

REPORT TO: CITY GROWTH AND INFRASTRUCTURE COMMITTEE - 8 JUNE 2026

REPORT ON: DUNDEE VISITOR LEVY

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 117-2026

1 PURPOSE OF REPORT

- 1.1 This report provides an update on early engagement with stakeholders on the potential introduction of a visitor levy in Dundee and outlines recent legislative changes introduced by the Scottish Government. In addition, the report seeks approval to commence statutory consultation on the outline Dundee Visitor Levy proposal.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:
- a notes the findings from the informal consultation and early engagement stage undertaken with stakeholders on the potential introduction of a Dundee Visitor Levy;
 - b agrees that Dundee City Council should proceed to the 12-week statutory consultation stage;
 - c approves the outline Dundee Visitor Levy proposal as set out in Sections 7 and 8 of the report as the basis for this consultation; and
 - d remits the Executive Director of City Development and the Executive Director of Corporate Services to report back to Committee on the outcome of the statutory consultation stage on whether to proceed to the implementation a Dundee Visitor Levy.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from the agreement of this report.

4 BACKGROUND

- 4.1 The Visitor Levy (Scotland) Act 2024 enables local authorities to establish a levy scheme to raise money for developing, supporting or sustaining facilities or services which are substantially for or used by persons visiting the area.
- 4.2 In October 2024, the Scottish Government approved guidance on the visitor levy for local authorities. Included within this guidance is a requirement that councils considering implementing a visitor levy undertake early informal engagement, consider the types of accommodation included within any potential levy and the percentage rate set for a levy.
- 4.3 In accordance with this guidance, Article VI of the Fair Work, Economic Growth and Infrastructure Committee meeting on 9 June 2025 (report number 155-2025) remitted the Executive Director of City Development and the Executive Director of Corporate Services to undertake informal consultation and early engagement with stakeholders to inform the development of an outline Dundee Visitor Levy proposal for review and consideration of progression to statutory consultation.
- 4.4 The 2024 Act gave local authorities the power to determine the percentage rate set, the geographical area where it applies and any local exemptions. The authority can also specify a maximum number of nights to apply the levy and whether this applies to all or parts of its area.

- 4.5 The Visitor Levy (Amendment) (Scotland) Act 2026 amended the Visitor Levy (Scotland) Act 2024 and gives local authorities the discretionary power to impose a levy as a fixed rate of accommodation costs as an alternative to the percentage rate established in the 2024 Act. It also introduces operational changes to how levy schemes are administered."
- 4.6 Across Scotland, councils are progressing levy schemes at different speeds. Edinburgh is the most advanced, with its scheme approved and chargeable stays beginning in July 2026. Aberdeen, Glasgow, Stirling, and West Dunbartonshire Council have also approved schemes and are within the statutory lead-in period. Several other local authorities completed early engagement but paused further work pending the recent changes to legislation legislative being introduced. A small number of councils including South Ayrshire, Argyll and Bute, Shetland and Orkney have decided not to proceed with the visitor levy at this time.

5 DUNDEE'S VISITOR ECONOMY

- 5.1 Tourism plays an increasingly important role in the city's economy. In 2024, the city welcomed over 1.4 million visitors including over 600,000 overnight stays, supporting employment and activity across accommodation, hospitality, retail, culture and transport.
- 5.2 Dundee's Visitor economy is characterised by a relatively steady year-round demand, and a good mix of short break, cultural, and business travel.
- 5.3 Dundee has a well-developed accommodation base for a medium-sized city comprising 1,978 serviced rooms (hotels, guesthouses, B&Bs), 222 self-catering units and 90 hostel beds.
- 5.4 National guidance requires that visitor levy schemes align with local and regional tourism strategies. Should Dundee introduce a visitor levy, income would support priorities included in Dundee's Tourism Strategy 2025-2030; the Events Strategy 2024 -2029; the City Centre Strategic Investment Plan 2020-2050; and the Tay Cities Region Economic Strategy 2019-2039.

6 FORECASTING & EARLY ENGAGEMENT STAGE

- 6.1 The Council, supported by Urban Foresight Consultants, have undertaken detailed forecasting and engagement (see Background Paper 1). The programme of public engagement undertaken during October and November 2025 sought to gauge early perceptions and attitudes towards a potential visitor levy among key groups. The engagement was an opportunity for stakeholders to raise opportunities, issues and concerns. This approach was informed by learning from other Scottish local authorities and comparable destinations to inform the shape of potential proposals and provide a foundation for the development of pre-consultation proposals that are grounded in Dundee's specific visitor economy and stakeholder priorities
- 6.2 Stakeholders included residents, visitors, accommodation providers, tourism and hospitality businesses, and local, regional and national tourism organisations. Engagement methods included an online survey (with non-digital options); face to face stakeholder engagement; online stakeholder engagements; public engagement; and key informant interviews. In total, 140 responses were received to the survey; 16 businesses attended the focus groups; and a discussion was held with the Dundee Hotel General Managers Group of Dundee Hotels. A total of 96 people participated in on-street engagement sessions.
- 6.3 Overall, responses were cautious, particularly from residents. Many respondents emphasised their feeling that Dundee is still an emerging visitor destination and expressed concern about the impact of additional costs on competitiveness.
- 6.4 In terms of the preferred approach to any visitor levy, accommodation providers and national tourism bodies expressed a clear preference for a flat room rate, citing simplicity and

transparency. However, respondents to the general online survey preferred a percentage-based levy, viewing it as fairer.

- 6.5 Other themes that consistently emerged were around fairness including room rates and accommodation types; the need for transparency around how any money raised would be spent; and the importance of visible re-investment. The early informal engagement has been used to shape the outline Visitor Levy Proposal contained in Appendix 1.
- 6.6 Forecasting and modelling of possible revenue from a visitor levy has been undertaken during the initial phase. The final net income generated will depend on levy rates, occupancy, accommodation prices, compliance and costs of administration. The figures are illustrative (based on reported bed stock figures in Dundee and estimated rates and occupancy) and subject to consultation outcomes, actual accommodation occupancy levels and room rates and collection performance.
- 6.7 Modelling has been undertaken for both flat rate and percentage rate options. The average cost of overnight accommodation in Dundee shows less variation than in larger Scottish cities. The two options shown below are considered to present an appropriate balance between generating meaningful revenue from any proposed levy without impacting on the competitive attractiveness of Dundee as a visitor destination. The figures below are net of potential costs estimated for running the levy scheme. Costs to the Council include expenses incurred in consultation and decision making, set-up and administration costs.

Option/Year	2028/2029	2029/2030	2030/2031
Flat Rate option at £5 rate per room per night	£2,289,000	£2,386,000	£2,462,000
Percentage rate option at 5% of room rate per night	£2,042,000	£2,132,000	£2,199,000

- 6.8 Financial modelling over a 10-year period indicates that both levy options would generate significant net revenue, estimated at approximately £25.23 million for a £5 flat rate option and £22.34 million for a 5% percentage rate option. Both options demonstrate strong value for money and remain viable across a range of scenarios. Full financial modelling and assumptions are provided in Appendix 1.
- 6.9 An initial assessment indicates that the levy would not place a direct financial burden on residents and is expected to deliver indirect benefits through reinvestment in visitor infrastructure and services. While the levy introduces some administrative requirements for accommodation providers, these are partially offset through a proposed reimbursement mechanism. For visitors, the levy is expected to represent a modest additional cost and is not anticipated to significantly impact demand. A full assessment of impacts is provided in Appendix 1.

7 DUNDEE VISITOR LEVY OBJECTIVES

- 7.1 The outline Visitor Levy scheme for Dundee sets out the following objectives:
- a supporting sustainable growth for the visitor economy;
 - b enhancing the visitor experience and city readiness;
 - c strengthening business tourism and Dundee's competitiveness as an events and conference destination;

- d supporting destination marketing; and
 - e promoting inclusive, responsible and environmentally sustainable tourism.
- 7.2 Indicative investment themes to improve the visitor experience include public realm improvements; enhanced visitor information and signage; enhanced culture events and festivals; business and convention tourism; destination marketing; community benefit and inclusive growth.

8 DRAFT DUNDEE VISITOR LEVY PROPOSAL

- 8.1 Before introducing a Visitor Levy scheme, the Council must undertake a 12-week statutory consultation. This will engage residents, community representatives, tourism organisations, and businesses to ensure key stakeholders' views are captured. Feedback will be gathered through surveys (online and offline), focus groups, stakeholder meetings, and direct e-mail responses. Details of the draft scheme, including proposed levy rate options, applicable accommodation types, and exemptions will be published. The legislation allows for either a flat or percentage-based levy, and consultation will seek views on both approaches before any decision is made. A statement outlining the objectives of the proposed scheme is also required.
- 8.2 The outline Visitor Levy Proposal is based on the following:
- a consideration of either:
 - a flat nightly room rate levy of £5; and
 - a percentage-based levy based on 5% of the nightly room rate.
 - b a cap of seven consecutive nights per stay; and
 - c all statutory exemptions required by legislation and no additional exemptions.
- 8.3 If following the statutory consultation, the decision is taken to implement a Visitor Levy, the Act requires that income generated must be used to develop, support and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes.
- 8.4 At this next stage there will be further opportunities for feedback on the final scheme to be implemented. A Visitor Levy Forum will also require to be created.

