The Economic Impact of Tourism on Scarborough District 2013

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TOURISM
SOUTH EAST

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Tourism Economic Impact Estimates

This report contains the findings of a study commissioned by Scarborough 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 the destination.

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.

The previous occasion when a Cambridge Model study was carried out for Scarborough was for the reference year 2012. Therefore to include a review of changes in volume and value we compare the 2013 results with the results of the 2012 study.

1. Summary of results

1.1 National and regional results

- Over the course of the year, 104.5 million domestic overnight trips were taken in England, Results from GBTS reveal that 101.8 million domestic overnight trips were taken in England, a decrease of 2.6% compared with 2013. The value of domestic overnight trips fell by 4%, from £19.5 billion in 2013 to £18.7 billion in 2013.

- Across Yorkshire and the Humber, the volume of domestic overnight trips fell by 10% (from 11.2 million to 10.1 million), but against the national trend, trip spend was up marginally by 1% compared to 2013 (from £1.795 billion to £1.809 billion).

- According to results from IPS, overseas visitors made a total of 28.6 million overnight trips in England, an increase of 7% compared with 2013 and the highest volume recorded over the last eight years. Visitor nights were also up 7% compared with 2013, however trip expenditure increased by 13%.

- Overseas visitor trip volume and spend is also up for the region; total overnight trsips taken by visitors from overseas to Yorkshire and the Humber increased by 12% (from just over 1 million to 1.2 million) and trip spend increased by 15% (from £433 million to £500 million).

- Figures published in the Great Britain Day Visits Survey (2013) indicate that there were 1,370 million Tourism Day Visits undertaken in England during 2013 (down 7% compared to 2013) and that day visitors spent a very considerable £46 billion undertaking these trips (though this was down by 5% compared to 2013).

- At regional level, there were 134 million tourism day trips which was down by 5% on 2013 but tourism day trip expenditure at regional level was up by 11% (from £3.8 billion to £4.2 billion).

1.2 Volume and value of trips – Scarborough

- It is estimated that around 1,418, 000 overnight tourism trips were made to Scarborough in 2013, up 3% compared to 2012. Of these trips, domestic visitors made 97% of trips (1,381,000) and overseas visitors made 3% of trips (37,000). Compared to 2012, the volume of domestic overnight trips increased by 3%, and the volume of inbound overnight trips increased by 9%.

- Of all commercial accommodation available to visitors, serviced accommodation (hotel, guest houses, B&Bs) was the most popular choice among visitors (used by 48% of domestic staying visitors and 24% of overseas staying visitors). Two fifths (41%) of all foreign visitors staying overnight stayed in the home of a friend or relative compared to only 11% of domestic overnight visitors.

- Overall the number of nights spent in Scarborough by overnight visitors increased by 7% from 4,175,000 nights in 2012 to 4,469,000 nights in 2013. Domestic nights were up by 7% and nights spent by overseas visitors was up 4%.

- In total, it is estimated that around £291,860,000 was spent by all overnight visitors on their trip to Scarborough in 2013, up by 8% compared to 2012. Expenditure was up for domestic visitors by 8% and inbound trip spend was up by 6%.

- It is estimated that around 6.2 million tourism day trips were made to Scarborough in 2013, down by 4% compared to 2012. Day trip expenditure dropped by 2% from £199,757,000 in 2012 to £196,265,000 in 2013.

- In total, around £488,278,000 was spent on trips to Scarborough in 2013 by overnight and day visitors, up4% compared to 2012. Fifty six percent of this expenditure was made by domestic staying visitor; 4% by overseas staying visitors and 40% by day visitors.

- Further additional expenditure spent by visitors on second homes / boats and by friends and relatives, who visitors are staying with or visiting (either during day or staying trip), needs also to be accounted for as this represents a significant additional source of income for local businesses. It is estimated that this 'additional' expenditure generated a further £31,803,000 of direct turnover for local businesses in 2013.

