# The Economic Impact of Tourism
# Brighton & Hove
# 2014

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TOURISM
SOUTH EAST

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# 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. 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.

**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.

**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.

# 1. Summary of results

## 1.1 Introduction

This report contains the findings of a study commissioned by Brighton & Hove City Council. Undertaken by Tourism South East the overall aim of the research is to provide indicative estimates for 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 in the late 1990s.

## 1.2 National & regional overview

| Trips by domestic overnight visitors | | | | | | |
|---|---|---|---|---|---|---|
| | South East | | | England | | |
| | 2013 | 2014 | % change | 2013 | 2014 | % change |
| Trips | 17,900,000 | 16,200,000 | -9% | 101,340,000 | 93,000,000 | -8% |
| Nights | 122,900,000 | 114,200,000 | -7% | 294,830,000 | 273,000,000 | -7% |
| Spend | £2,648,000,000 | £2,448,000,000 | -8% | £18,627,550,000 | £18,085,000,000 | -3% |
| | | | | | | |
| Trips by overseas overnight visitors | | | | | | |
| | South East | | | England | | |
| | 2013 | 2014 | % change | 2013 | 2014 | % change |
| Trips | 4,587,000 | 4,648,000 | 1% | 28,602,000 | 29,824,000 | 4% |
| Nights | 31,820,000 | 34,645,000 | 9% | 216,975,000 | 232,846,000 | 7% |
| Spend | £2,002,000,000 | £2,160,000,000 | 8% | £18,397,000,000 | £19,081,000,000 | 4% |
| | | | | | | |
| Trips by day visitors | | | | | | |
| | South East | | | England | | |
| | 2013 | 2014 | % change | 2013 | 2014 | % change |
| Trips | 219,000,000 | 227,000,000 | 4% | 1,370,000,000 | 1,345,000,000 | -2% |
| Spend | £7,094,000,000 | £7,571,000,000 | 7% | £45,101,000,000 | £46,024,000,000 | 2% |
| | | | | | | |
| Total trips | | | | | | |
| | South East | | | England | | |
| | 2013 | 2014 | % change | 2013 | 2014 | % change |
| Trips | 241,487,000 | 247,848,000 | 3% | 1,499,942,000 | 1,467,824,000 | -2% |

Results from GBTS reveal that 93 million domestic overnight trips were taken in England in 2014, a decrease of 9% compared with 2013. The value of domestic overnight trips fell by 3%, from £18.7 billion in 2013 to £18 billion in 2014.

Reflecting the national trend, the volume of domestic overnight trips fell by 9% in the South East in 2014 compared to 2013 (from 17.9 million to 16.2 million). According to the national survey results, domestic overnight trip spend in the South East saw a greater drop than seen at national level; down by 8% compared to national level of 3%.

In contrast, trips to England and the South East by visitors from overseas increased in 2014 compared to 2013. According to results from IPS, overseas visitors made a total of 29.8 million overnight trips in England, an increase of 4% compared with 2013. Trip expenditure also increased by 4% at the national level.
Overseas visitor trip volume was also up for the region; total overnight trips taken by visitors from overseas to the South East increased by 1% (from 4.58 million to 4.65 million). Nights spent in the region by overseas visitors and

expenditure associated with their visits increased by a greater level (as a result of increased length of stay). Overseas trip nights increased by 9% and expenditure increased by 8%.

Figures published in the Great Britain Day Visits Survey (2014) indicate that there were 1.3 billion Tourism Day Visits undertaken in England during 2014 (down 2% compared to 2013). Despite a small drop in volume, spend per head was up, leaving to an increase in day trip expenditure of 2% at the national level.

At regional level, there were 227 million tourism day trips, up by 4% on 2013. Day trip spend at regional level was also up, again at a level higher than the national average (up by 7% in the South East compared to up by 2% nationally).

## 1.3 Volume and value of trips in Brighton & Hove

Despite the national and regional picture showing a drop in the volume and value of domestic overnight trips, the picture at destination level across East Sussex was more variable. Destinations like Brighton saw a small a growth in domestic tourism nights and spend, though the actual number of trips made by domestic overnight visitors dropped in 2014 compared to 2013.

Overall, an estimated 1,434,000 staying trips were spent in Brighton & Hove in 2013, of which around 1,047,000 were made by domestic visitors (73%) and 387,000 by overseas visitors (27%). Compared to 2013, total trip volume dropped by 3.2%. The drop in trip volume was driven entirely by a 6.4% reduction in the number of trips made by domestic overnight visitors. On the other hand, trips by overseas visitors showed strong growth. The volume of trips spent in Brighton & Hove by visitors from overseas increased by 6.6% in 2014 compared to 2013.