9 GOVERNANCE AND DECISION MAKING

- 9.1 Final governance arrangements will be developed as part of statutory consultation but are expected to include oversight by elected members through established committee structures; officer assessment of proposed expenditures against agreed criteria and objectives; and ongoing engagement with key stakeholders.
- 9.2 Under the amended legislation, the Council must establish a Visitor Levy Forum, a statutory advisory body representing accommodation providers, tourism and business organisations, culture and transport partners, and the Council. The Forum will be consulted on how levy revenues are spent; the operation and impacts of the scheme any future changes to the levy.
- 9.3 If implemented, the Dundee Visitor Levy will require to be formally reviewed every three years. Review reports will be published and will explain how levy income has been spent; and the benefits delivered by levy-funded projects.

10 UPDATED TIMELINE AND NEXT STEPS

10.1 A further report will come before committee following the statutory consultation which will seek approval on final draft visitor scheme and any further changes to the scheme required before entering the implementation period. If the council approves the scheme, we will publish the final scheme approved and the council's reasons for the decision. A visitor levy forum will be created following this decision if appropriate.

10.2 An updated timeline is set out below:

STAGE	DESCRIPTION
June 2025 Committee	Approval to proceed with forecasting and early engagement.
FORECASTING/EARLY ENGAGEMENT STAGE (June 2025 – May 2026)	<i>Complete.</i>
June 2026 Committee	Decision on whether to proceed to statutory consultation stage.
STATUTORY CONSULTATION STAGE (June – September 2026)	Public and stakeholder consultation on the draft scheme.
Winter 2026 Committee	Further report considering consultation feedback, any changes to the outline scheme and decision on whether to progress to implementation.
IMPLEMENTATION	18-month lead-in time for businesses, communities and the Council to prepare to an VL scheme.
INTRODUCTION OF VL SCHEME (Summer 2028)	Earliest launch date.
ANNUAL REPORTING	Undertaken by Local Authority
VL SCHEME REVIEW	Undertaken by Local Authority every 3 years.

11 POLICY IMPLICATIONS

11.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

12 CONSULTATIONS

12.1 The Council Leadership Team have been consulted in the preparation of this report.

13 BACKGROUND PAPERS

13.1 Background Paper 1 – Dundee Visitor Levy Phase 1: Early Engagement:

[117-2026-Draft-CGI-Visitor Levy Background report 1 - Early Engagement and CBA.pdf](#)

13.2 This paper was produced and published in November 2025. Since its publication, the recommendation to pause development has been superseded by the Visitor Levy (Amendment) (Scotland) Act 2026, as reflected in the proposals outlined in this report.

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Urban
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Appendix 1:

Draft Dundee Visitor Levy Proposal

Fixed Rate and Percentage Rate
Options

Prepared for Dundee City Council

Executive summary

Dundee City Council is exploring the introduction of a Visitor Levy under the powers provided by the Visitor Levy (Scotland) Act 2024. This document sets out two potential levy models for consideration and statutory consultation: a fixed amount levy (Option A) and a percentage-rate levy (Option B).

The levy would apply to overnight stays in paid accommodation and can be introduced following statutory consultation, with net proceeds reinvested in services and facilities substantially used by visitors.

Dundee's visitor economy is growing and diversifying, with strengths in culture, design, events and business tourism, alongside ongoing challenges around seasonality, city-centre vitality, infrastructure and perceptions of place. The proposed Visitor Levy is intended as a long-term, strategic funding mechanism, rather than a short-term revenue tool, supporting sustainable growth and shared benefits for residents and visitors.

This is a pre-consultation proposal. It sets out what a proposed visitor levy scheme for Dundee could look like in order to enable statutory consultation. A final legally compliant scheme will be developed following consultation, should the Council wish to proceed.

Nothing in this document constitutes a commitment by Dundee City Council to introduce a visitor levy, nor should any figures or projections contained herein be relied upon as guarantees of financial outcome. All costings, revenue projections and financial analysis are indicative only and will be subject to revision following statutory consultation and further scheme development.

Objectives of the proposed scheme

The proposed Dundee Visitor Levy Scheme aims to:

- Support sustainable growth of the visitor economy, aligned with Dundee's Tourism Strategy, Events Strategy and Tay Cities Region priorities.
- Enhance visitor experience and city readiness, including public realm, accessibility, safety, culture, events and visitor infrastructure.
- Strengthen business and convention tourism, reinforcing Dundee's competitiveness as a host city for conferences, exhibitions and events.
- Deliver shared benefits for residents and communities, with visible improvements that support civic pride and local wellbeing.
- Promote inclusive and responsible tourism, supporting climate action, accessibility and fair economic outcomes.

Comparison of proposed levy models

	Option A: Fixed Rate	Option B: Percentage Rate
Rate	£5 per room per night	5% per room per stay
Gross revenue (10-yr)	£31.96 million	£29 million
Total costs	£6.73 million	£6.67 million
Net revenue	£25.23 million	£22.34 million
Benefit–Cost Ratio	4.14	3.67
Commencement	No earlier than 2028/29	No earlier than 2028/29
Night cap	7 consecutive nights	7 consecutive nights
Business reimbursement	2% of levy collected	2% of levy collected
Legislative basis	Visitor Levy (Scotland) Act 2024 + Amendment Bill 2026 (subject to Royal Assent)	Visitor Levy (Scotland) Act 2024

Financial headline figures projected (10-year period)

Full financial modelling is provided at Appendix 2C. The key headline figures for each model are:

Option A: Fixed Rate (£5 per room per night)

- Total gross visitor levy revenue: £31.96 million.
- Dundee City Council direct costs: £2.58 million.
- Accommodation provider costs: £3.52 million.
- Business reimbursement (2% of levy collected): £0.64 million.
- Total costs: £6.73 million.
- Net revenue available for reinvestment: £25.23 million.
- Benefit–Cost Ratio (BCR): 4.14, indicating strong value for money.

Option B: Percentage Rate (5%)

- Total gross visitor levy revenue: £29 million.
- Dundee City Council direct costs: £2.58 million.
- Accommodation provider costs: £3.52 million.

- Business reimbursement (2% of levy revenue): £0.58 million.
- Total costs: £6.67 million.
- Net revenue available for reinvestment: £22.34 million.
- Benefit-Cost Ratio (BCR): 3.67, indicating strong value for money.

Sensitivity testing demonstrates that both schemes remain viable under a wide range of scenarios, including higher costs, levy exemptions and non-compliance, with the BCR remaining positive in all cases tested. The cost-benefit analysis in Appendix 2C allows viewing of estimated revenue year by year to allow understanding of revenue generated over a shorter programme timescale, as well as the full ten year period.

Use of net proceeds and governance

In line with legislation, all net proceeds would be reinvested in facilities and services substantially used by visitors, aligned with Dundee's wider strategic priorities. Indicative investment themes include:

- Visitor experience and city readiness.
- Culture, events and festivals.
- Business and convention tourism.
- Sustainable and responsible tourism.
- Destination marketing.

Dundee City Council proposes a clear governance framework, including elected member oversight, transparent reporting, annual public reporting of income and spend, and ongoing stakeholder engagement. The levy is not intended to replace existing Council budgets, but to enable additional, visible investment that strengthens Dundee's visitor economy and delivers shared benefits for communities.

The scheme would be introduced as an ongoing arrangement, with a formal review after three years and periodic reviews thereafter. An indicative commencement date would be no earlier than 2028/29, reflecting statutory consultation, scheme approval and an appropriate lead-in period for businesses.

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1. Introduction to document

- This document sets out two potential Visitor Levy Schemes for Dundee: Option A (fixed rate) and Option B (percentage rate). It presents both levy models, the scope common to both options, governance arrangements and intended use of proceeds, forming the basis for statutory consultation and subsequent decision-making by the Council.
- The proposed schemes have been developed through consideration of engagement feedback from local accommodation providers, business representative organisations, cultural and tourism stakeholders, and national bodies, alongside learning from other Scottish local authorities progressing visitor levy proposals. The approach reflects the specific characteristics of Dundee's visitor economy and the issues raised by stakeholders regarding fairness, simplicity and proportionality.
- Both proposed schemes have been designed to comply with the powers and requirements set out in the Visitor Levy (Scotland) Act 2024. The fixed rate option (Option A) has additionally been designed in anticipation of the Visitor Levy (Amendment) (Scotland) Bill 2026 receiving Royal Assent and becoming the Visitor Levy (Amendment) (Scotland) Act 2026. Should the Bill not pass, or should its provisions change materially during parliamentary scrutiny, the fixed rate proposal will be reviewed and updated accordingly to ensure full compliance with the legislative framework as enacted.
- All references to Option A (fixed rate) in this document are therefore contingent on the Bill receiving Royal Assent in materially its current form. Should the Bill not pass, Option A would not be available to Dundee City Council under current legislation.
- The final Visitor Levy Scheme, if approved by Dundee City Council following statutory consultation, will be drafted in full compliance with the Visitor Levy (Scotland) Act 2024 and, subject to Royal Assent, the Visitor Levy (Amendment) (Scotland) Bill 2026, including all required statutory scheme content.
- In developing these proposals, Dundee City Council has sought to strike an appropriate balance between generating meaningful additional investment to support the long-term sustainability of the visitor economy, and minimising cost and administrative burden for accommodation providers and the Council.
- The Visitor Levy (Scotland) Act 2024 provides local authorities with the discretionary power to introduce a levy on overnight accommodation. The Visitor Levy (Amendment) (Scotland) Bill 2026, currently progressing through the Scottish Parliament, proposes to extend these powers to allow local authorities to choose between a percentage-rate levy or a fixed amount levy.
- This document is a pre-consultation proposal, not a final scheme. A final, fully legally compliant scheme will be developed following consultation, taking account of responses received and any further development of the legislative framework, should the Council wish to proceed. The final scheme will address all required statutory content in full.

