The Economic Impact of Tourism on Calderdale 2015

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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 Calderdale 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.

1. Summary of results

1.1 National and regional results

Trips by domestic overnight visitors						
	Yorkshire and The Humber			England		
	2015	2014	% change	2015	2014	% change
Trips	11,320,000	9,465,000	20%	102,730,000	93,000,000	10%
Nights	30,880,000	26,486,000	17%	299,570,000	273,000,000	10%
Spend	£1,922,000,000	£1,735,000,000	11%	£19,571,000,000	£18,085,000,000	8%
Trips by overseas overnight visitors						
	Yorkshire and The Humber			England		
	2015	2014	% change	2015	2014	% change
Trips	1,290,000	1,367,000	-6%	31,820,000	29,824,000	7%
Nights	10,355,000	11,209,000	-8%	241,427,000	232,846,000	4%
Spend	£566,000,000	£571,000,000	-1%	£19,427,000,000	£19,081,000,000	2%
Trips by day visitors						
	Yorkshire and The Humber			England		
	2015	2014	% change	2015	2014	% change
Trips	120,000,000	131,000,000	-8%	1,298,000,000	1,345,000,000	-3%
Spend	£3,701,000,000	£4,147,000,000	-11%	£46,422,000,000	£46,024,000,000	1%
Total trips						
	Yorkshire and The Humber			England		
	2015	2014	% change	2015	2014	% change
Trips	132,610,000	145,217,000	-9%	1,432,550,000	1,499,942,000	-4%
Spend	£6,189,000,000	£6,598,000,000	-6%	£85,420,000,000	£82,125,550,000	4%

- Results from GBTS reveal that 102.7 million domestic overnight trips were taken in England in 2015, a increase of 10% compared with 2014. The value of domestic overnight trips increased by 8%, from £18 billion to £19.6 million in 2015.

- Across the region of Yorkshire and the Humber, the volume of domestic overnight trips increased significantly by 20% (from 9.5m to 11.3m), and trip spend increased by 11% compared to 2014 (from £1.73b to £1.92b).

- According to results from IPS, overseas visitors made a total of 31.8 million overnight trips in England, an increase of 7% compared with 2014. Trip expenditure increased by 2% at the national level.

- Overseas visitor trip volume was, however, down for the region; total overnight trips taken by visitors from overseas to Yorkshire and the Humber decreased by 6% (from 1.36m to 1.29m). However, the overall expenditure associated with trips by overseas visitors to the region only dropped by 1% according to the national survey.

- Figures published in the Great Britain Day Visits Survey (2015) indicate that there were 1.3 billion Tourism Day Visits undertaken in England during 2015 (down 3% compared to 2014). Despite a small drop in volume, spend per head was up, leaving to an increase in day trip expenditure of 1%.

- According to the national survey, tourism day trips to the region fell in 2015; down from 131 million tourism day trips to 120 million day trips, a drop of 8%. Day trip spend at regional level was down by 11%.

1.2 Volume and value of trips – Calderdale results

- The picture at destination level across Yorkshire was more variable. Trends from the past few years show that in Calderdale there is steady year-on-year growth. 2015 saw a 4% increase in domestic overnight trip volume and an increase of 2% in trip spend.

- The number of trips made by visitors from overseas to Calderdale remained at the same volume as last year, though trip spend increased by 3% compared to 2014.

- In total, it is estimated that around £62.5 million was spent by all overnight visitors on their trip to Calderdale in 2015, up by 2% compared to 2014.

- It is estimated that around 5.56 million tourism day trips were made to Calderdale in 2015, a fall of 1% compared to 2014. Despite the small fall, tourism day visitors spent far more on their trip in 2015, leading to a 12% increase in trip expenditure.

- In total, around £224.9 million was spent on trips to Calderdale in 2015 by overnight and day visitors, up by 9% compared to 2014. Nineteen percent of this expenditure was made by domestic staying visitor; 8% by overseas staying visitors and 72% 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 overnight or day trips), 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 £16.5 million of direct turnover for local businesses in 2015.

- Of the £224.9 million estimated to have been spent by visitors on their trip, around £214 million **directly** benefited local businesses from hotels and restaurants to cafes, shops and attractions in Calderdale. 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 and spending by employers in the local area (multiplier spend), is estimated to have generated a further £67.5 million 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 Calderdale in 2015 is estimated to have been around £298.3 million, up by 8% compared to 2014.**

- This income to the local economy is estimated to have supported around **4,348 Full-Time Equivalent Jobs**. Many of these jobs are part-time or seasonal in nature and translate into an estimated 5,965 Actual Jobs, up by 10% compared to 2014.

- 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 93,300 employee jobs across Calderdale. Based on our estimates, total tourism related expenditure supported 6% of these jobs in 2015.