Overnight trips resulted in an estimated 4,926,000 visitor nights spent in Brighton & Hove in 2014, up by 2.1% compared to 2013. Despite a drop in the number of trips made by domestic overnight visitors, average trip length increased in duration from 2.35 nights in 2013 to 2.58 nights in 2014 leading to an increase in total domestic trip nights by 2.7%. The number of nights spent by overseas visitors increased by 1.5%.

Staying visitors spent in total £518.3 million on their trip, up by 4.8% compared to 2013. Domestic overnight trip spend increased by 2.4% and overseas visitor trip spend increased by 7.6%.

2014 was another strong year for tourism day trips. Approximately 10 million tourism day trips were made to Brighton & Hove (lasting more than 3 hours and taken on an irregular basis) in 2014 generating an additional £355 million in visitor trip expenditure. Compared to 2013, day trip volume increased by 5.3% and day trip expenditure increased by 5.6%.

Total expenditure by visitors to Brighton & Hove is estimated to have been in the region of £873.3 million in 2014, a growth of 5.1% compared to 2013. Once adjustments are made to recognise that some of this expenditure took place outside Brighton & Hove (e.g. some travel expenditure), total trip expenditure is reduced to £829.7 million.

However, expenditure on second homes and on goods and services purchased by friends and relatives visitors were staying with, or visiting, generated a further £30.5 million in trip related expenditure in 2014**.**

The £829.7 million trip expenditure and £30.5 million additional trip-related expenditure translated to **£860.2 million** worth of direct income for local businesses (which is 5.3% higher than the direct turnover generated in 2013).

With multiplier effects, the direct turnover is increased to almost **£1.2 billion in total turnover** as a result of a further £310.2 million being generated through indirect and induced effects, up by 5.2% compared to 2013.

Total turnover generated by tourism in 2014 supported approximately **15,902 FTE jobs and 21,682 Actual Jobs (**where seasonal and part-time jobs are counted separately) across Brighton & Hove. These jobs are spread across the travel/transport, hospitality, leisure, and retail sectors.

According to labour market statistics there are 123,500 employee jobs in Brighton & Hove. Based on the analysis of this study, around 18% of these jobs are supported by tourism generated turnover.

# 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 City.
- 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
- International Passenger Survey
- England Leisure Visits Survey
- Visits to Attractions Survey
- New Earnings Survey
- Census of Employment
- Census of Population
- Labour Force Survey
- Annual Business Inquiry

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

## 3.1 Overnight trips by accommodation

| Table 1: Number of staying trips by accommodation | | | | | | |
|---|---|---|---|---|---|---|
| | UK | % | Overseas | % | Total | % |
| Serviced | 579,000 | 55% | 235,000 | 61% | 814,000 | 57% |
| Non-serviced | 24,000 | 2% | 7,000 | 2% | 31,000 | 2% |
| Group/campus | 14,000 | 1% | 30,000 | 8% | 44,000 | 3% |
| Second homes | 2,000 | 0% | 3,000 | 1% | 5,000 | 0% |
| Boat moorings | 3,000 | 0% | 0 | 0% | 3,000 | 0% |
| Paying guests | 0 | 0% | 30,000 | 8% | 30,000 | 2% |
| VFR home | 424,000 | 40% | 81,000 | 21% | 505,000 | 35% |
| Total 2014 | 1,047,000 | | 387,000 | | 1,434,000 | |
| Total 2013 | 1,119,000 | | 363,000 | | 1,482,000 | |
| % change | -6.4% | | 6.6% | | -3.2% | |

| Table 2: Number of nights by accommodation | | | | | | |
|---|---|---|---|---|---|---|
| | UK | % | Overseas | % | Total | % |
| Serviced | 1,359,000 | 50% | 889,000 | 40% | 2,248,000 | 46% |
| Non-serviced | 97,000 | 4% | 110,000 | 5% | 207,000 | 4% |
| Group/campus | 52,000 | 2% | 181,000 | 8% | 233,000 | 5% |
| Second homes | 23,000 | 1% | 41,000 | 2% | 64,000 | 1% |
| Boat moorings | 16,000 | 1% | 0 | 0% | 16,000 | 0% |
| Paying guests | 0 | 0% | 248,000 | 11% | 248,000 | 5% |
| VFR home | 1,151,000 | 43% | 760,000 | 34% | 1,911,000 | 39% |
| Total 2014 | 2,697,000 | | 2,229,000 | | 4,926,000 | |
| Total 2013 | 2,627,000 | | 2,196,000 | | 4,823,000 | |
| % change | 2.7% | | 1.5% | | 2.1% | |

