# The Economic Impact of Tourism on Scarborough District 2016

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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 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 methodology used to collect data for both domestic day visits and overnight stays in 2016 has changed from the methodology used in previous years. This means that data cannot be directly compared between 2016 and previous years for both number of visits and spend. Comparisons have been shown throughout this report to provide some broad comparisons, however caution should be used when interpreting any direct year-on-year comparisons. Direct comparisons can be made in future years using 2016 data as baseline measures.

## 1. Summary of results

## 1.1 National and regional results

| **Trips by domestic overnight visitors** | | | | | | |
|---|---|---|---|---|---|---|
| | Yorkshire and The Humber | | | England | | |
| | 2016 | 2015 | % change | 2016 | 2015 | % change |
| Trips | 9,290,000 | 11,320,000 | -18% | 99,300,000 | 102,730,000 | -3% |
| Nights | 27,110,000,000 | 30,880,000,000 | -12% | 288,000,000 | 299,570,000 | -4% |
| Spend | £1,616m | £1,922m | -16% | £18,500m | £19,571m | -6% |
| | | | | | | |
| **Trips by overseas overnight visitors** | | | | | | |
| | Yorkshire and The Humber | | | England | | |
| | 2016 | 2015 | % change | 2016 | 2015 | % change |
| Trips | 1,360,000 | 1,290,000 | 5% | 32,970,000 | 31,820,000 | 4% |
| Nights | 11,480,000 | 10,355,000 | 11% | 245,700,000 | 241,427,000 | 2% |
| Spend | £516m | £566m | -9% | £19,690m | £19,427m | 1% |
| | | | | | | |
| **Trips by day visitors** | | | | | | |
| | Yorkshire and The Humber | | | England | | |
| | 2016 | 2015 | % change | 2016 | 2015 | % change |
| Trips | 149,000,000 | 138,000,000 | 8% | 1,557,000,000 | 1,493,000,000 | 4% |
| Spend | £4,370m | £4,256m | 3% | £53,534m | £53,385m | 0% |
| | | | | | | |
| **Total trips** | | | | | | |
| | Yorkshire and The Humber | | | England | | |
| | 2015 | 2015 | % change | 2016 | 2015 | % change |
| Trips | 159,650,000 | 150,610,000 | 6% | 1,689,270,000 | 1,627,550,000 | 4% |
| Spend | £ 6,502m | £6,744m | -4% | 91,724,000,000 | 92,383,000,000 | -1% |

- Results from GBTS reveal that 99.3 million domestic overnight trips were taken in England in 2016, a decrease by 3% compared with 2015. The value of domestic overnight trips decreased by 6%, from £19.6 billion to £18.5 billion in 2016.

- The volume and value of domestic overnight trips in Yorkshire and the Humber fell by 18% from 2015 to 2016 and expenditure fell by 16%.

- According to results from IPS, overseas visitors made a total of 32.97 million overnight trips in England in 2016, an increase of 4% compared with 2015. Trip expenditure increased by 1% at the national level.

- Overseas visitor trip volume increased by 5% in Yorkshire and the Humber in 2016 and nights increased by 11%, however overall spend fell by 9% in 2016.

- Figures published in the Great Britain Day Visits Survey (2016) indicate that there were 1.56 billion Tourism Day Visits undertaken in England during 2016, up 4% compared to 2015. Day trip expenditure remained at similar levels to 2015.

- Yorkshire and the Humber region outperformed the national average for day trips, with an 8% increase in visitor numbers and a 3% increase in spend.

## 1.2 Volume and value of trips – Scarborough

Recent trends for Scarborough show an overall increase in year-on-year tourism spending, driven mainly by an increase in day trips. Overall, an estimated 1.4 million staying trips were spent in the District in 2016. It is estimated that 1.38 million trips were made by domestic visitors and 33,000 were made by overseas visitors. Staying trips resulted in an estimated 4.3 million visitor nights spent in the District, 4.0 million by domestic visitors and nearly 300,000 by those visiting from overseas.

Overall trip expenditure reached £312.8 million in 2016, marginally down on 2015 levels, by 3%.

Approximately 6.3 million tourism day trips were made to the District (lasting more than 3 hours and taken on an irregular basis) in 2016 generating an additional £244 million in trip expenditure.

