

Re: Overnight Levy for York & North Yorkshire

Date: September 2026

Background

I run several tourism networks across North Yorkshire, working with **over 1000 small tourism and hospitality businesses**. I do not believe any other organisation represents this range and concentration of businesses, particularly working on a voluntary basis as I do.

The majority of these are rural businesses, particularly accommodation providers. Many of these are farm diversification projects which enable farmers to continue food production.

These small rural businesses often lack a voice and can be invisible. It is essential their views are considered. Even small changes to the visitor economy can have a disproportionately significant impact on the rural economy. The multiplier effect of rural tourism businesses is greater as there is less leakage. Tourism revenues account for a very high proportion of rural incomes.

The overnight levy is causing much concern and disquiet through-out the industry at a time when other costs are rising, margins are tight and there are considerable challenges.

Please note: The following questions and comments have been collated at short notice, and may include some duplication. They are an amalgamation of opinions. Italics indicate where a comment from a tourism business has been quoted verbatim.

These are some of the key concerns and questions among the businesses I represent:

Price and profitability

It's essential that our rural businesses remain competitively priced, particularly where neighbouring areas may not be charging an overnight levy. Over this Summer businesses report busy times, but reduced margins and profitability.

There is a preference among rural businesses for a flat fee rather than a percentage, mainly due to simplicity.

There are particular concerns about affordability at the lower end of the market, and about competitiveness on the fringes of the area where similar neighbouring locations are unlikely to charge the levy.

Tourism is often affected by perceptions as much as reality. A bad weather forecast, a concern about costs or safety, worries about complexity can all be off-putting. Business owners say that if the levy is seen as complicated or onerous in any way, it will deter visitors.

Some businesses have already said that their guests are starting to comment on the impact of the levy. It may be small in terms of actual cost, but perceptions can be damaging.

Motorhome and campsite owners are concerned that some levy-resistant visitors will choose to wild camp instead, leading to lost revenue and adverse environmental impacts.

The Bed and Breakfast Association carried out research which showed that an overnight levy would deter up to 38% of people from travelling to cultural, sporting and family events at all.

Accommodation providers often charge a higher nightly rate for short stays because the fixed costs of cleaning, laundry and preparing the property are spread over fewer nights. A percentage levy applied to the accommodation cost would therefore add proportionately more to the cost of a short break than to a longer stay. The impact of this on attracting off-peak breaks should be considered.

Mechanics of the levy and booking systems

Business owners have myriad concerns over how the levy will be charged and administered.

It should not be assumed that all rural tourism businesses use existing online booking systems and services provided by online travel agents such as Booking.com. Many do not: they do not want to pay up to 30% commission through these services, and they pride themselves on being able to attract direct bookings and to provide a more personalised service. There is a real benefit to this as they make local recommendations and a considerable contribution to the local economy.

There is a very large leakage effect (through commissions paid to multinational companies that do not necessarily make full contributions to HMRC) when using the larger online travel agents. Relying on those systems could be counter-productive.

A myriad of online booking systems exist, many small-scale or using proprietary software developed by local companies. It will be a major challenge to ensure all these systems are capable of administering the overnight levy.

Some businesses take bookings through several different channels. This could become very complex in terms of levy collection, reporting requirements and payment systems.

When even small changes are made to online booking systems, a period of adaptation and training is necessary.

How will the overnight levy take account of this challenge? Will local IT companies and website developers be recompensed for the adaptation work?

How will the overnight levy be administered and collected via businesses that do not use mainstream online booking services?

We have serious doubts within the tourism industry that all the relevant booking systems and channels can be adapted and ready to take the levy from March 2027

What support will be given to businesses to enable them to appropriately adapt their terms and conditions?

Revenue and investment

The most frequently asked question and concern is how any revenue from the overnight levy will be invested, and how the disparity of potential income will be managed.

For example, an area such as York can be expected to generate the lions' share of revenue relatively painlessly via larger accommodation providers and affluent visitors.

Small hamlets and individual accommodation providers will generate much lower amounts but are in high need of investment for services which influence the visitor economy, from public transport to promotion and public realm enhancements.

An obvious concern is whether businesses and visitors will see a clear benefit in return.

