation level data, including the scale and characteristics of non-serviced accommodation
- Visitor behavioural responses to different visitor levy models
- The potential impact on competitiveness within England
- Administrative and Compliance Costs
- Distributional Impacts
- Governance and revenue allocation

Rationale:
The current UK evidence base remains limited, and localised analysis is essential to informed decision-making. Addressing these evidence gaps should be a central objective of any future feasibility phase. Doing so would enable more informed decision-making, reduce implementation risk and strengthen the evidence base on which any future decision regarding a visitor levy is made.

Recommendation 7: Ensure Regional Coordination and Consistency

Any future visitor levy should be developed at the Combined Authority level, rather than through fragmented local approaches. This would:

- Reduce administrative complexity
- Improve clarity for businesses operating across the region
- Strengthen the strategic case for implementation

Rationale:
Evidence highlights the risks associated with inconsistent or fragmented systems.

Recommendation 8: Allow Sufficient Lead-In Time for Implementation

If a decision is taken to proceed, implementation should include a clear and realistic timeline, likely requiring:

- 12–18 months for preparation
- System development and testing
- Stakeholder engagement and communication

Rationale:
Evidence from the Welsh Government and Scottish Government indicates that adequate lead-in time is essential to successful delivery.

Recommendation 9: Develop a Clear Communication Strategy

A comprehensive communication strategy should be developed to:

- Explain the purpose of the visitor levy
- Set expectations for businesses and visitors
- Highlight the benefits of reinvestment

This should include:

- Targeted communication with accommodation providers
- Public-facing messaging
- Engagement with visitors through relevant channels

Rationale:
Effective communication is critical to minimising resistance and building support.

Recommendation 10: Support National Coordination and Consistency

The Combined Authority should work with central government and other regional authorities to support the development of a more consistent national framework for visitor levies. This could include:

- Alignment on core design principles (e.g. charging basis, exemptions)
- Development of shared administrative systems or standards
- Coordination of implementation approaches and timelines

Rationale:
Stakeholder evidence highlights strong concerns about the risks of a fragmented "patchwork" of local visitor levy schemes, which could increase administrative burden for businesses and create perceived inequities between regions.

While full national standardisation may not be achievable in the short term, greater consistency would:

- Reduce complexity for accommodation providers
- Improve clarity for visitors
- Strengthen the overall effectiveness of visitor levy policy in England

Recommendation 11: Establish a Visitor Levy Advisory Group

The Combined Authority should establish a Visitor Levy Advisory Group to support the governance and oversight of revenue use. This group should include representatives from:

- Accommodation providers
- Tourism and hospitality businesses
- Destination Management Organisations
- Local authorities
- Community representatives

The role of the group would be to:

- Provide advisory input on spending priorities
- Support the development of a transparent and accountable investment strategy
- Act as a mechanism for ongoing stakeholder engagement and feedback

Final decision-making authority should remain with elected members to ensure democratic accountability.

Rationale:
Evidence from stakeholder engagement highlights that trust in how revenues are used is a critical determinant of acceptability. Establishing a formal advisory structure would:

- Increase transparency
- Strengthen stakeholder confidence
- Improve alignment between investment and local priorities

Similar approaches, including visitor levy forums, are being implemented in Scotland and Wales, as mandated in the visitor levy framework legislation for both countries (Scottish Government, 2024; Welsh Government, 2023).

Recommendation 12: Establish a Monitoring and Evaluation Framework

Any visitor levy should be accompanied by a formal monitoring and evaluation framework from the outset. The effectiveness of a visitor levy should not be assessed solely on the basis of revenue generated, but also on its wider economic, social and environmental outcomes. A monitoring and evaluation framework should therefore be developed to assess performance against a range of indicators, including:

- Revenue and Financial Performance
- Visitor Economy Performance
- Business Impacts
- Community and Environmental Outcomes
- Governance and Stakeholder Confidence

Success should ultimately be judged by whether the visitor levy contributes to a more sustainable, resilient and well-managed visitor economy, while maintaining stakeholder confidence and delivering visible benefits for visitors, businesses and local communities.

The Combined Authority should publish regular monitoring reports and undertake a formal review of the scheme after an initial implementation period to assess whether objectives are being achieved and whether adjustments to the visitor levy design or governance arrangements are required.

Rationale:
Given the limited UK evidence base, ongoing evaluation is essential to ensure that any visitor levy policy remains effective, proportionate, and grounded in evidence. As England has relatively little direct experience of implementing statutory visitor levies, there is a need to build a robust understanding of their real-world impacts over time, including effects on visitor behaviour, business performance, and revenue generation.

11. Conclusion

This report has assessed the potential implications of introducing a visitor levy in York and North Yorkshire, drawing on evidence from academic research, policy analysis, stakeholder engagement, and comparator case study analysis.

The analysis indicates that a visitor levy could represent a viable policy tool, with the potential to generate significant revenue and support the long-term sustainability of the visitor economy. However, its effectiveness is highly dependent on policy design, administrative feasibility, and stakeholder confidence.

The evidence highlights that:

- Modest visitor levies are unlikely to significantly reduce visitor demand
- Substantial revenue could be generated, even under conservative scenarios
- However, the policy involves clear trade-offs, particularly between fairness, simplicity, and administrative complexity

At the same time, significant risks remain, including:

- Stakeholder resistance, particularly within the accommodation sector
- Administrative and operational challenges
- Uncertainty regarding revenue outcomes and behavioural impacts

The evidence reviewed in this report suggests that the central challenge is not whether a visitor levy could generate revenue, but whether it can be designed, governed and implemented in a manner that commands stakeholder confidence and delivers demonstrable public value. The success of any future scheme will therefore depend as much on governance and implementation as on the choice of charging model itself. Accordingly, the report concludes that there is a strong case for further exploration.

Key recommendations

- Proceed with detailed scheme design in 2026, engaging the hospitality sector, environmental organisations and local communities from the outset.
- Adopt a flat-rate structure in the first instance, at £1 per night, with a built-in review mechanism.
- Clearly define the purpose of the visitor levy and how revenues would be used to deliver visible tourism-focused and place-based benefits.
- Commit to ring-fencing visitor levy revenues for tourism-related purposes, with clear governance arrangements and public reporting.
- Engage actively with the national consultation process and with the progress of the English Devolution and Community Empowerment Bill to ensure York and North Yorkshire is well-positioned to introduce a visitor levy at the earliest opportunity.
- Establish a stakeholder advisory group to provide ongoing input into scheme design and revenue allocation decisions.
- Commission an independent evaluation framework in advance of introduction, to enable evidence-based review after years one and three.
- Develop a clear communications strategy for visitors, accommodation providers and local communities ahead of introduction.
- Establish a monitoring and evaluation framework

If these conditions are met, a visitor levy could play an important role in supporting a more sustainable, resilient, and well-managed visitor economy across York and North Yorkshire.

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