The Economic Impact of Tourism
Rother 2011

TOURISM
SOUTH EAST

CONTENTS

GLOSSARY OF TERMS

Actual Jobs
Many jobs are seasonal or part-time in their nature in the tourism sector, so an adjustment is made to calculate the actual number of jobs from the number of FTEs. The adjustment made is based on the findings of surveys of tourism related businesses, and national employment surveys.

Annual Business Inquiry (ABI)
This is the main government survey of companies in the UK. It is conducted in two parts: one dealing with employment, the other with financial information.

Annual Survey of Hours and Earnings
The AHSE Survey provides information on wage levels by industry sector and occupation. The main strength of the AHSE is its large sample size. It is based on a 1% sample of employees who are members of PAYE. The coverage of full-time adult employees is virtually complete, and consequently the survey is representative of hours worked for full-time employees on adult rates of pay (although the survey is currently not weighted). The coverage of part-time employees is not comprehensive, as some part-time workers will have earnings below the income tax threshold. The AHSE is the best source for estimating full time earnings.

Direct jobs
Jobs directly generated in those local businesses in which visitors spend money, i.e. hotels, catering establishments.

England Leisure Visit Survey (ELVS)
The leisure day visits survey was last conducted in 2005 and covered approximately 5,000 respondent interviews. Unlike the IPS and UKTS, this survey is not undertaken on an ongoing basis and thus adjustments are made in the model to account for annual increments in the value and volume based on trends observed in 2005.

Economic multiplier
Multipliers are used to estimate the economic impact of visitor expenditure. Visitor expenditure produces three effects. <u>Direct</u> effects are changes in the business sector directly receiving visitor expenditure. For instance, visitors staying in a hotel will directly increase revenue and the number of jobs in the hotel sector. <u>Indirect</u> effects are the changes in supplier businesses. For example, these indirect effects would be hotels purchasing more linen from local suppliers as a result of increased business. <u>Induced</u> effects are changes in local economic activity resulting from household spending. For instance, employees of the hotel and linen supplier spend their wages in the local area, resulting in more sales, income and jobs in the area.

Full Time Equivalent Jobs (FTE)
For the purposes of the Model, a FTE is defined by the average annual salary plus employment costs in the sector concerned.

Indirect jobs
Jobs created locally due to the purchases of goods and services by businesses benefiting from visitor expenditure, i.e. jobs with local suppliers.

Induced jobs
Jobs created throughout the local economy because employees employed due to visitor expenditure spend their wages locally on goods and services such as food, clothing and housing.

International Passenger Survey (IPS)
The International Passenger Survey is conducted by Office for National Statistics and is based on face-to-face interviews with a sample of passengers travelling via the principal airports, sea routes and the Channel Tunnel, together with visitors crossing the land border into Northern Ireland. Around 210,000 interviews are undertaken each year. IPS provides headline figures, based on the county or unitary authority, for the volume and value of inbound trips to the UK.

Labour Force Survey (LFS)
The LFS is a household panel survey, continuous since 1992, with results produced each quarter. It has a sample of approximately 60,000 households. The LFS is the government's largest continuous household survey and participation in the survey is voluntary. LFS data is weighted to enable the population estimates to be produced. The weighting also attempts to compensate for differential non-response among different subgroups in the population. LFS is designed to provide information on the UK labour market that can be used to develop, manage and evaluate labour market.

'Other-trip' Expenditure
Apart from the spending associated with the individual trips, additional spending by non-visitors, e.g. friends and relatives with whom the visitor is visiting and/or staying with will also take place. Moreover, owners of second homes/boats will spend some money on maintenance, repair.

Staying trips
Staying trips comprise a visit which involves a stay away from home of at least one night. The study measures trips, rather than visitors as one visitor may make multiple trips to an area in a given period.

