Economic Impact of Tourism

Norfolk County
2010 Results

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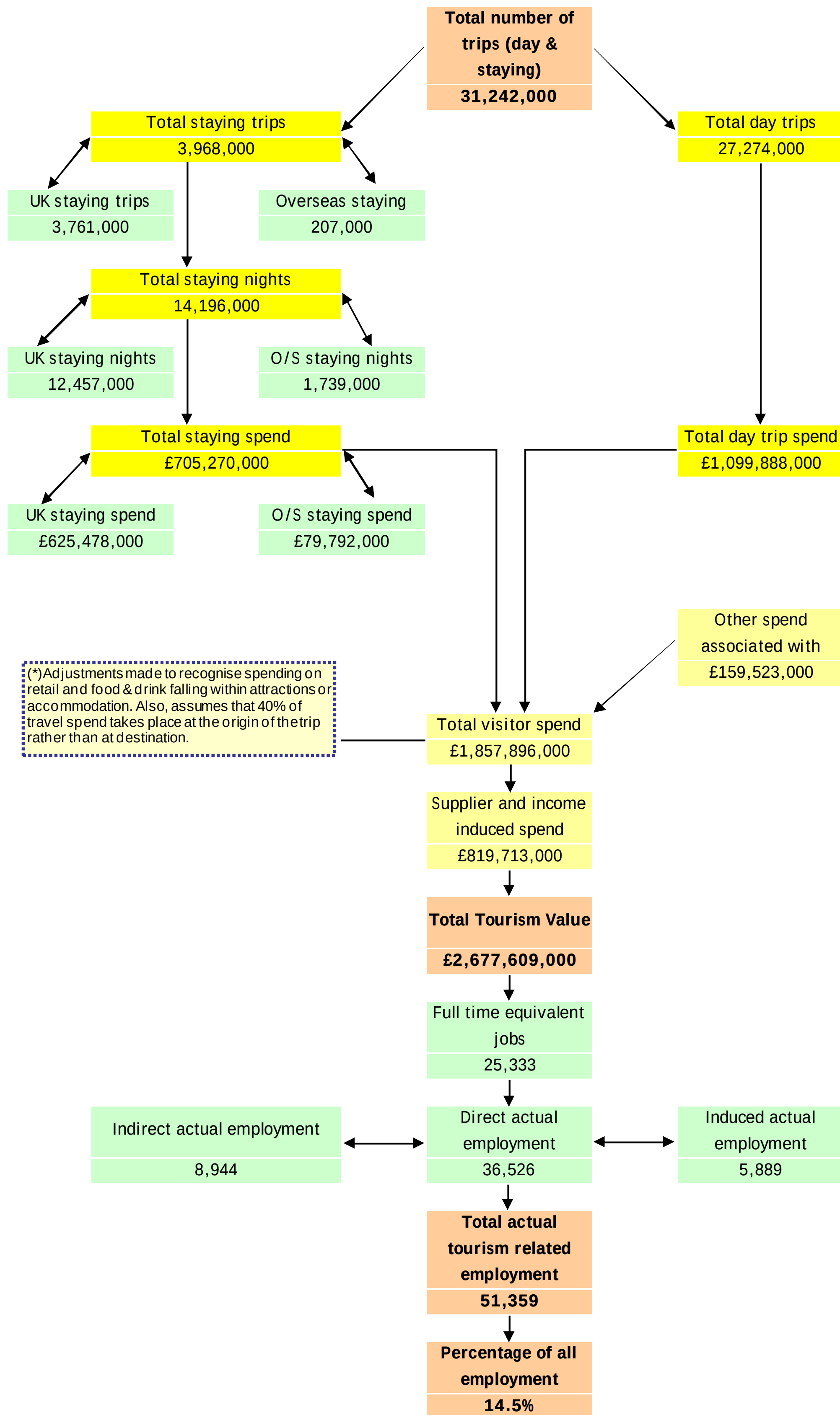
Economic Impact of Tourism - Norfolk 2010 - Headline Figures



Contextual analysis

Regional Economic Trends

The consensus amongst forecasters at the beginning of the year was that growth would be sluggish in 2010. Business confidence in the region was cautiously optimistic and unemployment levels had stabilised, after it had fall at its sharpest rate since the start of the recession.