Total expenditure by visitors (overnight and day) to Scarborough is estimated to have been in the region of £557 million in 2016, up by 6% compared to 2015.

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 £520.8 million.

Additional tourism expenditure is however, generated by other sources, increasing the total amount of money spent in Scarborough. 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 £32.5 million expenditure associated with overnights trips in 2016.

This brings direct expenditure generated by tourism in Scarborough in 2016 to £553.3 million, an increase of 6% on 2015. With multiplier effects, the direct turnover is increased to almost £772 million in total turnover as a result of a further £219 million being generated through indirect and induced effects.

This tourism-related expenditure is estimated to have supported 13,020 FTE jobs in Scarborough. Once part-time and seasonal employment is added, the total number of jobs supported increased to 17,827Actual jobs, up 3% from 2015.

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 were 41,400 employee jobs across the District. Based on our estimates, total tourism related expenditure supported 43% of these jobs in the District in 2016.

# 2. 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 are 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.

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.

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 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 destination.
- 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 and local wage rates. It applies this locally sourced information to regional estimates of tourism volume and expenditure derived from the following national surveys:

- Great Britain Tourism Survey
- International Passenger Survey
- Great Britain Day Visits Survey
- Census of Employment
- Census of Population
- Annual Survey of Hours and Earnings

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.

# 3. Tables of Results

**Table 1: Number of staying trips by accommodation stayed at**

| | UK | % | Overseas | % | Total | % |
|---|---|---|---|---|---|---|
| Serviced | 669,000 | 49% | 2,000 | 6% | 671,000 | 48% |
| Non-serviced | 479,000 | 35% | 6,000 | 18% | 485,000 | 34% |
| Group/campus | 5,000 | 0% | 1,000 | 3% | 6,000 | 0% |
| Second homes | 32,000 | 2% | 1,000 | 3% | 33,000 | 2% |
| Boat moorings | 3,000 | 0% | 0 | 0% | 3,000 | 0% |
| Other | 7,000 | 1% | 2,000 | 6% | 9,000 | 1% |
| Paying guests in private houses | 0 | 0% | 500 | 2% | 500 | 0% |
| Staying with friends and relatives | 181,000 | 13% | 17,000 | 52% | 198,000 | 14% |
| Total 2016 | 1,377,000 | | 33,000 | | 1,410,000 | |
| Total 2015 | 1,498,000 | | 35,000 | | 1,533,000 | |
| % change | -8% | | -6% | | -8% | |

**Table 2: Number of nights by accommodation stayed at**

| | UK | % | Overseas | % | Total | % |
|---|---|---|---|---|---|---|
| Serviced | 1,467,000 | 37% | 6,000 | 2% | 1,473,000 | 34% |
| Non-serviced | 1,710,000 | 43% | 54,000 | 18% | 1,764,000 | 41% |
| Group/campus | 38,000 | 1% | 7,000 | 2% | 45,000 | 1% |
| Second homes | 126,000 | 3% | 10,000 | 3% | 136,000 | 3% |
| Boat moorings | 18,000 | 0% | 0 | 0% | 18,000 | 0% |
| Other | 167,000 | 4% | 3,000 | 1% | 170,000 | 4% |
| Paying guests in private houses | 0 | 0% | 58,000 | 19% | 58,000 | 1% |
| Staying with friends and relatives | 474,000 | 12% | 159,000 | 53% | 633,000 | 15% |
| Total 2016 | 4,001,000 | | 298,000 | | 4,299,000 | |
| Total 2015 | 4,326,000 | | 319,000 | | 4,645,000 | |
| % change | -8% | | -7% | | -7% | |

**Table 3: Spend by accommodation stayed at**

| | UK | % | Overseas | % | Total | % |
|---|---|---|---|---|---|---|
| Serviced | £167,637,000 | 57% | £766,000 | 5% | £168,403,000 | 54% |
| Non-serviced | £90,533,000 | 31% | £3,288,000 | 20% | £93,821,000 | 30% |
| Group/campus | £1,471,000 | 0% | £399,000 | 2% | £1,870,000 | 1% |
| Second homes | £5,907,000 | 2% | £757,000 | 5% | £6,664,000 | 2% |
| Boat moorings | £563,000 | 0% | £0 | 0% | £563,000 | 0% |
| Other | £9,368,000 | 3% | £34,000 | 0% | £9,402,000 | 3% |
| Paying guests in private houses | £0 | 0% | £4,198,000 | 26% | £4,198,000 | 1% |
| Staying with friends and relatives | £21,156,000 | 7% | £6,728,000 | 42% | £27,884,000 | 9% |
| Total 2016 | £296,636,000 | | £16,170,000 | | £312,806,000 | |
| Total 2015 | £306,335,000 | | £17,671,000 | | £324,006,000 | |
| % change | -3% | | -8% | | -3% | |