- Of the £488,278,000 estimated to have been spent by visitors on their trip and the £31.8 million additional trip-related expenditure, around £485,834,000 directly benefited local businesses from hotels and restaurants to cafes, shops and attractions in Scarborough. Adjustments have been made to recognise that some spending on travel will take place outside the destination. It is assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination. Also some expenditure on retail and food and drink will fall within the attractions sector and accommodation sector.

- In addition to the business turnover generated in those businesses directly receiving visitor income, successive rounds of expenditure, that is spending by these businesses on local supplies (indirect impacts) and spending by employers in the local area (induced impacts), is estimated to have generated a further £196,645,000 to the local economy.

- Drawing together direct business turnover, supplier and income induced expenditure, and the additional expenditure spent on second homes and by friends and relatives, the total value of tourism activity in Scarborough in 2013 is estimated to have been around £682,479,000, up 4% compared to 2012.

- This income to the local economy is estimated to have supported around 11,836 Full-Time Equivalent Jobs, up 5% compared to 2012. Many of these jobs are part-time or seasonal in nature and translate into an estimated 16,205 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 39,000 employee jobs across Scarborough. Based on our estimates, total tourism related expenditure supported 42% of these jobs in 2013.

2. Tables of Results

2.1 Overnight trips by accommodation

Table 1: Number of staying trips by accommodation stayed at						
	UK	%	Overseas	%	Total	%
Serviced	658,000	48%	9,000	24%	667,000	47%
Self catering	35,000	3%	3,000	8%	38,000	3%
Caravan / tents	70,000	5%	3,000	8%	73,000	5%
Static / Holiday Centres	351,000	25%	0	0%	351,000	25%
Group / campus	5,000	0%	1,000	3%	6,000	0%
Second homes	33,000	2%	2,000	5%	35,000	2%
Boat moorings[1]	4,000	0%	0	0%	4,000	0%
Other/mixed[2]	78,000	6%	2,000	5%	80,000	6%
Paying guests	0	0%	500	1%	500	0%
SFR	148,000	11%	15,000	41%	163,000	11%
Total 2013	1,381,000		37,000		1,418,000	
Total 2012	1,345,000		34,000		1,379,000	
% change	3%		9%		3%	

SFR = staying with friends/relatives

Table 2: Number of nights by accommodation stayed at						
	UK	%	Overseas	%	Total	%
Serviced	1,261,000	30%	29,000	9%	1,290,000	29%
Self catering	145,000	3%	47,000	15%	192,000	4%
Caravans / tents	280,000	7%	13,000	4%	293,000	7%
Static / Holiday Centres	1,460,000	35%	5,000	2%	1,465,000	33%
Group / campus	30,000	1%	8,000	3%	38,000	1%
Second homes	168,000	4%	24,000	8%	192,000	4%
Boat moorings	16,000	0%	0	0%	16,000	0%
Other	425,000	10%	2,000	1%	427,000	10%
Paying guests	0	0%	38,000	12%	38,000	1%
SFR	374,000	9%	143,000	46%	517,000	12%
Total 2013	4,160,000		309,000		4,469,000	
Total 2012	3,878,000		297,000		4,175,000	
% change	7%		4%		7%	

Table 3: Spend by accommodation stayed at						
	UK	%	Overseas	%	Total	%
Serviced	£145,761,000	53%	£3,035,000	18%	£148,796,000	51%
Self catering	£11,211,000	4%	£2,030,000	12%	£13,241,000	5%
Caravans / tents	£9,104,000	3%	£469,000	3%	£9,573,000	3%
Static / Holiday Centres	£64,214,000	23%	£184,000	1%	£64,398,000	22%
Group / campus	£1,007,000	0%	£429,000	3%	£1,436,000	0%
Second homes	£6,047,000	2%	£1,777,000	11%	£7,824,000	3%
Boat moorings	£528,000	0%	£0	0%	£528,000	0%
Other	£25,291,000	9%	£24,000	0%	£25,315,000	9%
Paying guests	£0	0%	£2,678,000	16%	£2,678,000	1%
SFR	£12,194,000	4%	£5,878,000	36%	£18,072,000	6%
Total 2013	£275,356,000		£16,504,000		£291,860,000	
Total 2012	£254,341,000		£15,506,000		£269,847,000	
% change	8%		6%		8%	