Following a positive start to 2010, consumer confidence fell by nine points in March to 72. Consumers displayed greater uncertainty about the employment situation, in the context of industrial unrest and union activity within both the public and private sectors. The changes in March 2010 are not dissimilar to those seen during the run up to the 2005 general election. The proportion of people who believe the economic situation will be better in six months' time decreased by six percentage points to 33% in March.

Economic output, as measured by gross domestic product (GDP) increased 1.2 per cent in the second quarter of 2010. However, the view of independent forecasters remained that recovery would be slow. Businesses continued to report recovery in output and orders, especially in manufacturing. However, consumer confidence fell to 63 points in June, similar to 12 months ago and 21 points lower than February. Faith in the economic situation was close to its record low, with particular concerns about the state of the job market.

UK economy grew at 0.7 per cent in the third quarter, with downwards revisions to Q1 and Q2 growth estimates. Consumer confidence fell to 53 points in September 2010, reversing gains seen in August. Confidence was 21 points lower than September 2009. The Expectations Index had fallen by 47 points to 73 since February 2010, perhaps suggesting a growing anxiety among consumers about the strength of the recovery and their own personal finances. 58% of consumers now believe there will be not many or few jobs available in six months' time, the highest level this year.

Employment fell slightly over the last quarter of 2010 although unemployment remained stable. Most business confidence surveys are detecting increasing levels of caution from employers The December confidence index is at 53 points, well below the long run average of 81. During 2010, the Consumer Confidence Index fell by 24 points, driven largely by increased pessimism about the future state of the UK's economic and employment situation. Knowledge of the January VAT rise may have made consumers slightly more optimistic about spending. The percentage of people who believe there will be not many or few jobs available in six months' time fell by six percentage points to 56%.

Weather *Source: Met Office*

The first three months of 2010 saw significant snowfall in January and February, with both months being generally cold. Sunshine was below average in the East Coast in January. In February parts of the region experienced above average rainfall. In March the weather was changeable, with some fine weather and rain at times, though it was generally sunny.

The second quarter of 2010 was generally very dry, with warm weather, particularly in June. In May the weather was changeable, with some fine weather and some cooler days. April was warm during the day, although there were some frosts. Sunshine was above average in April and June, while it was close to normal in May.

The third quarter of 2010 started with generally dry weather and above average temperatures in parts of the region in July. It was duller than average in July and August. August was a cloudy and cool month, with parts of the region seeing twice the average rainfall. The overall temperature was more normal in September with sunshine being close to or somewhat above average.

The last quarter of the year started with temperatures close to normal, but there were significant snowfalls in mid-November and throughout December. It was the coldest November since 1993 and the coldest December in 100 years. December was exceptionally cold. Rainfall was close to normal in October and November, but December was actually generally drier than normal. October was sunny, while November was a dull month in parts of the region.

Tourism Performance

Reflecting the economic slowdown and generally poor weather throughout the year, there was an overall decline in domestic tourism in the region. It is difficult to disentangle the effect of the poor summer weather from the general economic situation but on the whole the figures certainly indicate a challenging trading environment during the year.

Volume & value of trips to the East of England - In 2010 a total of 10.86 million overnight trips (domestic and overseas) were made to the East of England (-15.3% down on 2009). While trips are down on 2009, the year of the staycation, they remain above pre-recession levels for holiday trips.

Expenditure decreased by 2.5% from £2.140bn in 2009 to 2.088bn in 2010. However, the length of stay increased from 3.7 nights per trip in 2009 to 4 night in 2010 and the average spend per visitor day also increased from £45.2 (2009) to £47.8 (2010).

As a result of the growth in domestic holiday trips during 2009, the self-catering sector and the number of visits to friends and family experienced an increase in trips, while growth in serviced accommodation was comparatively small, perhaps reflecting the decline in business travel at the beginning of the year.

Visitor volumes to regional attractions in 2010 - In order to provide an indication on how the attractions sector is performing throughout the year we have used information from the latest East of England Tourism quarterly visitor attractions monitor. The survey provided information on visitor numbers to independent attractions, as well as English Heritage and National Trust properties. We have also analysed the latest updates from Visit England regarding their annual Visits to Visitor Attraction Survey and in particular, the results for the East region.

