

Child Rights and Wellbeing Impact Assessment (CRWIA) for Visitor Levy (Scotland) Bill

May 2023

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Disclaimer

This **draft** document is an **initial assessment** of the impact of the Visitor Levy (Scotland) Bill and Scottish Government will continue to review and update this document where required during the parliamentary/strategic decision making process. Any future iterations will reflect an increased understanding of these impacts as the amount of data and research available continues to grow.

This impact assessment should be read in conjunction with the Equality Impact Assessment and the Fairer Scotland Duty Assessment.

Stage 2 Assessment of Impact and Compatibility

CRWIA Stage 2 – Assessment of Impact and Compatibility

1. What evidence have you used to inform your assessment? What does it tell you about the impact on children’s rights? (Guidance Section 2.2)

Findings from the Public Consultation

In respect of the basis of the charge for a Visitor Levy (VL), the public consultation results found that a levy based on a percentage of the total accommodation charge was preferred by the largest proportion of those responding (35%), compared to 32% of respondents that favoured a flat rate per person per night. Among respondents who preferred this option, the reason given most frequently was that it is fair or progressive given it is related to the ability to pay and those choosing to use more expensive accommodation would also pay more tax.

On exemptions, the public consultation paper suggested that there are some groups for whom it would be unacceptable to impose a VL under any circumstances, and asked respondents for their views on these. A small majority of respondents (53%) favoured there being exemptions from a VL for children and young people. A higher proportion of individual respondents expressed support for exemptions for children and young people (56%) than did organisations (48%).

A majority of respondents (78%) thought that all exemptions should be the same across Scotland and therefore set out in the national legislation.

Some respondents also suggested it would be appropriate to exclude some types of accommodation from collection of a VL including hostels, student campuses, campsites and small businesses operating below the VAT threshold. Concerns were also raised with respect to not-for-profit adventure centres for children where many of the adults present will be volunteers. Some respondents questioned the impact a VL might have on residential trips for schools.

Findings from research

The most recent sample data from the International Passenger survey (Q2 2022¹) noted that children under 16 made up 3.4% of international visitors to the UK in Q2 2022.

The 2020 Scottish Household Survey² noted that younger age groups had notably higher rates of attending a cultural event or visiting places of culture than older age groups. 76% of 16 to 24 year olds had participated in cultural activities when reading was excluded, compared to 44% of those aged 75 and over.

¹ [Office for National Statistics – Travepac data from the International Passenger Survey including data on age and sex of travellers, purpose and length of trip, and spending](#)

² [Scottish Household Survey 2020 - telephone survey: culture and heritage report](#)

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VisitScotland's last Visitor Survey (2015-16)³ noted that value for money is more important as a deciding factor for younger age groups (under 45 years) in choosing holiday accommodation. Visitor Surveys were suspended during the COVID-19 pandemic

A separate 2019 VisitScotland report on exploring Scotland's appeal as a family holiday destination noted that affordability was a primary consideration for families with young children when booking a holiday or short break.⁴ 66% of the parents interviewed as part of this research felt that a week's holiday abroad would cost more than a week's holiday in the UK. Supporting exploration and self-discovery among the 8-12 year old age group while giving parents a rewarding break from routine was also identified as a key aspect.

As part of the Year of Young People 2018, VisitScotland commissioned research to further explore the younger generation, specifically looking at different life stages within the 18-36 years old demographic, and including those with and without children.⁵

The research report sets out four critical factors for a younger person's travel journey:

1. New – discovering things for the first time
2. Value for money – income may not match the desire for new experiences
3. Braggable – seeing as being ahead of the curve
4. Unique – seeking out experiences that are specific to destinations

The Association of British Travel Agents (ABTA) recently published the findings of its 2022 Holiday Habits survey⁶, noting that 77% of people in the UK took a holiday either domestically or abroad between September 2021 and August 2022. The recovery of the overseas holiday market was led predominantly by young people and families, who were most likely to have travelled abroad in the last 12 months.

The DWP's Households below average income survey collects data on children experiencing material deprivation in terms of lacking different items and services. The 2020-21 data shows that 27% of children in the UK are in families that want but cannot afford at least one week's holiday away from home with family.⁷

Evidence on the direct impact of a VL on children and young people is very limited due to the novel nature of these taxes. However there is an evidence base in relation to the impact a visitor levy has on people more generally. A 2017 European Commission report on the impact of taxes on the competitiveness of European tourism found that the actual impact of a tourist tax depends on the level of the price elasticity and the extent of pass-through of the tax onto tourists.⁸ Ultimately, the

³ [Scotland Visitor Survey 2015 and 2016](#)

⁴ [VisitScotland insights – Types of visitors](#)

⁵ [VisitScotland insights – Types of visitors](#)

⁶ [ABTA's 2022 holiday habits report](#)

⁷ [UK Government – Households below average income \(HBAI\) statistics](#)

⁸ [European Commission – The Impact of Taxes on the Competitiveness of European Tourism \(final report\) 2017](#)

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study found inconclusive evidence from past literature on the overall effect of increased accommodation costs due to the occupancy tax.