2. Purpose and objectives of the Visitor Levy Scheme

Dundee's visitor economy is evolving, with strengths in culture, events, and business tourism. There are also recognised challenges around city-centre vitality, seasonality, infrastructure, and perception. A visitor levy is being explored as a potential long-term mechanism to:

- Support investment in visitor-related services and infrastructure.
- Reinforce Dundee's offer as a welcoming, high-quality destination.
- Ensure that visitors contribute fairly to the costs associated with tourism activities.

Engagement feedback makes clear that a levy should not be viewed as a short-term revenue tool, but as part of a wider strategy to grow and strengthen Dundee's visitor economy.

2.1. Proposed scheme objectives

The proposed scheme objectives of a Dundee Visitor Levy Scheme are to:

1. Support sustainable growth of the visitor economy, aligned with Dundee's Tourism Strategy, Event Strategy, and Tay Cities Region priorities.
2. Enhance visitor experience and city readiness, including public realm, safety, accessibility, culture, events, and visitor infrastructure.
3. Strengthen business and convention tourism, supporting Dundee's role as a competitive host for conferences, events, and exhibitions.
4. Deliver shared benefits of a successful visitor economy for residents and communities, ensuring visible improvements that reinforces civic pride and local wellbeing.
5. Promote inclusive and responsible tourism, supporting climate action, accessibility, and fair economic outcomes.

An assessment of the likely impacts of the proposed scheme, prepared in accordance with the Act, is set out at Appendix D.

3. Proposed scope of the Visitor Levy Scheme

The following scope provisions apply to both Option A (fixed rate) and Option B (percentage rate).

3.1. Geographical area

The scheme would apply across the Dundee City Council administrative area, ensuring consistency and avoiding displacement effects within the city.

3.2. Scheme commencement

Any levy would not be introduced before:

- Completion of statutory consultation.
- Council approval of a final scheme.
- An appropriate implementation and lead-in period for businesses.

The Act requires the scheme to come into force at least 18 months after Dundee City Council publishes its statutory consultation report confirming its intention to proceed. This means the 18-month period runs after the conclusion of the statutory consultation, not from the initial decision to consult. An indicative commencement date of no earlier than 2028/29 reflects this requirement.

Following any decision to introduce the scheme, the Act requires Dundee City Council to notify the Scottish Ministers and publicise both the decision and the proposed commencement date as soon as reasonably practicable.

3.3. Scheme duration

The levy would be introduced as an ongoing scheme, with:

- A formal review within three years of commencement.
- Subsequent periodic reviews to assess effectiveness, impacts and alignment with strategic priorities.

3.4. Chargeable periods

The preferred position at this stage is for the levy to apply year-round, recognising that:

- Business tourism and events contribute significantly outside peak leisure seasons.
- Seasonal complexity adds administrative burden.

The levy will become chargeable when a person takes entry to overnight accommodation in exercise of the right to reside in that accommodation, and will apply to each night of the stay up to a seven-night cap. This will be tested further during the statutory consultation.

The Act provides that the levy will not apply to any booking paid in full before the date of Dundee City Council's decision to introduce the scheme. Where a booking is paid for after the decision date but before the scheme comes into force, the levy will be chargeable provided the visitor takes entry to the accommodation after the scheme's commencement date. These transitional arrangements will be communicated clearly to accommodation providers as part of the implementation support programme.

3.5. Accommodation provider scope

The Act requires the scheme to specify whether the levy applies to accommodation providers with an annual turnover below the VAT threshold, currently £90,000. Dundee City Council proposes that the levy applies to all eligible accommodation providers regardless of turnover. This ensures a level playing field across the accommodation sector, avoids complexity in determining eligibility, and is consistent with the approach being taken by other Scottish local authorities progressing visitor levy proposals. The national Improvement Service collection platform is designed to support operators of all sizes, minimising the administrative burden on smaller providers. This position will be tested through the statutory consultation process.

4. Proposed levy model and rate structure

Dundee City Council is presenting two levy model options for consultation. The following sub-sections set out the proposed rates and structure for each option. All other scheme parameters are as described in Section 3.

4.1. Option A: Fixed Rate

Proposed rates and structure

The levy will apply all year round within the administrative area of Dundee City Council. The levy will have a cap of 7 consecutive nights, after which it will no longer apply. Under the Act, the levy becomes payable when a person takes entry to overnight accommodation. Accommodation providers will remit the levy to the Council quarterly via returns.

Anything beyond 7 nights will be excluded from the final levy payment.

The levy is proposed to be charged on the basis of a fixed amount per room per night, in accordance with the fixed amount powers introduced by the Visitor Levy (Amendment) (Scotland) Bill 2026, subject to Royal Assent.

The levy will apply regardless of the number of persons occupying the room on a given night.

→ For all accommodation types, the levy will be at **£5 per night per room**.

The £5 rate has been selected following careful consideration of a range of factors. Most other local authorities are currently proposing a percentage-based levy and so direct comparators are limited. However, based on an average Dundee hotel room rate of approximately £100 per night, a £5 fixed amount charge is broadly comparable to a 5% percentage-rate levy, ensuring the fixed amount proposal generates similar revenue to the percentage-rate alternative while offering greater simplicity and predictability for businesses and administrators.

The fixed amount approach has been specifically designed to maximise revenue potential whilst minimising administrative burden, providing a single, clear nightly charge that is straightforward to apply, communicate and collect across all accommodation types and booking platforms. The rate has been set at a level that remains proportionate to Dundee's visitor economy and is unlikely to materially affect booking decisions in most circumstances. The proposed rate will be tested through the statutory consultation process.

It should be noted that, under the Bill, Scottish Ministers will have the power to specify by regulation the maximum fixed amount a local authority may set. Any such cap would apply to Dundee's scheme. At the time of writing no maximum has been proposed, and the £5 rate is considered proportionate and well within any likely parameters, but Dundee City Council will monitor Ministerial regulations in this area.

Under the Bill, the final scheme will be required to specify the method of calculating the levy chargeable in respect of each chargeable transaction. For this scheme, the levy is calculated as £5 per room per night, applied regardless of the number of persons occupying the room, for each night of the stay up to the seven-night cap.

It is expected that the £5 levy will be applied to the VAT-inclusive accommodation charge. As the proposed levy is a fixed rate, it will be applied per room regardless of VAT. Note: while the levy is a fixed amount unaffected by room rate or VAT, guidance will still clarify the relationship between the levy charge and the VAT-inclusive price shown to guests for transparency purposes.

4.2. Option B: Percentage Rate

Proposed rates and structure

The levy will apply all year round within the administrative area of Dundee City Council. The levy will have a cap of 7 consecutive nights, after which it will no longer apply. Under the Act, the levy becomes payable when a person takes entry to overnight accommodation. Accommodation providers will remit the levy to the Council quarterly via returns. Anything beyond 7 nights will be excluded from the final levy payment.

The levy is proposed to be charged on the basis of a percentage amount per room per stay, in accordance with the percentage-rate powers provided under the Visitor Levy (Scotland) Act 2024. The levy will apply regardless of the number of persons occupying the room on a given night.

→ For all accommodation types, the levy will be at **5% per room, per stay**.

The 5% rate has been selected following consideration of a range of factors. It sits within the range being explored or adopted by other Scottish local authorities progressing visitor levy proposals, ensuring Dundee remains broadly competitive as a destination.

At 5% of the accommodation portion, the levy adds a modest and proportionate charge, which is consistent with levies applied in comparable European cities and is unlikely to materially affect booking decisions. The rate generates sufficient net proceeds to enable meaningful reinvestment over the scheme's life while remaining proportionate to the scale of Dundee's visitor economy. Sensitivity analysis in Appendix 2C confirms the scheme remains financially viable across a range of cost, exemption and non-compliance scenarios. The proposed rate will be tested through the statutory consultation process.

Under the Act, the levy applies to the accommodation portion of the transaction only. This excludes any amount reasonably attributable to meals or drinks, parking, laundry, entertainment, or transportation. Accommodation providers charging package rates will need to separately identify the accommodation portion for levy calculation purposes.

It is expected that the 5% levy will be applied to the VAT-inclusive accommodation charge. That is, the levy is calculated after VAT has been added to the room rate. This means the effective base for the levy calculation will include VAT where it applies. This position is subject to confirmation by the Scottish Government, and Dundee City Council will update its guidance to accommodation providers once this has been formally clarified. Clear guidance on the correct calculation method

will be published as part of the implementation support programme ahead of the scheme's commencement.

5. Exemptions and reliefs

The Visitor Levy is payable per night, per room in chargeable accommodation within the Dundee City Council area that is not a sole or usual place of residence, whether on a temporary or short-term basis.

5.1. Mandatory exemptions

In line with the Act, and to ensure the scheme is fair, proportionate and inclusive, a number of mandatory exemptions will apply.

Two categories of exemption apply. First, disability benefit exemptions are mandated directly by the Act and must be included in any scheme. Second, further exemption categories may be specified by Scottish Ministers by regulations made under the Act. The categories described below reflect the current understanding of those regulations, and are subject to any regulations made or updated by Ministers. Both categories are summarised below for consultation purposes.