The results for 2010 indicate that overall there was a 4 % increase in volume of visitors, a 3% increase in entry charges and a 1.8% increase in revenue terms for attractions in the region.

Introduction about Cambridge Model

This report examines the volume and value of tourism and the impact of that expenditure on the local economy in 2010.

The figures were derived using the Cambridge Economic Impact Model and the research was undertaken by the East of England Tourism (EET).

The model utilises information from national tourism surveys and regionally based data held by EET. It distributes regional activity as measured in those surveys to local areas using 'drivers' such as the accommodation stock and occupancy which influence the distribution of tourism activity at local level.

Limitations of the Model

The methodology and accuracy of the above sources varies. The results of the model should therefore be regarded as estimates which are indicative of the scale and importance of visitor activity in the local area. It is important to note that in the national tourism surveys the sample sizes for each area changes year on year. This is as a result of the random probability nature of the methodology. **As such, the results of the Cambridge Model are best viewed as a snapshot in time and we would caution against year-on-year comparisons.**

It should be noted that the model cannot take into account any leakage of expenditure from tourists taking day trips out of the area in which they are staying. While it is assumed that these may broadly balance each other in many areas, in locations receiving significant numbers of day visitors from London, there is likely to be an underestimate in relation to the number of overseas day visitors staying in holiday accommodation in London.

Whilst it is important to be aware of these issues, we are confident that the estimates we have produced are as reliable as is practically possible within the constraints of the information available.

Rounding

All figures used in this report have been rounded. In some tables there may therefore be a slight discrepancy between totals and sub totals.

Data sources

The main national surveys used as data sources in stage one include:

- United Kingdom Tourism Survey (UKTS) providing information on tourism activity by UK residents;
- International Passenger Survey (IPS) providing information on overseas visitors to the United Kingdom;
- Day Visits in Great Britain Survey using information on visits lasting more than 3 hours and taken on an irregular basis

These surveys provide information down to a regional level. In order to disaggregate data to a local level the following information sources are used:

- Records of known local accommodation stock held by Regional Tourist Boards;
- Tourist Board surveys of Visits to Attractions, which provide data on the number of visitors to individual tourist attractions within their area;
- Registrar General's estimates of resident population as based on the 2001 Census of Population;
- Selected data from the 1998 Census of Employment;

- Selected data on the countryside and coast including, national designations and length of the coastline

Staying Visitors

The UKTS provides information on the total number of trips to the region and the relative proportions using different types of accommodation. By matching these figures to the supply of such accommodation, the regional average number of trips per bedspace or unit of accommodation can be derived. The IPS provides information on the total number of trips by overseas visitors to the region.

Day Visitors

Information on day trips at the regional level is available from the Day Visits in Great Britain survey. The survey includes all leisure-related trips from home. It should be noted that a large proportion are local trips made by people resident in the locality. The model uses information from the survey to estimate the number of longer day trips (defined as those lasting at least 3 hours and involving travel of more than 20 miles) and irregular trips lasting more than 3 hours.

Impact of tourism expenditure

This section examines the impact of the tourism expenditure in terms of the direct, indirect and induced expenditure as well as an estimate of the actual jobs (both direct and indirect) supported by tourism expenditure in the district.

The UKTS, IPS and Day Visits to Great Britain survey data on the breakdown of visitor spending; The New Earnings Survey which provides information on wage levels by industry sector and region; An internal business database which includes data on the structure of business expenditure, local linkages and multiplier ratios drawn from a wide range of business and economic studies carried out by Geoff Broom Associates, PA Cambridge Economic Consultants and others. By applying the breakdown to the estimates of visitor spending, the model generates estimates of total spending.

Evidence from national studies suggests that some minor adjustments are required to match visitor spend to business turnover – for example, some expenditure on food and drink actually takes place in inns and hotels that fall in the accommodation sector and within attractions. More significantly, expenditure on travel costs associated with individual trips is equally likely to take place at the origin of the trip as the destination. Therefore the model assumes that only 40% of travel expenditure accrues to the destination area.