[1] *Information on boat use is not available for overseas tourists.*

[2] *Trips which involve staying in more than one type of accommodation over the duration of the trip. For overseas trips these also include nights spent in transit, in lorry cabs and other temporary accommodation.*

2.2 Tourism day trips

Table 4: Tourism Day trips and spend		
	Trips	Spend
Total 2013	6,243,000	£196,265,000
Total 2012	6,476,000	£199,757,000
% change	-4%	-2%

2.3 Sector breakdown of visitor expenditure

Table 5: Sector breakdown of trip expenditure								
	Domestic		Overseas		Day		Total	
Accommodation	£84,567,000	31%	£4,622,000	28%	£0	0%	£89,189,000	18%
Retail	£39,506,000	14%	£4,932,000	30%	£65,255,000	33%	£109,693,000	22%
Catering	£65,020,000	24%	£3,355,000	20%	£81,696,000	42%	£150,071,000	31%
Attractions	£30,269,000	11%	£2,136,000	13%	£21,299,000	11%	£53,704,000	11%
Travel	£56,182,000	20%	£1,458,000	9%	£27,981,000	14%	£85,621,000	18%
Total 2013	£275,544,000	100%	£16,503,000	100%	£196,231,000	100%	£488,278,000	100%
Distribution	56%		3%		40%			
Total 2012							£470,323,000	
% change							4%	

2.4 Other trip related expenditure

Table 6: Breakdown of other trip related expenditure	
Second homes	£1,250,000
Boats	£386,000
Static Caravans	£13,176,000
Friends and relatives	£16,991,000
Total 2013	£31,803,000

2.5 Business turnover derived from tourism and related expenditure

Table 7: Businesses in receipt of visitor spend on trip						
	Staying tourists		Day visitors		Total	
Accommodation	£90,557,000	34%	£1,634,000	1%	£92,191,000	20%
Retail	£43,994,000	16%	£64,602,000	35%	£108,596,000	24%
Catering	£66,324,000	25%	£79,245,000	43%	£145,569,000	32%
Attraction/entertainment	£33,534,000	12%	£22,768,000	12%	£56,302,000	12%
Transport	£34,584,000	13%	£16,789,000	9%	£51,373,000	11%
TOTAL(1)	£268,993,000	100%	£185,038,000	100%	£454,031,000	100%
Other non trip related expenditure(2)	£31,803,000		£0		£31,803,000	
Total direct 2013	£300,796,000		£185,038,000		£485,834,000	
Total direct 2012	£277,409,000		£188,868,000		£466,277,000	
% change	8%		-2%		4%	

(1) Adjustments have been made to visitor expenditure by sector to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. A small proportion of day trip spend will also fall into 'Accommodation' where day visitors have eaten in restaurants/bars of hotels. Furthermore, it is assumed that 40% of travel expenditure occurs outside the destination

(2) Apart from the spending associated with the individual trips, additional spending by non-visitors, e.g. friends and relatives with whom the visitor is staying with will also take place. Moreover, owners of second homes/boats will spend some money on maintenance, repair. Data is only available for additional expenditure made related to overnight trips.

Table 8: Income for local business generated by trip expenditure	
Direct	£485,834,000
Supplier and income induced	£196,645,000
Total 2013	£682,479,000
Total 2012	£653,601,000
% change	4%

2.6 Employment supported by tourism and related expenditure

Table 9: Local employment supported by the visitor economy	
Total FTE Jobs	11,836
Total Actual Jobs 2013	16,205
Total Actual Jobs 2012	15,520
% change	4%

Table 10: Proportion of total jobs supported across all sectors	
	Total
Total employed (3)	39,000
Tourism employment	16,205
Tourism proportion	42%

(3) Total labour force is based on all employees incl. part-time (excludes government-supported trainees and HM Force and self-employment). The information comes from the Business Register and Employment Survey (BRES) an employer survey conducted by ONS in December of each year.