The following categories of individuals will be out of scope from the Visitor Levy:

- Individuals who are homeless or at risk of homelessness, including:
 - People who are currently homeless;
 - People at risk of losing their home within the next eight weeks;
 - People living in unsuitable or uninhabitable accommodation, including severe overcrowding, serious disrepair or damp;
 - Individuals fleeing domestic abuse or other forms of violence.
- Individuals whose sole or main residence is unfit for habitation.
- Asylum seekers and refugees.
- Members of Gypsy/Traveller communities staying on dedicated sites.

In addition, under the Act, the levy is not payable where the visitor or any other person utilising the right to reside in the overnight accommodation is in receipt of the following disability-related benefits or payments. This means the exemption applies to a booking where any member of the staying party holds a qualifying benefit, not only the person who made the booking:

- Disability Living Allowance (DLA).
- Disability Assistance.
- Attendance Allowance.
- Pension Age Disability Benefit.
- Personal Independence Payment (PIP).

5.2. Administration of exemptions and the reimbursement process

The administration of exemptions will vary by category. Individuals falling within the out-of-scope categories, including those who are homeless or at risk of homelessness, asylum seekers, refugees, and members of Gypsy/Traveller communities on dedicated sites, should be identified at the point of booking and should not be charged the levy. Accommodation providers will be required to retain records demonstrating that the exemption was applied appropriately. For individuals claiming a disability-related benefit exemption, where eligibility cannot always be verified at point of booking, the levy will be charged at the point of payment and a reimbursement claim may then be made to Dundee City Council. The reimbursement process is set out below.

- Reimbursement applications will be made online and will require submission of:
- Proof of overnight accommodation and payment of the levy;
- Relevant evidence demonstrating eligibility for the exemption;
- Bank details to allow reimbursement via BACS transfer.

Clear guidance will be published on the Council's website setting out eligibility criteria, required evidence and timescales for reimbursement.

5.3. Evidence and verification requirements for disability-related exemptions

For individuals claiming exemption on the basis of receipt of a qualifying disability-related benefit, the following evidence will be required as part of the reimbursement process. This will not apply to those out of scope.

Evidence required:

- The name of the individual in receipt of the eligible benefit;
- A copy (scan or photograph) of the relevant benefit award letter;
- Proof of payment for overnight accommodation, including evidence that the Visitor Levy was paid;
- Confirmation that the individual in receipt of the benefit was a member of the party staying in the accommodation, with their name included on the booking or receipt where possible;
- Bank details to enable reimbursement via BACS.

Dundee City Council will assess all submitted evidence and, where eligibility is confirmed, reimburse the levy amount directly to the applicant.

6. Governance, administration and review

6.1. Administration

Following guidance from the Scottish Government, this proposal assumes that the online collection platform developed by the Improvement Service will be used by accommodation providers to administer the levy. Note: for Option A (fixed rate), the Scottish Government has not yet confirmed that the Improvement Service system will be adapted to accommodate fixed-rate levies. This draft proposal assumes that adaptation will follow approval of the Amendment Bill; this position will be updated as further guidance becomes available.

Until this confirmation is received, the collection arrangements described for Option A remain subject to change. Dundee City Council will monitor Scottish Government guidance in this area and update its implementation planning accordingly. In the event that the Improvement Service platform is not adapted for fixed rate levies, alternative collection arrangements would need to be identified prior to scheme commencement.

The levy will apply to chargeable transactions as defined in legislation, including transactions involving third-party intermediaries such as online travel agents, where the initial transaction with the accommodation provider constitutes the chargeable transaction.

Accommodation providers are liable for the levy regardless of how the booking was made. Where bookings are made through online travel agents or other third-party platforms, the accommodation provider remains responsible for ensuring the levy is collected and remitted to the Council. The practical arrangements for levy collection in respect of third-party bookings, including how and when the levy is presented to the guest, will be set out in detailed operational guidance to be published ahead of the scheme's commencement. Dundee City Council will work with the Improvement Service and accommodation providers to ensure these arrangements are clear and workable across all booking channels.

Accommodation providers within the local authority area will be liable for the levy. They will be required to submit quarterly returns within 30 days of the end of each quarter, as required by the Act, detailing the total levy collected via the national online visitor levy portal. The levy will be payable at the same time as submitting returns. The platform will be free to use for businesses.

In accordance with the Act, accommodation providers are required to keep accurate records of all overnight stays in respect of which levies become payable, and of the chargeable transactions to which those stays relate, along with associated payments and financial records. All records must be retained for a minimum of five years from the date on which the relevant return is made.

Accommodation providers who fail to comply may be subject to penalties.

In accordance with the Act, Scottish Ministers will make regulations providing for a formal review process by Dundee City Council and, following that review, a right of appeal to the First-tier Tribunal for Scotland. The Council will establish an accessible process for registering review

requests and will publish full details of the appeals process once the relevant Ministerial regulations are in place.

6.2. Use of net proceeds

In accordance with the Act 2024, net proceeds must be applied first to facilitate the achievement of the scheme's objectives, and thereafter to develop, support and sustain facilities and services substantially used by visitors to Dundee for leisure or business purposes.

In accordance with the Act, Dundee City Council will maintain a separate account for all receipts and expenditure relating to the visitor levy scheme, crediting the account with all money received under the scheme and debiting it with operating expenses. This statutory requirement provides the legal foundation for the ring-fencing of levy income and will support transparent public reporting.

In accordance with the Act, Dundee City Council is required to consult communities, businesses engaged in tourism, tourist organisations and the visitor levy forum from time to time on how net proceeds are used. Decisions will be guided by a clear and transparent set of principles, ensuring that investment:

- Supports the long-term sustainability and quality of Dundee's visitor economy;
- Delivers visible benefits for both visitors and residents;
- Aligns with the Council's wider strategic priorities, including tourism, events, culture, economic development, climate action and inclusive growth;
- Is informed by evidence, engagement feedback and regular review.

The visitor levy is not intended to replace existing Council budgets or core service provision, but to act as a complementary funding stream that enables additional investment in areas that strengthen Dundee's appeal as a destination and its capacity to host visitors year-round.

Strategic alignment

Net proceeds from the Visitor Levy will be allocated in a manner that aligns with:

- Dundee's Tourism Strategy and Tourism Action Plan (2025-2030);
- Dundee's Events Strategy (2024-2029);
- The Tay Cities Region Tourism Development Framework (2025-2030);
- Dundee City Region Convention Bureau Annual Report (2025);
- The Council's commitments to climate action, accessibility, community wellbeing and Fairer Scotland outcomes.

This alignment will ensure that levy-funded investment supports both leisure and business tourism, addresses seasonality, and reinforces Dundee's distinctive strengths in culture, design, events and innovation. Furthermore, subsequent relevant strategies that are adopted by Dundee City Council and partners will guide the allocation of net proceeds.

Eligible investment themes

While specific allocations will be determined following statutory consultation and Council approval, it is proposed that net proceeds could support investment across the following broad themes:

Visitor experience and city readiness

Enhancing the quality, safety, accessibility and attractiveness of spaces and services used by visitors, including the public realm, wayfinding, visitor information, accessibility improvements and visitor-facing infrastructure.

Culture, events, and festivals

Supporting the attraction, development and delivery of cultural events, festivals, conferences and exhibitions that increase visitor numbers, extend dwell time, support off-peak activity and strengthen Dundee's profile nationally and internationally.

Business and convention tourism

Strengthening Dundee's competitiveness as a host city for conferences, conventions and business events, including support for bidding activity, venue readiness and partnership working.

Sustainable and responsible tourism

Investing in initiatives that support climate action, low-carbon travel, waste reduction, and responsible visitor behaviour, ensuring tourism growth aligns with Dundee's environmental ambitions. This includes supporting initiatives that promote fair employment practices and inclusive economic participation within the visitor economy, ensuring that the benefits of tourism growth are shared equitably across local businesses, workers and communities.

Investment will also seek to promote culturally respectful and socially responsible visitor behaviour, building positive relationships between visitors and residents, and supporting the long-term social cohesion and vibrancy of Dundee's neighbourhoods. Together, these environmental, social and economic dimensions of responsible tourism will ensure that Dundee's growth as a destination is sustainable, inclusive and beneficial for all.

Destination marketing and profile

Supporting the promotion of Dundee as a destination to domestic and international visitors, including targeted marketing campaigns, digital presence, travel trade engagement and media familiarisation activity. Investment in destination marketing will seek to address seasonality, broaden Dundee's visitor appeal across key markets, and strengthen the city's profile as a distinctive and compelling place to visit, do business and attend events. This will be delivered in partnership with VisitScotland, the Tay Cities Region and other relevant bodies, ensuring that levy-funded activity complements and builds upon existing national and regional marketing efforts.

6.3. Governance and decision-making arrangements

Dundee City Council proposes that decisions on the allocation of net proceeds are made through a clear and accountable governance framework, to be finalised as part of the statutory consultation and scheme approval process.

This is expected to include:

- Oversight by elected members through established committee structures;
- Officer-led assessment of proposed investments against agreed criteria and scheme objectives;
- Ongoing engagement with key stakeholders, including the visitor economy, cultural and events sectors, and community representatives.

Final governance arrangements will ensure compliance with statutory requirements and provide assurance that funds are allocated transparently, proportionately and in line with the approved objectives of the scheme.