Additional questions and concerns raised by businesses:

- *If the levy is introduced in March 2027, how will this affect existing bookings? Bookings and payments are being taken now for the 2027 season. Will accommodation owners be expected to explain/levy additional fees, with all the administrative burden this brings?*
- *Who will deal with complaints from disgruntled visitors? What happens if they refuse to pay?*

- *How will the overnight levy explained and promoted to visitors? Business owners are concerned that some of this will fall on their shoulders, when they are already at breaking point due to legislative changes, rising costs and reduced margins.*
- *What can be done to help businesses feel like they will actually benefit from the levy in any way, since they will be used as tax collectors?*
- *The levy seems to have been set at an amount +VAT. If a business is not VAT registered, how will this work?*
- *Some businesses now operate with keycode entry without guest contact on arrival. They would have booked and paid in advance, possibly direct with the accommodation provider. How will the levy be taken in these instances? If the levy is paid in cash, how would it be passed on to the administering body, considering the lack of banks in rural area?*
- *What if a guest refuses to pay? Will the business be responsible? One advisor suggested that the business should simply absorb these costs which would not be acceptable.*
- *How would the rules actually be applied? Some accommodation businesses are registered or highly visible. Others operate quietly or intermittently, perhaps in very rural areas or 'informally'. Is there a danger that some visitors will switch to less reputable options?*
- *Is a percentage levy is used, will the cost of the breakfast be deducted? How will this actually work?*
- *It will affect business income, as small businesses will reduce availability by closing out dates so that they don't reach VAT threshold, to prevent incurring additional costs and admin time.*
- *Payment should be on a per person per night basis, most common across Europe and further afield. Percentage charges result in far higher levels of tax on premium accommodation.*

- *We're working just below the VAT limit, which is by design. If the levy counts towards turnover (we've been told this is possible), it will be harder for us to stay below the threshold.*
- *If a percentage model is adopted, will this be on top of extras such as charges for dogs, meal platters etc which are incorporated into some of our special room rates?*
- *We need transparency about how much is raised and where the money goes. We would want to see investment in activities that directly affect the visitor experience. It would be particularly important for accommodation businesses to be able to see a tangible benefit coming back into the tourism economy, rather than the levy simply becoming another cost and administrative burden. I would also like to see tourism businesses having a meaningful voice in how the money is allocated, with clear reporting on what has been collected and how it has been spent*
- *Has a full and robust economic impact assessment been undertaken? When/how can businesses see this?*
- *It is essential that there is a robust and comprehensive consultation with businesses, and that the different needs of large/small, urban, rural and coastal businesses are considered.*
- *Consideration needs to be given to the many different scenarios encountered by accommodation providers. For example, if 1 or 2 people will book a cottage and pay for their levy but 6 will turn up to avoid the extra payment. Then the cottage owner is left to argue with them about it. If they pay by credit card then we finish up with more costs as higher amount paid.*
- *The areas where we think levy income could genuinely make a difference are: better rural public transport and visitor transport links; maintenance of walking routes, rights of way, signage, public toilets and other visitor infrastructure; destination marketing aimed at extending the season, encouraging longer stays and dispersing visitors beyond the busiest places; Dark Skies, landscape and environmental projects that directly enhance the visitor experience; and digital, skills and business-support initiatives that individual small tourism businesses could not reasonably fund alone.*

- *We would also want any levy income to be genuinely additional, rather than replacing existing tourism or local-authority budgets. We are concerned that this may not be the case – **this comment was made repeatedly!***
- *Governance will matter. Independent rural accommodation businesses should have proper representation in any advisory or decision-making group, rather than representation being dominated by larger hotels, urban destinations or major tourism organisations.*
- *There should be clear annual reporting showing how much has been raised, the cost of administering the levy, where the money has been spent geographically, and what measurable outcomes have resulted.*

Business engagement and education

I run tourism networks and send out updates to all the businesses every week. This is on a voluntary basis and since businesses do not always trust public sector advice, am often the first point of contact for questions and pleas for help.

I have spent considerable time at my own expense informing myself about plans for the levy, consulting with businesses and collating this response. No one will pay me for this time, and it is at the expense of other more productive activities.

Some businesses have said they hadn't even heard that the levy was an option. Others have contacted me with very in-depth questions and concerns.

When the levy is introduced, a significant level of education, reassurance and information will be necessary. An appropriate budget and channels of communication will be essential.

Businesses cannot be compelled to only use certain/public sector channels of communication. Information is not always in the correct format for them and has to be 'translated'.

I (and other similar advisors/industry supporters) cannot be expected to perform an unpaid arms-length information & consultation function on behalf of the Mayor, particularly when businesses urgently need more practical direct support to simply survive.

Susan Briggs/The Tourism Network