Tourism day trips
Day trips are defined as a visit to and from home for leisure purposes, undertaken on an irregular basis and lasting a minimum of three hours. The report excludes trips undertaken for business or study purposes, as these are not covered by the Leisure Day Visits Survey methodology. The definition of day trips adopted by this study is that used by the Department of Culture, Media and Sport.

United Kingdom Tourism Survey (UKTS)
The United Kingdom Tourism Survey is undertaken by BRMB for VisitBritain and is based on 1,000 telephone interviews per week (50,000 annually). It provides basic headline data on the volume and value of domestic tourism at a national, regional and county level.

United Kingdom Occupancy Survey (UKOS)
As part of the EU Directive on Tourism Statistics adopted in 1995, the UK must report regularly on a specified range of statistics to Eurostat, the official statistical office of the European Union. Included in these statistics are monthly occupancy rates for UK serviced accommodation. The responsibility for providing this data lies with the four National Tourist Boards, and across England the survey is undertaken by the Regional Tourist Boards. A sample of establishments is recruited to the survey and asked to complete a data form each month, giving details of their nightly occupancy. The data form is processed and analysed to produce monthly occupancy rates for the whole of the area and for specific categories of type, size, location etc.

1.   SUMMARY OF RESULTS

1.1   Introduction

-   This report contains the findings of a study commissioned by Rother District Council and undertaken by Tourism South East. The overall aim of the research is to provide indicative estimates of the volume, value and resultant economic impact of tourism on Rother in 2011.

-   The research involved the application of the Cambridge Tourism Economic Impact Model or 'Cambridge Model'; a computer-based model developed by Geoff Broom Associates and the Regional Tourist Boards of England.

1.2   Volume& Value of Tourism – National and Regional Results

-   Over the course of the year, 104 million overnight domestic trips were taken in England, 9% higher than in 2010, and the highest trip volume since we started the current survey in 2006. Trip value rose by 13%, reflecting both the increase in volume, as well as inflationary pressures, and at £17.9 billion is also at its highest level in nominal terms since 2006.

-   The South East saw a more modest rise in the volume of domestic overnight trips (up 4% to just over 17 million overnight trips). Domestic trip expenditure was up 17% to £2.6 billion.

-   Over the course of the year, 26.6 million overnight trips were taken in England by overseas visitors, a 4% increase on 2010. Trip value was up by 7%, reflecting the increase in volume of trips and there was a similar increased in the number of bednights (up 5% on 2010 values).

-   The South East saw a lower increase in the volume of trips from foreign travellers (up 2% to just over 4.3 million overnight trips). Overseas visitor expenditure in the South East was up by 11% to reach £444 per person per trip.

-   The regional pattern is reflected across all counties in the South East, although there are some differences at local, District level.

1.3   Volume & Value of Tourism – Rother Results

-   Overall, an estimated 490,000 staying trips were spent in the District in 2011, of which around 436,000 were made by domestic visitors (89%) and 54,000 by overseas visitors (11%). Compared to 2010, domestic overnight trips increased by 1.2% whereas the level of inbound overnight trips remained at the same level as in 2010.

-   Staying trips resulted in an estimated 1,954,000 bednights in the District, an increase of 1.3% compared to 2010.

-   Staying visitors spent in total £89.5 million on their trip, up by 1.9 % compared to 2010 (domestic overnight trip spend and overseas trip spend both increased by 1.9%).

-   Approximately 5,392,000 tourism day trips were made to the District (lasting more than 3 hours and taken on an irregular basis) in 2011 generating an additional £140,540,000 visitor trip expenditure. Compared to 2010, the value of day trips increased by 1.4%.

- Total expenditure by visitors to Rother is estimated to have been in the region of £230,048,000 in 2011, up by 1.6% compared to 2010.

- Once adjustments are made to recognise that some of this expenditure will take place outside the District (e.g. it is estimated that around 40% of expenditure on travel such as the purchase of petrol, coach and train fares, will be made at source of origin or on-route), total direct visitor expenditure is reduced to £212,722,000.