Number of full time job equivalents

Having identified the value of turnover generated by visitor spending, it is possible to estimate the employment associated with that spending. Wages for staff and drawings for the proprietors will absorb a proportion of that turnover. By applying these proportions to the overall additional turnover in each sector, the amount of money absorbed by employment costs can be calculated. The New Earnings Survey provides data from which the average costs by business sector, adjusted to take account of regional differences, can be calculated (the Visit Britain publication, Employment Generated by Tourism in Britain was also used) After allowing for additional costs such as National Insurance and pension costs, an average employment cost per full time equivalent job can be estimated. The number of such jobs in the local area can then be estimated by dividing the amount of business expenditure on wages and drawings by the average employment cost per job.

Number of Actual Jobs

The model generates estimates of full time equivalent jobs based on visitor spending. However, the total number of actual jobs will be higher when part time and seasonal

working is taken into account. The full time equivalent jobs arising directly from visitor spending are converted into actual jobs using information from business surveys in the sectors receiving visitor spending. In general, the conversion factor varies around 1.5 in those sectors.
The indirect and induced jobs arise across a much wider range of employment sectors. Therefore, the average 1.16 for all sectors based on Census of Employment data has been used to convert full time equivalent jobs in this sector to actual jobs.

The employment estimates generated by the model include both self employed and employed people supported by visitor expenditure. The model also includes an estimate of the additional jobs arising in the attractions sector, which are not related to visitor expenditure. However, the numbers do not include other tourism-related employment such as jobs in local authorities arising from their tourism functions, e.g. tourist information staff, additional public health, parks and gardens, public conveniences, maintenance sections and jobs arising from capital investment in tourism facilities.

Volume of Tourism

Staying Visitors

Accommodation Type

Serviced accommodation includes hotels, guesthouses, inns, B&B and serviced farmhouse accommodation. Paying guest refers to overseas visitors staying in private houses, primarily language school students. Other trips includes nights spent in transit, in lorry cabs and other temporary accommodation.

Trips by Accommodation

Service accommodation was the most important accommodation type overall due to the popularity with UK guests (in real terms). Stays with friends and relatives were also important alternatives, particularly for overseas guests (in percentage terms).

	UK		Overseas		Total	
Serviced	1,058,000	28%	49,000	24%	1,107,000	28%
Self catering	294,000	8%	8,000	4%	302,000	8%
Touring caravans /tents	357,000	9%	6,000	3%	363,000	9%
Static vans/holiday centres	745,000	20%	2,000	1%	747,000	19%
Group/campus	58,000	2%	7,000	3%	65,000	2%
Paying guest	0	0%	2,000	1%	2,000	0%
Second homes	79,000	2%	4,000	2%	83,000	2%
Boat moorings	79,000	2%	0	0%	79,000	2%
Other	67,000	2%	20,000	10%	87,000	2%
Staying with friends and relatives	1,023,000	27%	110,000	53%	1,133,000	29%
Total	**3,761,000**		**207,000**		**3,968,000**	

Nights by Accommodation

When comparing nights by accommodation to trips by accommodation we can see that those staying with friends and relatives stayed for a higher number of nights per trip when compared to visitors staying in serviced accommodation.

	UK		Overseas		Total	
Serviced	2,432,000	20%	302,000	17%	2,734,000	19%
Self catering	1,297,000	10%	101,000	6%	1,398,000	10%
Touring caravans /tents	1,385,000	11%	20,000	1%	1,405,000	10%
Static vans/holiday centres	3,108,000	25%	9,000	1%	3,117,000	22%
Group/campus	118,000	1%	144,000	8%	262,000	2%
Paying guest	0	0%	32,000	2%	32,000	0%
Second homes	232,000	2%	84,000	5%	316,000	2%
Boat moorings	352,000	3%	0	0%	352,000	2%
Other	261,000	2%	104,000	6%	365,000	3%
Staying with friends and relatives	3,272,000	26%	942,000	54%	4,214,000	30%
Total	**12,457,000**		**1,739,000**		**14,196,000**	

Spend by Accommodation Type

As you would expect, expenditure in serviced accommodation was proportionately higher than expenditure occurred with friends and relatives.