3. Methodology

The Cambridge Model

The Cambridge Model is essentially a computer-based spreadsheet model that produces estimates from existing national and local information (e.g. accommodation stocks, inbound trips) of the level of tourism activity within a given local area. The volume of visits is translated into economic terms by estimating the amount of spending by visitors based on their average spend per trip. In turn, the impact of that spending can be translated to estimate the effects in terms of business turnover and jobs.

Estimates are based on a 3 year rolling average, thus smoothing out irregular fluctuations and avoiding any distortion arising from regional variations, giving us a more long term picture of the value of tourism and we would caution against year-on-year comparisons. As the Model utilises a standard methodology capable of application throughout the UK, it offers the potential for direct comparisons with similar destinations throughout the country.

The standard measures generated in this Model are: the total amount spent by visitors, the amount of income for local residents and businesses created by this spending, and the number of jobs supported by visitor spending.

The basic process of estimation used can be divided into three parts:

- visitor trips and visitor spending at a regional/county level derived from national survey sources (county/City)
- local supply data on accommodation, attractions and other factors specific to the area.
- the use of multipliers derived from business surveys in England to estimate full time equivalent and actual jobs generated by visitor spending in the area.

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:

- Great Britain Tourism Survey (GBTS)
- International Passenger Survey (IPS)
- Great Britain Day Visits Survey (GBDVS)
- Visits to Attractions Survey
- Annual Survey of Hours and Earnings (ASHE)
- Census of Employment
- Census of Population
- Labour Force Survey

The sophistication of the economic impact estimates will depend on the availability of detailed reliable local information to supplement national and regional data sources. Where such data is available from local surveys, then local variations can be explicitly included.

4. Glossary of terms

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

A day trip is classified as a "tourism day visit" if it involves participation in one of fifteen leisure activities (full details of the definition used are included in the annual survey report); save lasted at least three hours (including travel); it’s not an activity which is undertaken "very regularly"; and is to a destination outside the respondent's place of residence (or place of work if this was the start point of the trip). The exceptions to this are trips to special public events, live sporting events and visitor attractions.

VFR Trips

VFR trips are defined as a visit where the main purpose is visiting friends and relatives. Whilst many trips to visit friends and relatives will be accommodated in the homes of these friends/ relatives, some will make use of other forms of accommodation. It should be also noted that other forms of trip, for instance for holiday or business purposes may stay with friends and relatives rather than in commercial accommodation.

‘Other’ 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.

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.

Direct jobs

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

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.

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.

Great Britain Tourism Survey (BGTS)

The Great Britain Tourism Survey is undertaken by TNS. The key characteristics of the survey include a 100,000 face-to-face interviews per annum, conducted in-home, and a weekly sample size of around 2,000 adults aged 16 years or over - representative of the GB population in relation to various demographic characteristics including gender, age group, socio-economic group, and geographical location. Respondents are asked about any overnight trips taken in the last four weeks. It provides basic headline data on the volume and value of domestic tourism at a national, regional and county level.

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 overseas trips to the UK.

Great Britain Day Visits Survey (GBDVS)

The 2013 Great Britain Day Visits Survey aims to measure the volume, value and profile of Tourism Day Visits taken by GB residents to destinations in England, Scotland, Wales and Northern Ireland. Fieldwork is undertaken on a weekly basis, using an online methodology, and an annual sample of over 38,000 interviews.

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 Research Solution on behalf of Visit England. A sample of establishments are recruited to the online survey and asked to complete a data form each month, giving details of their nightly occupancy. The data submitted is analysed to produce monthly occupancy rates for the whole of the area and for specific categories of type, size, location etc.

Annual Survey of Hours and Earnings (ASHE)

The Annual Survey of Hours and Earnings (ASHE) provides information about the levels, distribution and make-up of earnings and hours worked for employees in all industries and occupations. ASHE is based on a one per cent sample of employee jobs taken from HM Revenue & Customs (HMRC) PAYE records. The ASHE tables contain UK data on earnings for employees by sex and full-time/part-time workers. The earnings information presented relates to gross pay before tax, National Insurance or other deductions.

Labour Force Survey (LFS)

The LFS is a household panel survey designed to provide information on the UK labour market, 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.