- Additional tourism expenditure is however, generated by other sources, increasing the total amount of money spent in Rother. It is estimated that expenditure on second homes and on goods and services purchased by friends and relatives visitors were staying with, or visiting, generated a further total £9,225,000 expenditure associated with overnights trips in 2011**.**

- This brings direct expenditure generated by tourism in Rother to £221,947,000, up 1.8% compared to 2010.

- Direct expenditure is translated to **£271,973,000** worth of income for local businesses through additional indirect and induced effects. Compared to 2010, this represents an increase of 1.8% in total tourism value.

- This tourism-related expenditure is estimated to have supported 4,549 FTE jobs in Rother. Once part-time and seasonal employment is added, the total number of jobs supported increased to 6,391 Actual jobs.

- These jobs are spread across a wide range of service sectors from catering and retail to public service jobs such as in local government, and not just tourism. According to the Office of National Statistics, there are 37,000 jobs across Rother (included self-employed). Based on our estimates, total tourism related expenditure supports 17% of these jobs in Rother.

- Separate figures compiled by the Office of National Statistics employment figures drawn from the Annual Business Inquiry reveals the number of employee jobs (excludes self-employed jobs) within the tourism sector estimate that there are 3,300 jobs in Rother are in tourism and tourism-related businesses, representing 13.1% of the total workforce.

2. INTRODUCTION

2.1 Objectives of Study

This report examines the value, volume and resultant economic impact of tourism to the District of Rother. The study was undertaken by Tourism South East on behalf of West Sussex County Council using a widely recognised, industry specific methodology, known as the Cambridge Model. To date, this approach has been widely applied across England and the South East region to produce an indicative outline of the scale of tourism activity on a local area basis.

2.2 Background

Tourism is not an industry in the conventional sense of the word – i.e. the tourism product is not created out of a conventional production process and the methods used to measure tourism are not conventional ones. Essentially, the tourism industry serves our needs while we are away from our 'usual environment' by providing products and services, and represents an important part of many local economies.

Measuring the impact of visitor volumes at a local level has been an important issue for destination and countryside managers for years. Yet, the scale, diversity and nature of tourism makes quantification a challenge – for example:

- A plethora of businesses across many different sectors comprise the 'tourism product' e.g. accommodation businesses, visitor attractions, transport providers, retailers, restaurants, pubs, tea rooms etc.
- There are many different types of tourist – day visitors, staying visitors, visitors on holiday, visitors on business, plus visitors visiting friends and relatives, on language study etc. All these different markets behaviour in a different way with respect to trip frequency, spend per head, duration of stay etc.
- The nature of tourism itself creates problems as it is impossible to accurately monitor and record every visitor entering or leaving a geographical area.

It must, therefore, be stressed that calculating the value, volume and impact of tourism can never be a precise science. Theoretically, the best approach is implementing cordon surveys – but these are seldom affordable in practice and still engender a number of technical problems. Thus, the method chosen is always governed by issues of affordability, practically, data availability or attainability, data quality/ representativeness and comparability (both in a spatial and temporal sense).

It is for this reason, that the Cambridge Model – a computer based, industry specific model developed to calculate estimates of volume, value and economic impact of tourism on a county of District basis – has been used extensively.

2.3   The Cambridge Model

For almost ten years, regional tourist boards across England have been working with Geoff Broom Associates in developing the Cambridge Model approach to estimate the value and volume of tourism to local authority areas.

The model was developed to provide an affordable method of calculating the value of tourism to local economies through using a range of readily available local data on an area's tourism product to disaggregate a range of regional/ county tourism statistics. The method is popular with local authorities as it is affordable and can readily use available local statistics to generate a view of the volume, value and economic impact of visitor activity in the area. Nevertheless, where additional local data exist e.g. high quality occupancy data, information on profile of visitor structure and associated spend etc – this enables the replacement of regional data in the first stages of the model. Business surveys can also be commissioned to generate local calibration of the economic stage of the model.