A 2018 survey of visitors to Edinburgh conducted by Smith Travel Research (STR) found that, when asked what effect a £1-£2 visitor levy would have on their overnight stays, the vast majority (75%) of visitors to Edinburgh said that the tax would have no effect on their stay⁹. However, 15% of respondents to the survey did claim they would change their behaviour by either spending less on accommodation or spending less elsewhere on their trip and that those aged 25-34 years are most likely to adapt their budget to compensate for the additional cost. It is worth noting that this particular survey conducted by STR was also based on a presumption of a flat £1-£2 tax, not a percentage model as set out in the Bill. We might expect that those visitors that are particularly price sensitive will choose to stay in cheaper accommodation, and therefore under a percentage model, the implied increase in prices for these visitors will be necessarily moderated.

Moreover, an analysis of case studies of recently-introduced occupancy taxes in European cities found that generally growth in visitor numbers has continued after the introduction of these taxes (though it should be noted this analysis did not measure the impact on visitors by age group). A detailed analysis of these figures can be found in Annex B of the accompanying Business and Regulatory Impact Assessment.

Once further work has been conducted on the evidence base, we will revisit this as part of Stage 3 of the CRWIA. Given this is a novel tax in the UK, we believe it would be appropriate to conduct Stage 3 as part of a general review of the impact and effectiveness of visitor levies in Scotland, once such levies have been established by local authorities.

2. Evidence from stakeholders/Policy Colleagues

Children and young people stakeholder organisations (including the Scottish Youth Parliament, and YoungScot) were invited to respond to the National Consultation, and were engaged bilaterally to submit any concerns on the policy for children and young people. No concerns were raised from stakeholder organisations.

Policy colleagues from homelessness, mobile homes and gypsy travellers have provided input into the policy making process.

3. Evidence from children and young people

Our public consultation was made available for children and young people to access independently, as well as by professionals to facilitate individual or group discussions to help the children and young people they were working with to participate.

⁹ [STR – Tourism Tax: A blessing or a curse](#)

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We will re-engage with children and young people as part of Stage 3 (Child Rights Impact Evaluation) of the CRWIA.

4. Analysis of the evidence

Basis of the charge

Following analysis of consultation responses and engagement with stakeholders, it was decided to set the basis of the charge as a percentage of the value of accommodation purchased by the visitor. This ensures the value of a VL is proportionate to the price of the accommodation. A flat rate VL would be regressive and would leave visitors purchasing low-cost accommodation unfairly penalised.

As a new discretionary local power, local authorities will set the percentage rate of a VL. To ensure a VL is appropriate and responsive to the needs of an area, the Bill will create a statutory requirement for a local authority to consult with local communities and businesses prior to the introduction of a LV. A local authority will also be required to give significant notice and publish its plan on how it planned to use any funds raised through the levy.

Policy around exemptions

As noted above, there was a small majority of consultation respondents in favour of having an exemption from a levy for children and young people.

Consideration was given as to whether an exemption for children should be designated as a national exemption, or as part of a power for local authorities to set their own local exemptions. It was decided that this power should be given to local authorities, who would be best placed to tailor any such exemption should they wish to. For example, a local authority could choose to specifically exempt those children staying in overnight accommodation as part of a school trip, as is the case with Berlin's City Tax.

The Bill will therefore enable a local authority to create local exemptions to a VL, which could include exemptions specifically for children and young people.

In addition, we are committed to developing guidance on the VL with local government and industry stakeholders, which will aim to provide guidance and best practice on aspects of a VL scheme, including exemptions. The Bill will also provide Scottish Ministers with a power to designate national exemptions through subordinate legislation, should they wish to do so.

Policy around use of funds from a levy

Noting that younger age groups have higher rates of attendance at cultural events and places, consideration was given as to how the revenue raised from a VL could improve the visitor offer in an area.

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As the power to create a VL will be a discretionary local power, there is a balance to be struck between how prescriptive national legislation should be over what purposes funds raised by the levy can be used for, and recognition of the fact that local authorities will decide whether to introduce a levy, and the exact uses that are made of the funding it raises. We have decided it is appropriate to include in the Bill a requirement for funds from a VL to be used for developing, supporting and sustaining facilities and services which are substantially for or used by those visiting the area for leisure purposes. This funding will be additional to other sources of local government funding.

By linking the use of funds to the visitor economy, a VL will indirectly benefit young people who are more likely to attend cultural events and places than other age groups (as identified by the 2020 Scottish Household Survey).