Under the Act, Dundee City Council must establish a visitor levy forum no later than six months after the date of its decision to introduce the scheme and the forum must meet a minimum of twice per calendar year. Elected members of Dundee City Council may be appointed to the forum but must not form a majority of its membership.

The local authority must consult the forum on:

- How levy revenues are spent, including priorities and alignment with tourism and visitor strategies.
- The operation of the scheme, including impacts on businesses and visitors.
- Any proposed changes to the levy (e.g. rate, scope, exemptions).

This forum will be representative of key stakeholders of the levy, such as accommodation providers of all types and sizes, Dundee City Council, Culture and Leisure Dundee, key attractions, transport providers, national body representatives, the Chamber of Commerce, the Federation of Small Businesses and any other directly relevant stakeholders.

6.4. Transparency, reporting and review

To maintain public confidence in the Visitor Levy Scheme, Dundee City Council will:

- Publish an annual report in accordance with the Act, setting out the total revenue collected, administration costs, net proceeds, how funds have been allocated, and the performance of the scheme against its stated objectives;
- Clearly demonstrate how funded projects and services align with the scheme's objectives and deliver benefits for visitors and residents;
- Review investment priorities as part of the scheme's formal three-year review cycle, informed by monitoring, evaluation and stakeholder feedback.

In accordance with the Act, a copy of each published review report will be provided to the visitor levy forum.

This approach ensures that the use of net proceeds remains responsive to changing circumstances, evidence of impact, and the evolving needs of Dundee's visitor economy and communities.

It is recommended that a strategic communications plan is developed with the purpose of ensuring residents, businesses, and visitors can see where the investment from the levy is being made and what the positive impacts are.

6.5. Reviewing and changing the scheme

Dundee City Council will formally review the visitor levy for Dundee City every three years to assess whether the scheme is successfully achieving its objectives and to measure the impact of the scheme on businesses and communities. The review will be publicly reported, along with details on how the income has been spent and the benefits which the visitor levy-funded projects have brought.

As required by the Act, each formal review will include an explicit statement by the Council on whether the scheme should be kept as it is, modified, or revoked. This determination will be published as part of the review report, along with clear justification for the decision reached.

If the Council wants to make changes to the scheme following the review, it will publicly consult on the change and publish a report detailing the decision and its justification. The following implementation periods will apply depending on the nature of the change proposed:

- **Increasing the visitor levy rate:** a minimum of 6 months' notice from the date of the decision to the date of implementation.
- **Changes to the visitor levy scheme area:** a minimum of 18 months' implementation period.
- **Removing any exemptions:** a minimum of 18 months' implementation period.

Where the Council determines that the scheme should be revoked, a reasonable wind-down period will be confirmed at the time of the decision, with appropriate notice given to accommodation providers, visitors and other stakeholders.

Appendices



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Appendix 2A : Policy and legislative context

Overview of the Visitor Levy (Scotland) Act 2024

The Visitor Levy (Scotland) Act 2024 provides local authorities with the discretionary power to introduce a levy on overnight accommodation within their area. The Visitor Levy (Amendment) (Scotland) Bill 2026, currently progressing through the Scottish Parliament, extends these powers to allow local authorities to choose between a percentage-rate levy or a fixed amount levy.

The Act requires that:

- Any levy must be introduced following stakeholder engagement and a statutory public consultation.
- Net proceeds must be used first to facilitate the scheme's objectives and thereafter to support facilities and services substantially used by visitors.
- Local authorities must establish governance, reporting, review, enforcement and appeals arrangements in accordance with the Act.
- Mandatory exemptions, including disability-related exemptions, must be applied.

The Visitor Levy (Amendment) (Scotland) Bill 2026, subject to Royal Assent, will allow local authorities to implement a fixed amount levy, either per room per night or per person per night, in addition to the existing percentage-rate option. Local authorities remain responsible for designing the scheme within whichever basis they select. Local authorities will be required to select one basis and design their scheme accordingly.

Dundee City Council's discretionary powers

The Act gives Dundee City Council discretion over:

- Whether to introduce a levy.
- The design of the scheme, including rates, exemptions and caps. Review periods, however, must occur in 3-year cycles.
- The governance and allocation of net proceeds.
- The timing and phasing of implementation.

This discretion allows Dundee to develop a scheme that reflects its specific tourism profile, market maturity, and strategic priorities, rather than adopting a model designed for larger or more established destinations.

Fairer Scotland Duty and equalities considerations

In developing this proposal, Dundee City Council has had regard to its duties under the Fairer Scotland Duty and the Public Sector Equality Duty. Early engagement highlighted strong expectations around fairness, affordability, and protection for vulnerable groups.

The Council recognises that:

- A poorly designed levy could disproportionately affect lower-income visitors or small accommodation providers.
- Exemptions, caps, and clear reinvestment of proceeds are essential to mitigate potential adverse impacts.
- Equalities considerations must be embedded throughout scheme design, consultation, implementation and review.

Status of visitor levies across Scotland

A growing number of Scottish local authorities are progressing visitor levy proposals, including Edinburgh, Aberdeen, West Dunbartonshire, Glasgow, Stirling and Perth & Kinross. These authorities are at different stages of feasibility, consultation and implementation.

Dundee's approach reflects learning from early adopters while recognising that the city's visitor economy differs in scale, seasonality and composition. The proposed scheme is therefore intentionally cautious and tailored.

Appendix 2B: Rationale for the Levy Model

Summary of levy models considered

Dundee City Council has considered:

- Percentage-based levies - as used and proposed in other authorities.
- Seasonally variable levies.
- Fixed-rate levies per night - both progressive and regressive.
- Models which charge per person per night and models which charge per night

B1. Rationale for a fixed-rate approach (Option A)

Dundee City Council is proposing a fixed-rate visitor levy model, using one fixed nightly rate, as a potential approach for further development and consultation.

A fixed-rate model is proposed as a balanced and proportionate response to concerns of administrative complexity. This approach takes full advantage of fixed-rate administrative simplicity.

The proposed approach offers the following benefits:

- **Administrative clarity:** A single, fixed-rate nightly charge is easier for accommodation providers to implement consistently across booking systems, including online travel agents, reducing complexity and compliance risk.
- **Transparency for visitors:** A clearly defined nightly charge linked to accommodation categories is straightforward to explain and understand at the point of booking.
- **Predictability:** A fixed rate provides cost certainty for both visitors and businesses, avoiding variability associated with percentage-based models.

This model responds directly to Dundee's engagement evidence, which consistently indicated that any levy must be simple and clearly justified, while avoiding undue management burden on the city's accommodation sector.

The rate chosen positions Dundee strategically and competitively against nearby administrative regions that have chosen to apply a levy, with the balance being sought between ensuring competitive positioning whilst ensuring levy revenue that can make a genuinely significant impact.

Sensitivity analysis confirms that materially lower rates would reduce reinvestment capacity to levels unlikely to deliver visible impact, while materially higher rates would increase the risk of disproportionate burden. The proposed rate therefore represents a balanced and proportionate position.

The rate has been set to ensure that the levy operates fairly across the sector. A fixed amount levy is inherently simpler to administer than a percentage-based model and is expected to lower the direct costs to accommodation providers from administering the scheme. While any uniform charge is less progressive in outcome than a percentage approach, since the same charge falls proportionately more heavily on lower-cost accommodation, the £5 rate has been set at a level that remains modest relative to typical room rates across all accommodation categories in Dundee, mitigating regressive effects in practice.

The proposed rate positions Dundee competitively relative to other Scottish authorities progressing visitor levy proposals and remains modest by comparison with many European destinations. This approach seeks to safeguard Dundee's competitive position while enabling sustainable reinvestment.

B2. Rationale for a percentage-rate approach (Option B)

A percentage-based levy, applied as a proportion of the accommodation room rate, is proposed as a potential model for Dundee's visitor levy scheme. This approach is being explored or implemented by a number of other Scottish local authorities.

The principal advantage of a percentage-based levy is that it is inherently progressive in outcome: visitors paying higher room rates contribute more to the levy, while those staying in lower-cost accommodation pay proportionately less. This natural alignment between levy contribution and accommodation cost directly addresses concerns about fairness and regressivity and is likely to be perceived as a more equitable model by visitors, providers and residents alike. It ensures that the levy burden falls most heavily on those with the greatest capacity to pay, which is consistent with Dundee's commitments to inclusive growth and the Fairer Scotland Duty.

A percentage-based model also has the significant advantage of being self-adjusting over time. As accommodation prices rise with inflation, levy revenue increases accordingly without the need for formal rate reviews, scheme amendments or consultation processes. This provides a more responsive, sustainable and administratively efficient revenue stream over the long term, reducing the regulatory burden on both the Council and accommodation providers associated with periodic rate-setting exercises.

The percentage-based approach also aligns levy contribution more closely with the actual value and quality of the visitor experience, ensuring that premium accommodation, which typically generates greater visitor spend and places greater demands on visitor-facing infrastructure and services, contributes proportionately more to the cost of maintaining and improving that offer.

Early engagement highlighted some concerns regarding administrative complexity and transparency with accommodation providers and industry representative bodies being vocal about their concerns in this regard.