Indeed, although the Cambridge Model approach has been frequently labelled as being 'top-down', it is entirely possible to drive the model entirely by locally collected data, and thus introduce 'bottom-up elements'. Furthermore, the model utilises a standard methodology capable of application across the UK, and thus offers the potential for direct comparisons with similar destinations throughout the country.

2.4   Cambridge Model Version II

Since the inception of the original Cambridge Model approach, a number of changes have occurred to the model's methodology and the context of operation. Most importantly, autumn 2003 saw the launch of Cambridge Model Version II. This revised approach was developed from work undertaken for the South West Regional Development Agency and includes a number of enhancements. These include:

- greater use of local data within the standardised model e.g. occupancy data, information on local wage rates
- enhanced outputs, notably visitor nights by accommodation type, spend by accommodation type, impact of non-trip related spend
- more sophisticated economic impact analysis section
- adoption of a rolling average methodology for staying visitor value and volume[1]

2.5   Methodological Overview

2.5.1   Key Outputs

The model has two stages:

Stage 1: Calculates the volume and value of day and staying visitors to the study area.
Stage 2: Estimates the economic impact of this visitor spending in the local economy.

The Cambridge Model is therefore able to generate indicative estimates for the following:

➢   The volume of staying trips taken in the District by overseas and domestic visitors

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[1] *This approach offers the additional benefits of producing estimates using more county specific information and is based on three years worth of data for staying visitors – whilst providing additional outputs – notably expenditure and visitor nights by accommodation type.*

- ➢ The volume of visitor nights spend in the District by overseas and domestic visitors
- ➢ The number of leisure day visits taken from home to and within the District
- ➢ Visitor expenditure associated with these trips to the District, and its distribution across key sectors of the local tourism economy
- ➢ The value of additional business turnover generated by tourism activity within the District
- ➢ The level of direct, indirect and induced employment sustained by visitor expenditure within the District

For staying trips the model also offers a breakdown according to the type of accommodation used and the main purpose of visit, i.e. holiday, visiting friends and relatives, business, language school visit and 'other'[2] purposes.

2.5.2   Data Sources

In its standard form, the Cambridge Model uses a range of local data including details of accommodation stock, local occupancy rates, population, employment, local wage rates and visits to attractions. It applies this locally sourced information to regional estimates of tourism volume and expenditure derived from the following national surveys:

- United Kingdom Tourism Survey (UKTS)
- International Passenger Survey (IPS)
- United Kingdom Day Visits Survey (UKDVS)
- New Earnings Survey
- Census of Employment
- Census of Population 2001 (estimates of resident population as rebased on 2001 Census data)
- Labour Force Survey
- Annual Business Inquiry

As highlighted above, the Model allows estimates generated using the above existing data sources to be refined further using locally available survey data – to the extent that it is possible to drive the Model entirely by locally collected data. Locally collected data used in this study include:

- Audit of accommodation stock
- Average room and bed occupancy from local survey
- Number of visits to attractions from local survey
- Retail footfall from large retail outlets

2.5.3   Limitations of Model

The Model relies on a range of data sources, which in turn are based on different methodologies and are estimated to different levels of accuracy. The estimates generated by the Model can therefore only be regarded as indicative of the scale and importance of visitor activity in the local area. The Model cannot, for example, take account of any additions to, or leakage of, expenditure arising from visitors taking day trips into or out of the area in which they are staying. It is likely, however, that these broadly balance each other in many areas.

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[2] 'Other' visitors typically include visitors coming to an area for reasons such as education and training, social or sporting events, or even business matters relating to personal or family duties.

2.5.4   Accuracy of the model

As with all models, the outputs need to be viewed in the context of local information and knowledge. Because of the nature of tourism and the modelling process, this model (as with other approaches) can only produce indicative estimates and not absolute values.