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Assessing for compatibility against the UNCRC requirements

Articles where a positive impact has been identified

- Article 31 – leisure, play and culture

Articles where a negative impact has been identified

- Article 24 – health and health services
- Article 30 – children from minority or religious groups

Articles where a neutral impact has been identified

- Article 1 – definition of the child
- Article 2 – non-discrimination
- Article 3 – best interests of the child
- Article 4 – implementation of the convention
- Article 5 – parental guidance and a child's evolving capacities
- Article 6 – life, survival and development
- Article 7 – birth registration, name, nationality, care
- Article 8 – protection and preservation of identity
- Article 9 – separation from parents
- Article 10 – family reunification
- Article 11 – abduction and non-return of children
- Article 12 – respect for the views of the child
- Article 13 – freedom of expression
- Article 14 – freedom of thought, belief and religion
- Article 15 – freedom of association
- Article 16 – right to privacy
- Article 17 – access to information from the media
- Article 18 – parental responsibilities and state assistance
- Article 19 – protection from violence, abuse and neglect
- Article 20 – children unable to live with their family
- Article 21 – adoption

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- Article 22 – refugee children
- Article 23 – children with a disability
- Article 25 – review of treatment in care
- Article 26 – social security
- Article 27 – adequate standard of living
- Article 28 – right to an education
- Article 29 – goals of education
- Article 32 – child labour
- Article 33 – drug abuse
- Article 34 – sexual exploitation
- Article 35 – abduction, sale and trafficking
- Article 36 – other forms of exploitation
- Article 37 – inhumane treatment and detention
- Article 38 – war and armed conflicts
- Article 39 – recovery from trauma and reintegration
- Article 40 – juvenile justice
- Article 41 – respect for higher national standards
- Article 42 – knowledge of rights

First optional protocol

- Articles 4 – 7

Second optional protocol

- Articles 1 – 11

5. Impact on children and young people

The Bill will provide a discretionary power to local authorities to establish and administer a VL in all or part of their area. A VL will be applicable to all overnight accommodation that is not a person's main or usual place of residence in the areas where it is introduced, and will impact on visitors who are staying overnight in an area where a VL scheme has been introduced. These visitors will include families, children and young people.

There may also be an indirect impact on children who are part of groups which use overnight accommodation for means other than visiting an area. This includes children or young people who are staying in overnight accommodation for the purposes of accessing medical treatment, and children who are part of the

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gypsy/traveller community and are accessing overnight accommodation as part of their cultural tradition of travel.

Local authorities, when designing and implementing a VL, will have powers to create local exemptions. This could include exemptions for families, children and/or young people. As a local discretionary power it would be for the local authority to decide how best to implement a visitor levy. Local authorities have existing duties under UNCRC and would be required to demonstrate they are acting in a manner that is compatible with these duties. Local authorities will be supported in this process by national guidance, which will be developed in collaboration with local government and the tourism industry. This will aim to provide local authorities with guidance and best practice on designing and implementing a VL scheme, including the designation of exemptions.

The Bill will also give a power to Scottish Ministers to designate national exemptions through subordinate legislation.

6. Negative Impact/Incompatibility

Article 24 – Health and Health Services

Consultation work and engagement with stakeholders has identified a potential impact on those people who use overnight accommodation for the purposes of accessing medical treatment outwith their local authority. Scotland's island authorities in particular have raised this issue as many of their residents will travel to the mainland to receive treatment. Under the Bill, all overnight accommodation will be liable to a VL, therefore such individuals will effectively be treated as visitors. This could place an additional financial barrier on a person's access to treatment.

Individuals travelling for medical treatment may be young people or children, or there may be children accompanying a person who is accessing treatment.

Article 30 – Children from Minority or Religious Groups

Consultation work and engagement with stakeholders has identified a potential impact on Gypsy and Traveller communities, including those children and young people that are part of these communities.

We understand that Gypsy/Travellers use a number of public and private sites across Scotland, including seasonal sites and land suitable for negotiated stopping. We also understand that Gypsy/Travellers use mainstream holiday sites for seasonal travel. Overnight accommodation (including pitches) in holiday sites is likely to be liable for a local visitor levy, meaning there is a risk that Gypsy/Travellers will be charged as visitors. Gypsy/Traveller sites that are provided by a local authority or registered social landlord will not be covered by a visitor levy.

We have no potential concerns about compatibility with the UNCRC requirements. As this is an enabling power for local authorities to use if they so wish, any local authority introducing a visitor levy will be required to ensure the administration of such a levy is compatible with their existing duties under UNCRC.