These concerns must be taken seriously and given full consideration. However, the concerns are considered manageable in the context of Dundee's accommodation sector and the systems now available to support levy collection and remittance. In particular:

- **Booking platform compatibility:** The majority of property management systems and online travel agent platforms used by Dundee's accommodation providers are capable of accommodating percentage-based charges, and national guidance and support is available to assist providers with implementation.
- **Transparency for visitors:** Clear communication at the point of booking, supported by Council guidance and a strategic communications plan, can ensure that visitors understand the levy and its purpose, regardless of the model used.
- **Business support:** The proposed 2% business reimbursement and dedicated implementation support will help offset any additional compliance costs for accommodation providers, particularly smaller operators.
- **Revenue forecasting:** While percentage-based proceeds are sensitive to fluctuations in room rates, robust occupancy and pricing data for Dundee's accommodation sector provides a sound basis for financial planning and sensitivity analysis.

The percentage-based model is therefore considered a potentially appropriate approach for Dundee, offering a fair, progressive and financially sustainable framework for levy collection, while remaining deliverable within the legislative and administrative context established by the Visitor Levy (Scotland) Act 2024.

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Appendix 2C: Financial Assessment and Cost-Benefit Analysis

Overview and methodology

The financial figures presented in this appendix are estimates based on the best available data at the time of preparation, including VisitScotland occupancy data, Scottish Government Business and Regulatory Impact Assessment figures, and the Tay Cities Region Tourism Accommodation Market Appraisal (Moffat Centre, 2025).

Revenue projections are modelled on current accommodation stock and occupancy rates. Cost estimates draw on published national guidance and early adopter experience. All figures should be treated as indicative at this stage. The sensitivity analysis demonstrates the scheme's resilience across a range of scenarios, but does not guarantee any particular financial outcome. Final figures will be updated as part of the scheme development process following statutory consultation.

Revenue projections are based on accommodation stock, occupancy data and market conditions prevailing at the time of preparation. Actual revenue will depend on the final scheme design, the level of compliance achieved, prevailing market conditions at the point of implementation, and any changes to Dundee's accommodation supply or visitor economy between now and scheme commencement.

This appendix examines the financial impacts of implementing a visitor levy in Dundee over a 1-year decision-making and planning year (2025/26), a 2-year consultation/set-up period (2026/27-2027/28) and a 10-year implementation period, assuming the levy starts collecting revenue in 2028/29.

The implementation year was taken to be 2028/29 to account for decision-making, designing, and planning processes within the Council and the statutory consultation period, which would make 2028/29 the first full financial year revenue in which a visitor levy could be collected.

An assessment of costs and benefits over a 10-year implementation period aligns with HMT Green Book standards and is considered best practice for policy interventions and implementations.

Costs

Cost to the council

The following costs have been established by the Scottish Government in partnership with COSLA, as well as discussions with early adopter local authorities who are currently in consultation for the implementation of a visitor levy.

Note: the costs established by the Scottish Government are specific to a percentage-based visitor levy. Currently, no costing guidelines are available from the Government for a fixed-rate levy, and no other local authority in Scotland has implemented a fixed-rate visitor levy. Due to the high likelihood of administrative costs being lower with a fixed-rate levy, a sensitivity analysis has been

undertaken on the cost figures to reflect the impact of lower costs. Council costs are the same for both options and are set out in Table 1 below.

Consultation and decision-making

This cost refers to the expenses incurred by the local authority in engaging with stakeholders, conducting public consultations, and making decisions about the visitor levy. It includes costs for organising meetings, hiring consultants, and other related activities. These costs are estimated to be £175,000 and include a review of the levy scheme every 3 years. This figure was estimated from costs provided by engagement findings from other local councils currently undertaking visitor levy feasibility analysis, the costs include scheme design, including impact assessments; investment plan; statutory public consultation and internal governance (officer time) as well as related comms, including local press, social media, website updates, and officer time, totalling £100,000. This also includes service and management support and a three-year review of the levy scheme, totalling £25,000 every 3 years for the 10 year implementation. Bringing the total to £175,000.

Set up costs

Set-up costs are the initial expenses required to establish and purchase the license for the Improvement Services visitor levy system. This is a digital platform set up to support accommodation providers to submit returns and pay the levy, which would be remitted back to the Council. An initial fee to purchase a licence to the system would be paid to Edinburgh Council, as they funded the development of the system. Note: the Scottish Government has not yet confirmed that the Improvement Service system will be used for a fixed-rate levy.

The set-up costs also include the cost of awareness campaigns to inform visitors and businesses about the new levy. As well as grant support for development and implementation for accommodation providers. The yearly set-up costs are shown in Table 1.

Administration costs

Ongoing administration costs are the largest expense local councils face. These are expenses related to the continuous management and enforcement of the levy. These costs include a yearly payment to the Improvement Service for continued use of the visitor levy system license. Administration costs also include operational expenses, such as dealing with exemption requests and issues, as well as enforcement of payments, which Dundee City Council will have to deal with internally. These are estimated to be approximately £200,000 per year, and increase slightly year on year.

The payment of the visitor levy license fee to the Improvement Service is £500,000 countrywide. This fee will be split amongst all local authorities who sign up to the visitor levy scheme, based on a fair distribution system, such as how many accommodation providers they have or how much revenue they bring in, in comparison to the other local authorities within the scheme.

The method of distribution has not been finalised yet, so for this analysis, it has been calculated by simply splitting the £500,000 amongst the early adopters of the levy scheme, local authorities currently in consultation for a visitor levy scheme, equalling a total of £50,000 per year, decreasing slightly each year as more local authorities purchase the licence. However, it must be noted that there is a risk that fewer local authorities will use the platform, increasing the yearly

costs to Dundee City Council. Alternatively, more local authorities may use the platform, decreasing the yearly costs to the Dundee City Council.

Total costs for consultation, set up and administration to Dundee City Council for a 10-year implementation period and a 3-year prior consultation period amount to £2,575,389.04 across the programmes 13 year life. This assumes that the visitor levy would start collecting revenue in 2028/29.

Table 1: Cost to Council (applies to both options)

Cost to Council	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	Total
Consultation and Decision-Making	£30,000.00	£30,000.00	£40,000.00	£0.00	£0.00	£25,000.00	£0.00	£0.00	£25,000.00	£0.00	£0.00	£25,000.00	£0.00	£175,000.00
Set Up Costs	£0.00	£0.00	£92,500.00	£22,500.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£115,000.00
Administration Costs	£0.00	£0.00	£56,500.00	£198,500.00	£211,000.00	£201,000.00	£208,035.00	£215,316.23	£222,852.29	£230,652.12	£238,724.95	£247,080.32	£255,728.13	£2,285,389.04
Total	£30,000.00	£30,000.00	£192,000.00	£253,000.00	£221,000.00	£231,000.00	£208,035.00	£215,316.23	£222,852.29	£230,652.12	£238,724.95	£247,080.32	£255,728.13	£2,575,389.04

Costs to local businesses

The following costs are based on a Scottish Government-conducted exercise with a cross-section of accommodation providers across Scotland to understand the potential costs associated with a visitor levy and to inform the Business and Regulatory Impact Assessment (BRIA). Further to this, the Scottish Government also conducted a survey of property management system providers. The following detail on costs to accommodation providers reflects the key messages and evidence gathered from these exercises, as well as responses to the stakeholder engagement.

Note: the Scottish Government has not provided any guidance on the potential costs specifically associated with a fixed-rate levy for local businesses. Therefore, costs for Option A are based on the same Scottish Government BRIA figures used for Option B (percentage rate). Sensitivity analysis has been applied to costs to showcase the likely scenario in which the costs are lower due to ease of administration for a fixed-rate levy.

As a result of the above, business cost estimates for Option A should be treated with particular caution. They may overstate actual costs if fixed rate administration proves simpler in practice, or understate them if unforeseen complexities arise. These estimates will be refined as Scottish Government guidance develops and as experience of fixed rate implementation becomes available from other local authorities.

Set up costs (including property management system (PMS) fee)

Accommodation providers within local authorities where a visitor levy is introduced are likely to face some up-front set-up costs. Many accommodation providers use software to manage bookings and generate invoices for guests, for example. Most accommodation providers that use these systems will likely need to adapt these systems, potentially paying one-off fees to their suppliers. Any additional fees charged by property management system suppliers to adjust existing systems may vary depending on the type of provider (hotel, B&B, hostel, self-catering sector) and the commercial arrangement each accommodation provider has with their property management system supplier.

These fees have been estimated using the Scottish Government's BRIA mid-bound range of values at £2,000 per accommodation provider. Multiplying this by 251, the estimated number of leased accommodations in Dundee, we get £502,000 in one-off PMS set-up fees. This cost will be incurred in the year prior to implementation. This fee does not include the costs of those businesses that do not currently use digital booking systems and may need to introduce them prior to the introduction of a levy.

Set up costs (excluding property management system (PMS) fee)

Costs which exclude PMS fees are costs associated with training existing staff on new systems or changes that have been made to existing systems; costs associated with testing or piloting any new systems before a visitor levy is required to be collected; and costs associated with renegotiating existing contracts with third parties (such as third-party booking platforms or online travel agents) where a commission is based on the price of accommodation sales, to exclude the cost of a visitor levy.

These fees have been estimated using the mid-range of BRIA estimations due to the size of Dundee accommodation providers being medium to large-sized businesses. This equates to £4,500 per accommodation provider. Multiplying this by 251, the estimated number of leased accommodations in Dundee, gives a total of £1,129,500.00 in set-up costs, excluding the one-off PMS set-up fees. This cost will be incurred in the year prior to implementation.