| Table 3: Spend by accommodation | | | | | | |
|---|---|---|---|---|---|---|
| | UK | % | Overseas | % | Total | % |
| Serviced | £197,686,000 | 73% | £147,280,000 | 60% | £344,966,000 | 67% |
| Non-serviced | £4,972,000 | 2% | £8,365,000 | 3% | £13,337,000 | 3% |
| Group/campus | £2,695,000 | 1% | £11,864,000 | 5% | £14,559,000 | 3% |
| Second homes | £1,340,000 | 0% | £3,575,000 | 1% | £4,915,000 | 1% |
| Boat moorings | £790,000 | 0% | £0 | 0% | £790,000 | 0% |
| Paying guests | £0 | 0% | £16,081,000 | 7% | £16,081,000 | 3% |
| VFR home | £64,532,000 | 24% | £59,173,000 | 24% | £123,705,000 | 24% |
| Total 2014 | £272,015,000 | | £246,338,000 | | £518,353,000 | |
| Total 2013 | £265,657,000 | | £229,015,000 | | £494,672,000 | |
| % change | 2.4% | | 7.6% | | 4.8% | |

## 3.2 Tourism day trips

| Table 4: Tourism day trips and spend | | |
|---|---|---|
| | Trips | Spend |
| Total 2014 | 10,000,000 | £355,000,000 |
| Total 2013 | 9,500,000 | £336,110,000 |
| % change | 5.3% | 5.6% |

## 3.3 Total trips and expenditure

| Table 5: Total trips and expenditure | | |
|---|---|---|
| | Trips | Expenditure |
| Total 2014 | 11,434,000 | £873,353,000 |
| Total 2013 | 10,982,000 | £830,782,000 |
| % change | 4.1% | 5.1% |

## 3.4 Sector breakdown of visitor expenditure

| Table 6: Sector breakdown of trip expenditure | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | UK tourists | | Overseas tourists | | Day visitors | | Total | |
| Accommodation | £90,449,000 | 33% | £72,832,000 | 30% | £0 | 0% | £163,281,000 | 19% |
| Shopping | £38,192,000 | 14% | £72,241,000 | 29% | £160,105,000 | 45% | £270,538,000 | 31% |
| Food and drink | £60,805,000 | 22% | £50,112,000 | 20% | £124,960,000 | 35% | £235,877,000 | 27% |
| Attractions/entertainment | £30,519,000 | 11% | £29,484,000 | 12% | £34,435,000 | 10% | £94,438,000 | 11% |
| Travel | £52,050,000 | 19% | £21,667,000 | 9% | £35,500,000 | 10% | £109,217,000 | 13% |
| Total | £272,015,000 | | £246,336,000 | | £355,000,000 | | £873,353,000 | |

## 3.5 DIRECT business turnover derived from tourism related expenditure

| Table 7: Businesses in receipt of direct visitor spend following adjustment | | | | | | |
|---|---|---|---|---|---|---|
| | Staying tourists | | Day visitors | | Total | |
| Accommodation | £165,499,000 | 34% | £2,499,000 | 1% | £167,998,000 | 20.2% |
| Retail | £109,329,000 | 22% | £158,504,000 | 47% | £267,833,000 | 32.3% |
| Catering | £107,590,000 | 22% | £121,211,000 | 36% | £228,801,000 | 27.6% |
| Attraction/entertainment | £62,216,000 | 13% | £37,286,000 | 11% | £99,502,000 | 12.0% |
| Transport | £44,231,000 | 9% | £21,300,000 | 6% | £65,531,000 | 7.9% |
| Total 2013 (1) | £488,865,000 | | £340,800,000 | | £829,665,000 | |
| | | | | | | |
| Other expenditure (2) | £30,517,000 | | £0 | | £30,517,000 | |
| | | | | | | |
| Direct turnover 2014 | £519,382,000 | | £340,800,000 | | £860,182,000 | |
| Direct turnover 2013 | £494,348,000 | | £322,666,000 | | £817,014,000 | |
| % change | 5.1% | | 5.6% | | 5.3% | |

(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.

## 3.6 TOTAL business turnover derived from tourism related expenditure

| Table 8: Income for local business generated by trip expenditure | |
|---|---|
| | |
| Direct | £860,182,000 |
| Supplier and income induced (3) | £310,228,000 |
| Total 2014 | £1,170,410,000 |
| Total 2013 | £1,112,533,000 |
| % change | 5.2% |

(3) Multipliers are used to estimate the additional revenue generated through the initial round of visitor expenditure

## 3.6 Employment supported by tourism and related expenditure

| Table 9: Local employment supported | | | |
|---|---|---|---|
| | 2014 | 2013 | % change |
| FTE Jobs | 15,902 | 15,123 | 5.2% |
| Actual Jobs | 21,682 | 20,622 | 5.1% |

| Table 10: Proportion of total jobs sustained | |
|---|---|
| | Total |
| Total labour force in Brighton & Hove (4) | 123,500 |
| Tourism employment (5) | 21,682 |
| Tourism proportion | 18% |

(4) Total labour force is based on all employees incl. part-time working in Brighton & Hove (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.

(5) Jobs supported by tourism expenditure across a number of sectors in Brighton & Hove