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7. Options for modification or mitigation of negative impact or incompatibility

Article 24 – Health and Health Services (overnight accommodation for accessing healthcare)

Action Taken:

We consulted on exemptions on our National Consultation - 62% of respondents supported an exemption for those receiving medical care outwith their local authority and their carers or next of kin. A local authority will have the power to designate an exemption to their VL scheme for such persons, should the authority wish to do so. The Bill will provide Scottish Ministers with regulation making powers to introduce national exemptions, should they wish to do so.

The Scottish Government will work with business organisations, local government, and others to develop guidance on the visitor levy, including on the exemptions to be introduced at a local level. Exemption-making powers have been added into the Bill to be used if necessary.

Article 30 – Children from Minority or Religious Groups (Gypsy/Travellers)

Action Taken:

We do not consider members of Gypsy and Traveller communities to be liable for a VL, on the grounds that they are not visitors but are following their cultural tradition of travel. To achieve this aim, the Bill has been written to ensure that those who are booking overnight accommodation (including campsite or motorhome pitches) which is their main or usual place of residence will not be liable for the levy. We have also specifically excluded Gypsy/Traveller sites owned by local authorities or registered social landlords from the list of eligible accommodation that a VL can apply to.

In addition, the Bill will allow for a local authority to create a specific exemption for Gypsy/Traveller communities, should they so wish. The Bill also includes the power for Ministers to make exemptions, if necessary.

8. Positive impact: Giving better or further effect to children's rights in Scotland

Article 31 – Leisure, Play and Culture

The Bill will provide local authorities with a discretionary power to introduce a VL on all overnight accommodation in all or part of their area. Money raised from a VL will be required to be spent on developing, supporting and sustaining facilities and services which are substantially for or used by those visiting the area for leisure purposes. This may include facilities and services of cultural value to both visitors and residents. Before it could introduce a VL, a local authority would be required to consult with local communities and businesses, and publish its plan on how funds raised through the levy would be used.

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Funds raised by a VL will be additional to other sources of funding, providing Local Authorities with a fiscal tool to enhance the visitor services and facilities in their area. Additional spend in these areas could support greater opportunities for children and young people in accessing and enjoying visitor services and facilities. As younger age groups have higher rates of attending cultural events or venues, an improvement in this offer through increased local authority funding is likely to deliver a positive impact for children and young people.

Impact on Wellbeing: does or will the relevant proposal contribute to the wellbeing of children and young people in Scotland?

[Further information about the wellbeing indicators can be found on the Scottish Government website](#)

The indicators where there will be an improvement in wellbeing are:

- **Achieving** - Being supported and guided in learning and in the development of skills, confidence and self-esteem, at home, in school and in the community.
- **Active** - Having opportunities to take part in activities such as play, recreation and sport, which contribute to healthy growth and development, at home, in school and in the community.
- **Respected** - Being involved in and having their voices heard in decisions that affect their life, with support where appropriate.
- **Responsible** - Having opportunities and encouragement to play active and responsible roles at home, in school and in the community, and where necessary, having appropriate guidance and supervision.

The indicators where there will no impact on wellbeing are:

- **Safe** - Growing up in an environment where a child or young person feels secure, nurtured, listened to and enabled to develop to their full potential. This includes freedom from abuse or neglect.
- **Healthy** - Having the highest attainable standards of physical and mental health, access to suitable healthcare, and support in learning to make healthy and safe choices.
- **Nurtured** - Growing, developing and being cared for in an environment which provides the physical and emotional security, compassion and warmth necessary for healthy growth and to develop resilience and a positive identity.
- **Included** - Having help to overcome inequalities and being accepted as part of their family, school and community.

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Post Assessment Review and sign-off

9. Communicating impact to children and young people

We will continue to engage with the Scottish Youth Parliament and children and young people's rights' organisations on the policy positions of the Bill.

For the specific mitigations listed above, we will be engaging with the respective stakeholder organisations on how an exemption should be framed to ensure it mitigates any impact on children and young people, as part of the work of the working group.

The Scottish Government will continue to consider opportunities to engage directly with young people as the Bill progresses, being mindful of the role of Parliament as the principal forum for views to be heard during scrutiny.

The CRWIA will be published on the Scottish Government website in an accessible format.

10. Planning for the review of impact on child rights (Stage 3)

As the Bill provides a discretionary power for local authorities to use if they wish, we consider it appropriate to review the CRWIA once a VL scheme has been implemented by one or more local authorities. The Bill does not set a timeframe within which a local authority must implement a VL scheme. Under current timetabling, the earliest a VL scheme could be implemented is early 2026.

We propose to undertake Stage 3 of the CRWIA once one or more VL schemes are in operation.

11. Compatibility sign off statement

This relevant proposal has been assessed against the UNCRC requirements and has been found to be compatible.

Policy Lead Signature & Date of Sign Off: Ben Haynes 27/03/2023

Deputy Director Signature & Date of Sign Off: Ellen Leaver 27/03/2023

SGLD Sign Off: Yes No



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