The Cambridge Model approach has been independently validated (R Vaughan, Bournemouth University) and was judged robust and the margins of error acceptable and in line with other modelling techniques. Tourism South East, also implement a number of measures to ensure that outputs are indicative as possible, through working with the local authority to audit accommodation to ensure that data inputs on accommodation capacity are as accurate as possible, and ensuring a high degree of transparency in the process (methodology employed, data used, assumptions made)

As a result, there should be confidence that the estimates produced are as reliable as is practically possible within the constraints of the information available.

Please note that the Cambridge Model rounds numbers to the nearest 1,000. Trips, nights and expenditure considerably lower than 1,000 will not appear on the tables.

3.   TABLES OF RESULTS

TABLE 1: STAYING TRIPS BY ACCOMMODATION						
	UK		Overseas		Total	
Serviced	83,000	19%	11,000	20%	93,000	19%
Self catering	32,000	7%	1,000	2%	33,000	7%
Camping/caravan/chalet	166,000	38%	1000	2%	167,000	34%
Second homes	5,000	1%	3,000	6%	8,000	2%
Other	5,000	1%	0	0%	5,000	1%
Paying guests in private houses	0	0%	5,000	9%	5,000	1%
Staying with friends and relatives	145,000	33%	32,000	59%	177,000	36%
2011	436,000		54,000		490,000	
2010	431,000		54,000		485,000	
% Change	1.2%		0.0%		1.0%	

TABLE 2: STAYING NIGHTS BY ACCOMMODATION						
	UK		Overseas		Total	
Serviced	148,000	10%	49,000	12%	197,000	10%
Self catering	129,000	8%	11,000	3%	140,000	7%
Camping/caravan/chalet	683,000	44%	11000	2%	694,000	36%
Second homes	19,000	1%	25,000	6%	44,000	2%
Other	14,000	1%	0	0%	14,000	1%
Paying guests in private houses	0	0%	55,000	13%	55,000	3%
Staying with friends and relatives	550,000	36%	258,000	63%	808,000	41%
2011	1,545,000		409,000		1,954,000	
2010	1,526,000		403,000		1,929,000	
% Change	1.2%		1.5%		1.3%	

TABLE 3: STAYING SPEND BY ACCOMMODATION						
	UK		Overseas		Total	
Serviced	£14,146,000	22%	£5,491,000	23%	£19,637,000	22%
Self catering	£5,172,000	8%	£490,000	2%	£5,662,000	6%
Camping/caravan/chalet	£28,760,000	44%	£525,000	2%	£29,285,000	33%
Second homes	£705,000	1%	£1,755,000	7%	£2,460,000	3%
Other	£258,000	0%	£8,000	0%	£266,000	0%
Paying guests in private houses	£0	0%	£3,773,000	16%	£3,773,000	4%
Staying with friends and relatives	£16,656,000	25%	£11,770,000	49%	£28,426,000	32%
2011	£65,697,000		£23,813,000		£89,510,000	
2010	£64,455,000		£23,360,000		£87,815,000	
% Change	1.9%		1.9%		1.9%	

TABLE 4: TOURISM DAY VISITS		
	Trips	Spend
2011	5,392,000	£140,540,000
2010	5,379,000	£138,572,000
% Change	0.2%	1.4%

TABLE 5: BREAKDOWN OF EXPENDITURE ASSOCIATED WITH TRIPS							
	Accomm	Shopping	Food and drink	Attractions/ entertain.	Travel	Total	
UK Tourists	£23,777,000	£8,412,000	£14,235,000	£6,903,000	£12,370,000	£65,697,000	29%
Overseas tourists	£6,091,000	£7,351,000	£5,150,000	£2,981,000	£2,239,000	£23,812,000	10%
Total	£29,868,000	£15,763,000	£19,385,000	£9,884,000	£14,609,000	£89,509,000	
%	33%	18%	22%	11%	16%		
Tourist day visitors	£0	£28,783,000	£64,384,000	£18,657,000	£28,715,000	£140,539,000	61%
%	0%	20%	46%	13%	20%		