2. Tables of Results

2.1 Overnight trips by accommodation

Table 1: Number of staying trips by accommodation stayed at

	UK	%	Overseas	%	Total	%
Serviced	153,000	50%	22,300	47%	175,300	49%
Non-serviced	10,000	3%	4,500	9%	14,500	4%
Group/campus	4,000	1%	700	1%	4,700	1%
Second homes	6,000	2%	1,200	3%	7,200	2%
Boat moorings	3,000	1%	0	0%	3,000	1%
Other	10,000	3%	2,700	6%	12,700	4%
Paying guests in private houses	0	0%	100	0%	100	0%
Staying with friends and relatives	122,000	39%	16,200	34%	138,200	39%
Total 2015	309,000		47,800		356,800	
Total 2014	298,000		47,900		345,900	
% change	4%		0%		3%	

Table 2: Number of nights by accommodation stayed at

	UK	%	Overseas	%	Total	%
Serviced	257,000	37%	70,000	17%	327,000	29%
Non-serviced	55,000	8%	64,000	15%	119,000	11%
Group/campus	10,000	1%	16,000	4%	26,000	2%
Second homes	21,000	3%	95,000	23%	116,000	10%
Boat moorings	13,000	2%	0	0%	13,000	1%
Other	41,000	6%	4,000	1%	45,000	4%
Paying guests in private houses	0	0%	1,000	0%	1,000	0%
Staying with friends and relatives	304,000	43%	165,000	40%	469,000	42%
Total 2015	702,000		415,000		1,117,000	
Total 2014	682,000		424,000		1,106,000	
% change	3%		-2%		1%	

Table 3: Spend by accommodation stayed at

	UK	%	Overseas	%	Total	%
Serviced	£29,014,000	66%	£9,036,000	48%	£38,050,000	61%
Non-serviced	£1,688,000	4%	£3,263,000	17%	£4,951,000	8%
Group/campus	£279,000	1%	£666,000	4%	£945,000	2%
Second homes	£421,000	1%	£618,000	3%	£1,039,000	2%
Boat moorings	£614,000	1%	£0	0%	£614,000	1%
Other	£2,081,000	5%	£40,000	0%	£2,121,000	3%
Paying guests in private houses	£0	0%	£155,000	1%	£155,000	0%
Staying with friends and relatives	£9,585,000	22%	£5,007,000	27%	£14,592,000	23%
Total 2015	£43,683,000		£18,786,000		£62,469,000	
Total 2014	£42,903,000		£18,261,000		£61,164,000	
% change	2%		3%		2%	

2.2 Tourism day trips

Table 4: Tourism Day trips and spend		
	Trips	Spend
Total 2015	5,567,000	£162,424,000
Total 2014	5,640,000	£145,562,000
% change	-1%	12%

2.3 Sector breakdown of visitor expenditure

Table 5: Sector breakdown of trip expenditure								
	Domestic		Overseas		Day		Total	
Accommodation	£13,807,000	32%	£5,496,000	29%	£0	0%	£19,303,000	9%
Retail	£5,581,000	13%	£5,300,000	28%	£70,055,000	43%	£80,936,000	36%
Catering	£10,401,000	24%	£4,096,000	22%	£60,803,000	37%	£75,300,000	33%
Attractions	£3,707,000	8%	£2,077,000	11%	£16,094,000	10%	£21,878,000	10%
Travel	£10,187,000	23%	£1,817,000	10%	£15,472,000	10%	£27,476,000	12%
Total 2015	£43,683,000		£18,786,000		£162,424,000		£224,893,000	
Total 2014							£206,726,000	
% change							9%	

2.4 Other trip related expenditure

Table 6: Breakdown of other trip related expenditure	
Second homes	£164,000
Boats	£120,000
Friends and relatives	£16,283,000
Total 2015	£16,567,000

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	£19,593,000	34%	£1,216,000	1%	£20,809,000	10%
Retail	£10,772,000	19%	£69,354,000	44%	£80,126,000	37%
Catering	£14,062,000	24%	£58,979,000	38%	£73,041,000	34%
Attraction/entertainment	£6,037,000	10%	£17,403,000	11%	£23,440,000	11%
Transport	£7,202,000	12%	£9,283,000	6%	£16,485,000	8%
Total(1)	£57,666,000		£156,235,000		£213,901,000	
Other non trip related expenditure(2)	£16,934,000		£0		£16,934,000	
Total direct 2015	£74,600,000		£156,235,000		£230,835,000	
Total direct 2014					£213,041,000	
% change					8%	

(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	£230,835,000
Supplier and income induced	£67,520,000
Total 2015	£298,355,000
Total 2014	£276,030,000
% change	8%

2.6 Employment supported by tourism and related expenditure

Table 9: Local employment supported by the visitor economy			
	2015	2014	% change
Total FTE Jobs	4,348	3,957	10%
Total Actual Jobs	5,965	5,421	10%

Table 10: Proportion of total jobs sustained across all sectors	
	Total
Total employed [(3)]	93,300
Tourism employment	5,965
Tourism proportion	6%

[(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. 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.

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 2014 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.