Administration costs

Administration costs taken on by accommodation providers include:

- Costs associated with preparing regular remittance tax returns to the local authority (assuming one return per quarter).
- Costs associated with performing reconciliation exercises associated with tax returns and due diligence checks to ensure, for example, the correct visitor levy rate is applied to invoices.
- Costs associated with explaining to customers why a visitor levy has been added to their accommodation bill. These fees have been estimated on the basis of 8 hours of work per quarter at a wage of £20 per hour. Equalling £640 per accommodation provider per year.

The Scottish Government's BRIA upper bound range was £400 per accommodation provider (as estimated by the Scottish Government's 2023 Business and Regulatory Impact Assessment). Multiplying £640 by 251, the estimated number of providers in Dundee, we get £160,640.00 in the first year of implementation. Adjusted for inflation over the 10-year implementation period, gives a total of £1,884,531.00.

While most accommodation providers we have consulted with do not agree that the BRIA £400 figure accurately reflects the true cost, which they suggest are likely to be higher, in the absence of a reliable figure, we have calculated that accommodation providers would spend 1 day (8 hours) a quarter submitting a return, similar to the maximum reported to have been spent on a VAT return, and cost this 50% above the living wage to return £640. This is triangulated with the Improvement Service's estimate that it would take 30 seconds to report each booking. This naturally would be higher for those accommodation providers who have lower digital literacy, but they can access the support Dundee City Council intends to provide, were the visitor levy to be implemented.

Table 2: Costs to businesses (applies to both options)

Costs to local businesses	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	Total
Set Up costs (Excluding PMS)	£0.00	£0.00	£502,000.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£502,000.00
Set Up Costs (Including one-off PMS fee)	£0.00	£0.00	£1,129,500.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£1,129,500.00
Administration Costs/Ongoing Costs	£0.00	£0.00	£0.00	£160,640.00	£166,262.40	£172,081.58	£178,104.44	£184,338.09	£190,789.93	£197,467.58	£204,378.94	£211,532.20	£218,935.83	£1,884,531.00
Total	£0.00	£0.00	£1,631,500.00	£160,640.00	£166,262.40	£172,081.58	£178,104.44	£184,338.09	£190,789.93	£197,467.58	£204,378.94	£211,532.20	£218,935.83	£3,516,031.00

Business reimbursement

Dundee City Council propose to offer a business reimbursement system where 2% of the levy collected will be paid back to each accommodation provider per year to help cover the costs taken on by accommodation providers.

- **Option A (Fixed Rate):** Business reimbursement for the 10-year implementation period amounts to £639,297.80. This equates to £2,547 per business over the 10-year period.
- **Option B (Percentage Rate):** Business reimbursement for the 10-year implementation period amounts to £580,334.00. This equates to £2,312.09 per business over the 10-year period.

Total costs

Table 3a: Total costs – Option A (Fixed Rate)

Total Costs – Option A (Fixed Rate)	Value
Direct costs Dundee City Council	£2,575,389.04
Direct costs for local businesses (Accommodation providers)	£3,516,031.00
2% Business reimbursement (Cost to Dundee City Council)	£639,297.80
Total Cost	£6,730,717.84

Table 4a: Total costs – Option B (Percentage Rate)

Total Costs – Option B (Percentage Rate)	Value
Direct Costs Local Council	£2,575,389.04
Direct Costs Local Businesses (accommodation providers)	£3,516,031.00
2% Business Reimbursement (Cost to Dundee City Council)	£580,334.00
Total Cost	£6,671,754.04

Benefits

Revenue

The main benefit of this visitor levy scheme is the net proceeds available for investment. This is generated from the visitor levy. The number of days was taken to be 365 days for the year-round levy. The number of rooms was calculated from the latest Available 'Annual Average Tourism Accommodation Stock by Sector' provided by VisitScotland, the 'Tay Cities Region Tourism

Accommodation Market Appraisal' Moffat report and the Dundee City Council accommodation register, combining the number of hostels, hotels, B&Bs and self-catering/Airbnb accommodation in Dundee, totalling an estimated 2,203 rooms in Dundee.

Occupancy rates were also estimated using the latest Available Annual Average Tourism Accommodation Stock by Sector provided by VisitScotland and Dundee City Council. The average occupancy for hotels across 2024 was 65.74%, for B&Bs it was 14.48% and the average occupancy for non-serviced accommodation was 54.12%.

Average prices were obtained from using a weighted average across different accommodation types in Scotland, using a variety of sources, including VisitScotland, Airbitics and AirDNA. An inflation rate of 3.5% has been assumed on the cost of accommodation over the 10 years to gain the real price of accommodation stock.

Revenue projections for Option A assume visitor nights will grow at 3.5% per annum throughout the implementation period. This assumption is based on current market trajectory and does not account for potential structural changes to Dundee's accommodation market, including significant new supply, major business closures, or material shifts in visitor behaviour. Actual growth rates may be higher or lower, and the sensitivity analysis in this appendix should be read alongside the headline projections to understand the range of plausible outcomes.

Option A: Fixed Rate revenue

For the fixed amount model, visitor nights are projected to grow at 3.5% per annum, reflecting growth in both occupancy and accommodation supply. The formula for calculating the fixed rate revenue is:

$$\text{Number of rooms} \times \text{Number of days in period} = \text{Nights booked}$$

$$\text{Total accommodation cost} \times \text{Fixed levy rate per night} = \text{Total Revenue (£)}$$

Visitor revenue after the 10-year adoption period will be £31,964,890.03.

Table 5a: Annual gross revenue from a year-round £5 fixed-rate levy

Dundee percentage rate	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	Total - 10 year adoption
Total nights (increasing at 3.5% p.a.)	544,946.190	564,019.307	583,759.982	604,191.582	625,338.287	647,225.127	669,878.007	693,323.737	717,590.068	742,705.720	
Gross £5 levy revenue	£2,724,730.95	£2,820,096.53	£2,918,799.91	£3,020,957.91	£3,126,691.44	£3,236,125.64	£3,349,390.03	£3,466,618.68	£3,587,950.34	£3,713,528.60	£31,964,890.03

Table 6a: Annual net revenue from a year-round £5 fixed-rate levy

Dundee percentage rate	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	Total - 10 year adoption
Gross Revenue	£2,724,730.95	£2,820,096.53	£2,918,799.91	£3,020,957.91	£3,126,691.44	£3,236,125.64	£3,349,390.03	£3,466,618.68	£3,587,950.34	£3,713,528.60	
Costs	£381,640.00	£377,262.40	£398,081.58	£386,139.44	£399,654.32	£438,642.22	£428,119.70	£443,103.89	£483,612.52	£474,663.96	
Business Reimbursement	£54,494.62	£56,401.93	£58,376.00	£60,419.16	£62,533.83	£64,722.51	£66,987.80	£69,332.37	£71,759.01	£74,270.57	
Net Revenue	£2,288,596.33	£2,386,432.20	£2,462,342.33	£2,574,399.31	£2,664,503.29	£2,732,760.90	£2,854,282.53	£2,954,182.42	£3,032,578.81	£3,164,594.07	£27,114,672.19

Table 5a presents net revenue across the 10-year implementation period only (2028/29-2037/38) and does not include costs incurred during the three-year consultation and set-up period (2026/27-2027/28). Table 6a presents the full 13-year programme view incorporating all pre-implementation costs. The resulting net revenue figure of £25.23 million reflects the total position across the whole programme life and is the figure used for the BCR calculation. The higher figure of £27.11 million shown in Table 5 represents net revenue during the implementation period alone.

Option B: Percentage Rate revenue

For the percentage-rate model, revenue is driven by accommodation price growth rather than volume growth, which accounts for the difference in baseline nights between the two models. The formula for calculating the percentage rate revenue is:

$$\text{Number of rooms} \times \text{Number of days in period} \times \text{Occupancy rate} = \text{Nights booked}$$

$$\text{Nights booked} \times \text{Average Weighted Cost per night} = \text{Total accommodation cost}$$

$$\text{Total accommodation cost} \times \text{Levy percentage} = \text{Total Revenue (£)}$$

Visitor revenue after the 10-year adoption period will be £29,016,700.08.

Table 7b: Annual gross revenue from a year-round 5% percentage rate levy

Dundee percentage rate	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	Total - 10 year adoption
Total nights booked	491,510.24	491,510.24	491,510.24	491,510.24	491,510.24	491,510.24	491,510.24	491,510.24	491,510.24	491,510.24	
Weighted average price (inc yearly inflation increases)	£100.65	£104.17	£107.81	£111.59	£115.49	£119.54	£123.72	£128.05	£132.53	£137.17	
Total revenue	£2,473,423.21	£2,559,993.02	£2,649,592.77	£2,742,328.52	£2,838,310.02	£2,937,650.87	£3,040,468.65	£3,146,885.05	£3,257,026.03	£3,371,021.94	£29,016,700.08

Table 8b: Annual net revenue from a year-round 5% percentage rate levy

Dundee percentage rate	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	Total - 10 year adoption
Gross Revenue	£2,473,423.21	£2,559,993.02	£2,649,592.77	£2,742,328.52	£2,838,310.02	£2,937,650.87	£3,040,468.65	£3,146,885.05	£3,257,026.03	£3,371,021.94	
Costs	£381,640.00	£377,262.40	£398,081.58	£386,139.44	£399,654.32	£438,642.22	£428,119.70	£443,103.89	£483,612.52	£474,663.96	
Business Reimbursement	£49,468.46	£51,199.86	£52,991.86	£54,846.57	£56,766.20	£58,753.02	£60,809.37	£62,937.70	£65,140.52	£67,420.44	
Net Revenue	£2,042,314.74	£2,131,530.76	£2,198,519.33	£2,301,342.51	£2,381,889.50	£2,440,255.63	£2,551,539.58	£2,640,843.46	£2,708,272.98	£2,828,937.54	£24,225,446.04

Table 5b presents net revenue across the 10-year implementation period only (2028/29-2037/38) and does not include costs incurred during the three-year consultation and set-up period (2026/27-2027/28). Table 6b presents the full 13-year programme view incorporating all pre-implementation costs. The resulting net revenue figure of £22.34 million reflects the total position across the whole programme life and is the figure used for the BCR calculation. The higher figure of £24.2 million shown in Table 5 represents net revenue during the implementation period alone.