TABLE 6: TOTAL BREAKDOWN OF EXPENDITURE ASSOCIATED WITH ALL TRIPS						
	Accomm.	Shopping	Food and drink	Attractions/entertain.	Travel	Total
Total 2011	£29,868,000	£44,546,000	£83,769,000	£28,541,000	£43,324,000	£230,048,000
%	13%	19%	36%	12%	19%	
Total 2010						£226,388,000
% Change						1.6%

TABLE 7: DIRECT BUSINESS TURNOVER DERIVED FROM TRIP EXPENDITURE						
	Staying tourists		Day visitors		Total	
Accommodation	£30,256,000	36%	£1,288,000	1%	£31,544,000	15%
Retail	£15,606,000	19%	£28,496,000	22%	£44,102,000	21%
Catering	£18,803,000	22%	£62,453,000	48%	£81,256,000	38%
Attraction/entertain	£10,236,000	12%	£19,589,000	15%	£29,825,000	14%
Transport	£8,766,000	10%	£17,229,000	13%	£25,995,000	12%
Total	£83,667,000		£129,055,000		£212,722,000	
Other expenditure	£9,225,000		£0		£9,225,000	
Total with 'other'.	£92,892,000		£129,055,000		£221,947,000	

Table 8: INDIRECT business turnover arising from the purchase of supplies and services by businesses			
	Staying tourists	Day visitors	Total
Businesses in receipt of trip spend	£15,884,000	£18,650,000	£34,534,000
Indirect turnover from 'other' expenditure	£1,845,000	£0	£1,845,000
Income induced spending	£5,940,000	£7,707,000	£13,647,000
Total	£23,669,000	£26,357,000	£50,026,000

TABLE 9: TOTAL LOCAL BUSINESS TURNOVER SUPPORTED BY ALL TOURISM ACTIVITY			
	Staying tourists	Day visitors	Total
Direct	£92,892,000	£129,055,000	£221,947,000
Supplier/ income induced	£23,669,000	£26,357,000	£50,026,000
2011	£116,561,000	£155,412,000	£271,973,000
2010	£114,046,000	£153,192,000	£267,238,000
% Change	2.2%	1.4%	1.8%

TABLE 10: TOURISM SUPPORTED JOBS	
Total FTE 2011	4,549
Total FTE 2010	4,465
% change	1.9%
Actual 2011	6,391
Actual 2010	6,273
% change	1.9%

TABLE 11: PROPORTION OF TOTAL JOBS SUSTAINED ACROSS ALL SECTORS	
	Total
Total employed	37,000
Tourism employment	6,391
Tourism proportion	17.3%

TABLE 12: ONS EMPLOYMENT ESTIMATE		
	Rother	%
Employee jobs by industry		
Manufacturing	1,700	6.7
Construction	1,200	4.9
Services, of which:	21,500	85.3
– Distribution, hotels & restaurants	6,900	27.6
– Transport & communications	900	3.4
– Finance, IT, other business activities	4,200	16.6
– Public admin, education & health	7,900	31.5
– Other services	1,600	6.2
Tourism-related†	3,300	13.1

Notes:

Figures derived from Annual Business Inquiry

Tourism consists of industries that are also part of the services industry see definition below
% is a proportion of total employee jobs
Employee jobs excludes self-employed, government-supported trainees and HM Force

Tourism-related includes the following sectors:
SIC 551 Hotels
SIC 552 Camping sites etc
SIC 553 Restaurants
SIC 554 Bars
SIC 633 Activities of travel agencies etc
SIC 925 Library, archives, museums etc
SIC 926 Sporting activities
SIC 927 Other recreational activities