| Table 4: Tourism Day trips and spend | | |
|---|---|---|
| | Trips | Spend |
| Total 2016 | 6,333,000 | £244,293,000 |
| Total 2015 | 5,604,000 | £200,016,000 |
| % change | 13% | 22% |

| Table 5: Sector breakdown of trip expenditure | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic | | Overseas | | Day | | Total | |
| Accommodation | £85,206,000 | 29% | £4,294,000 | 27% | £0 | 0% | £89,500,000 | 16% |
| Retail | £47,217,000 | 16% | £4,961,000 | 31% | £81,408,000 | 33% | £133,586,000 | 24% |
| Catering | £71,831,000 | 24% | £3,361,000 | 21% | £101,617,000 | 42% | £176,809,000 | 32% |
| Attractions | £37,910,000 | 13% | £2,098,000 | 13% | £26,462,000 | 11% | £66,470,000 | 12% |
| Travel | £54,552,000 | 18% | £1,455,000 | 9% | £34,766,000 | 14% | £90,773,000 | 16% |
| Total 2016 | £296,716,000 | | £16,169,000 | | £244,253,000 | | £557,138,000 | |
| Total 2015 | | | | | | | £524,223,000 | |
| % change | | | | | | | 6% | |

| Table 6: Businesses in receipt of visitor spend on trip | | | | | | |
|---|---|---|---|---|---|---|
| | Staying tourists | | Day visitors | | Total | |
| Accommodation | £91,004,000 | 31% | £2,032,000 | 1% | £93,036,000 | 18% |
| Retail | £51,657,000 | 18% | £80,594,000 | 35% | £132,251,000 | 25% |
| Catering | £72,937,000 | 25% | £98,569,000 | 43% | £171,506,000 | 33% |
| Attraction/entertainment | £41,282,000 | 14% | £28,292,000 | 12% | £69,574,000 | 13% |
| Transport | £33,604,000 | 12% | £20,860,000 | 9% | £54,464,000 | 10% |
| TOTAL[1] | £290,484,000 | 100% | £230,347,000 | | £520,831,000 | |
| | | | | | | |
| Other non trip related expenditure[2] | | | | | £32,513,000 | |
| | | | | | | |
| Total direct 2016 | £331,360,000 | | £188,575,000 | | £553,344,000 | |
| Total direct 2015 | | | | | £ 519,935,000 | |
| % change | | | | | 6% | |

[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 7: Income for local business generated by trip expenditure | |
|---|---|
| Direct | £553,344,000 |
| Supplier and income induced | £218,602,000 |
| Total 2016 | £771,946,000 |
| Total 2015 | £730,209,000 |
| % change | 5% |

| **Table 8: Local employment supported by the visitor economy** | | | |
|---|---|---|---|
| | 2016 | 2015 | % change |
| Total FTE Jobs | 13,020 | 12,669 | 3% |
| Total Actual Jobs | 17,827 | 17,356 | 3% |

| **Table 9: Proportion of total jobs supported across all sectors** | |
|---|---|
| | Total |
| Total employed [(3)] | 41,400 |
| Tourism employment | 17,827 |
| Tourism proportion | 43% |

[(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.

## 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.

**Economic multiplier**
Multipliers are used to estimate the economic impact of visitor expenditure. Visitor expenditure produces three effects. Direct 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. Indirect 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. Induced 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.

**Great Britain Tourism Survey (GBTS)**
The Great Britain Tourism Survey is undertaken for VisitBritain and is based on 1,000,000 telephone interviews per each year. It provides basic headline data on the volume and value of domestic tourism at a national, regional and county level.

**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.

**Great Britain Day Visits Survey (GBDVS)**
Great Britain Day Visits Survey is undertaken for VisitBritain and is based on an annual sample of c. 35,000 adults in Great Britain. It measures a range of aspects of day-visits made to all areas of Great Britain.

**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 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.

**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.