Results and sensitivities

The BCR is calculated as net revenue (after deduction of all costs including business reimbursement) divided by direct costs to the Council and accommodation providers. It is presented on a simplified basis appropriate for a pre-consultation proposal, without NPV discounting or optimism bias adjustments. A fuller appraisal will be conducted as part of scheme development following statutory consultation

Table 6a: Results – Option A (Fixed Rate)

Dundee – 13 year programme	10 year programme 3 year set up
Revenue	£31,964,890.03
Costs	£6,091,420.04
Business Rebate 2%	£639,297.80
Net revenue	£25,234,172.19
BCR	4.14

Table 9b: Results – Option A (Percentage Rate)

Dundee - 13 year programme	10 year programme 3 year set up
Revenue	£29,016,700.08
Costs	£6,091,420.04
Business Rebate 2%	£580,334.00
Net revenue	£22,344,946.04
BCR	3.67

Both BCR values are very high, demonstrating excellent benefit return for cost.

Sensitivities

In all sensitivity scenarios tested for both options, the BCR remains positive. The sensitivity tables below are presented for both options.

Option A: Fixed Rate Sensitivities

Table 10a: Sensitivity scenario: decreasing costs (Fixed Rate)

Decreasing costs	No change in costs	5% decrease	10% decrease	20% decrease
Revenue	£31,964,890.03	£31,964,890.03	£31,964,890.03	£31,964,890.03
Total costs	£6,091,420.04	£5,786,849.04	£5,482,278.03	£4,873,136.03
Rebate	£639,297.80	£639,297.80	£639,297.80	£639,297.80
Net revenue (Total benefits-total costs)	£25,234,172.19	£25,538,743.19	£25,843,314.19	£26,452,456.20

BCR	4.14	4.41	4.71	5.42
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Table 11a: Sensitivity scenario: increasing costs (Fixed Rate)

Increasing costs	No change in costs	5% increase	10% increase	20% increase
Revenue	£31,964,890.03	£31,964,890.03	£31,964,890.03	£31,964,890.03
Total costs	£6,091,420.04	£6,374,058.93	£6,700,562.04	£7,309,704.05
Rebate	£639,297.80	£639,297.80	£639,297.80	£639,297.80
Net revenue (Total benefits-total costs)	£25,234,172.19	£24,951,533.30	£24,625,030.19	£24,015,888.18
BCR	4.14	3.91	3.68	3.28

Table 12a: Sensitivity scenario: levy exemptions (Fixed Rate)

Exemptions	No exemptions	5% exempt	10% exempt	20% exempt
Revenue	£31,964,890.03	£30,366,645.53	£28,768,401.03	£25,571,912.02
Total costs	£6,091,420.04	£6,091,420.04	£6,091,420.04	£6,091,420.04
Rebate	£639,297.80	£607,332.91	£575,368.02	£511,438.24
Net revenue (Total benefits-total costs)	£25,234,172.19	£23,667,892.58	£22,101,612.97	£18,969,053.74
BCR	4.14	3.88	3.62	3.11

Table 13a: Sensitivity scenario: non-compliance (Fixed Rate)

Non-compliance	No change in compliance	5% non-compliance	10% non-compliance	20% non-compliance	30% non-compliance	40% non-compliance
Revenue	£31,964,890.03	£30,366,645.53	£28,768,401.03	£25,571,912.02	£22,375,423.02	£19,178,934.02
Total costs	£6,091,420.04	£6,395,991.04	£6,700,562.04	£7,309,704.05	£7,918,846.05	£8,527,988.05
Rebate	£639,297.80	£607,332.91	£575,368.02	£511,438.24	£447,508.46	£383,578.68
Net revenue (Total benefits-total costs)	£25,234,172.19	£23,363,321.58	£21,492,470.96	£17,750,769.74	£14,009,068.51	£10,267,367.28
BCR	4.14	3.65	3.20	2.42	1.76	1.20

Option B: Percentage Rate Sensitivities

Table 14b: Sensitivity scenario: decreasing costs (Percentage Rate)

Decreasing costs	No change in costs	5% decrease	10% decrease	20% decrease
Revenue	£29,016,700.08	£29,016,700.08	£29,016,700.08	£29,016,700.08
Total costs	£6,091,420.04	£5,786,849.04	£5,482,278.03	£4,873,136.03
Rebate	£580,334.00	£580,334.00	£580,334.00	£580,334.00
Net revenue (Total benefits-total costs)	£22,344,946.04	£22,649,517.04	£22,954,088.04	£23,563,230.05
BCR	3.67	3.91	4.18	4.83

Table 15b: Sensitivity scenario: increasing costs (Percentage Rate)

Increasing costs	No change in costs	5% increase	10% increase	20% increase
Revenue	£29,016,700.08	£29,016,700.08	£29,016,700.08	£29,016,700.08
Total costs	£6,091,420.04	£6,374,058.93	£6,700,562.04	£7,309,704.05
Rebate	£580,334.00	£580,334.00	£580,334.00	£580,334.00
Net revenue (Total benefits-total costs)	£22,344,946.04	£22,062,307.15	£21,735,804.04	£21,126,662.03
BCR	3.67	3.46	3.24	2.89

Table 16b: Sensitivity scenario: levy exemptions (Percentage Rate)

Exemptions	No exemptions	5% exempt	10% exempt	20% exempt
Revenue	£29,016,700.08	£27,565,865.08	£26,115,030.07	£23,213,360.06
Total costs	£6,091,420.04	£6,091,420.04	£6,091,420.04	£6,091,420.04
Rebate	£580,334.00	£551,317.30	£522,300.60	£464,267.20
Net revenue (Total benefits-total costs)	£22,344,946.04	£20,923,127.74	£19,501,309.43	£16,657,672.82
BCR	3.67	3.43	3.20	2.73

Table 17b: Sensitivity scenario: non-compliance (Percentage Rate)

Non-compliance	No change in compliance	5% non-compliance	10% non-compliance	20% non-compliance	30% non-compliance	40% non-compliance
Revenue	£29,016,700.08	£27,565,865.08	£26,115,030.07	£23,213,360.06	£20,311,690.06	£17,410,020.05

Total costs	£6,091,420.04	£6,395,991.04	£6,700,562.04	£7,309,704.05	£7,918,846.05	£8,527,988.05
Rebate	£580,334.00	£551,317.30	£522,300.60	£464,267.20	£406,233.80	£348,200.40
Net revenue (Total benefits- total costs)	£22,344,946.04	£20,618,556.73	£18,892,167.43	£15,439,388.82	£11,986,610.21	£8,533,831.59
BCR	3.67	3.22	2.82	2.11	1.51	1.00

Appendix 2D: Assessment of Impacts

In accordance with the requirements of the Visitor Levy (Scotland) Act 2024, Dundee City Council has assessed the likely effects of the proposed scheme on persons living within the scheme area and others likely to be affected.

It should be noted that the overall purpose of introducing a visitor levy is to deliver net positive impacts on all stakeholder groups by being able to invest significantly more revenue in making the destination more attractive as a visitor destination with the ultimate goal of increasing visitor numbers and average spend.

Residents and communities.

The levy is charged on overnight visitors and creates no direct financial burden on Dundee residents. Net proceeds reinvested in visitor-facing infrastructure, events and public realm are expected to generate indirect benefits for residents, including improvements to the city centre environment and cultural offer. Any reduction in visitor numbers resulting from the levy could have an adverse effect on local hospitality businesses and their employees, though sensitivity analysis in Appendix 2C suggests demand impact is limited at either the £5 fixed amount rate or the 5% percentage rate.

Accommodation businesses.

The levy introduces new administrative obligations and a potential modest effect on booking demand. The proposed 2% business reimbursement partially offsets compliance costs. Appendix 2C demonstrates the scheme remains financially viable across a range of cost and demand scenarios for both options. It is expected that direct costs to accommodation businesses from a fixed rate levy (Option A) will be lower than those projected at present.

Visitors.

Under Option A (fixed rate), at £5 per room per night, the levy adds a predictable and transparent cost to overnight stays. For a typical two-night hotel stay the total levy would be £10. Under Option B (percentage rate), at 5% of the accommodation portion, the levy adds a modest cost proportionate to the room rate. Evidence from comparable levies elsewhere in Europe suggests both levels of charge have limited effect on booking decisions.

This initial assessment will be developed and tested through the statutory consultation process, informed by responses from residents, businesses and other stakeholders.

It is recommended that Dundee City Council commissions a full economic impact assessment to inform the first formal review of the scheme within three years of commencement. At this pre-consultation stage, before the final rate, scheme design and investment priorities are determined, such an assessment would be of limited value. By the first review period, actual levy revenue, spend patterns and any observable changes in visitor behaviour will provide a meaningful evidence base for a rigorous evaluation of economic impacts.



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