	UK		Overseas		Total	
Serviced	£221,193,000	35%	£26,123,000	33%	£247,316,000	35%
Self catering	£80,371,000	13%	£4,553,000	6%	£84,924,000	12%
Touring caravans /tents	£62,846,000	10%	£763,000	1%	£63,609,000	9%
Static vans/holiday centres	£134,356,000	21%	£1,212,000	2%	£135,568,000	19%
Group/campus	£7,557,000	1%	£7,755,000	10%	£15,312,000	2%
Paying guest	£0	0%	£1,523,000	2%	£1,523,000	0%
Second homes	£6,096,000	1%	£2,539,000	3%	£8,635,000	1%
Boat moorings	£22,466,000	4%	£0	0%	£22,466,000	3%
Other	£7,754,000	1%	£1,170,000	1%	£8,924,000	1%
Staying with friends and relatives	£82,839,000	13%	£34,153,000	43%	£116,992,000	17%
Total	**£625,478,000**		**£79,792,000**		**£705,270,000**	

Purpose

Trips by Purpose

73% of staying visitors were on holiday, 17% were on visits to friends and relatives and a further 9% on business trips. Overseas guests are fairly evenly split between holiday, business and VFR visits, whereas most UK visitors are on a holiday trip.

It should be considered that whilst some people may be staying with friends and relatives, the actual purpose of their trip may be a holiday.

	UK		Overseas		Total	
Holiday	2,849,000	76%	55,000	27%	2,904,000	73%
Business	272,000	7%	72,000	35%	344,000	9%
Visits to friends and relatives	611,000	16%	64,000	31%	675,000	17%
Other	29,000	1%	12,000	6%	41,000	1%
Study	0	0%	5,000	2%	5,000	0%
Total	**3,761,000**		**207,000**		**3,968,000**	

Nights by Purpose

Visits to friends and relatives spend a higher number of nights per trip than holiday trips.

	UK		Overseas		Total	
Holiday	9,641,000	77%	358,000	21%	9,999,000	70%
Business	711,000	6%	310,000	18%	1,021,000	7%
Visits to friends and relatives	2,077,000	17%	852,000	49%	2,929,000	21%
Other	27,000	0%	111,000	6%	138,000	1%
Study	0	0%	107,000	6%	107,000	1%
Total	**12,457,000**		**1,739,000**		**14,196,000**	

Spend by Purpose

Most spend occurred on holidays, but holiday spend was far more important in terms of UK guests than those from overseas.

	UK		Overseas		Total	
Holiday	£516,883,000	83%	£17,308,000	22%	£534,191,000	76%
Business	£48,465,000	8%	£14,126,000	18%	£62,591,000	9%
Visits to friends and relatives	£57,161,000	9%	£33,448,000	42%	£90,609,000	13%
Other	£2,969,000	0%	£6,297,000	8%	£9,266,000	1%
Study	£0	0%	£8,614,000	11%	£8,614,000	1%
Total	**£625,478,000**		**£79,792,000**		**£705,270,000**	

Day Visitors

Trips and Spend by Urban, Rural and Coastal Area

A greater number of trips were made to urban areas than coastal or rural areas, with a relatively greater proportion of spend taking place in the urban areas.

	Trips	Spend
Urban visits	15,176,000	£697,942,000
Countryside visits	7,760,000	£265,936,000
Coastal visits	4,338,000	£136,010,000
Total	**27,274,000**	**£1,099,888,000**

Value of Tourism

Expenditure

Expenditure Associated With Trips: Total Expenditure Associated with Trips

Most spend by staying visitors occurs in the accommodation and food and drink sectors, whilst day trippers spend most on food and drink and shopping.

	Accomm	Shopping	Food and drink	Attractions / entertainment	Travel	Total
UK Tourists	£190,129,000	£87,113,000	£161,307,000	£73,610,000	£113,319,000	£625,478,000
Overseas tourists	£21,884,000	£22,957,000	£17,396,000	£9,779,000	£7,775,000	£79,791,000
Total Staying Visitors	**£212,013,000**	**£110,070,000**	**£178,703,000**	**£83,389,000**	**£121,094,000**	**£705,269,000**
%	**30%**	**16%**	**25%**	**12%**	**17%**	
Total Day Visitors	**£0**	**£371,203,000**	**£453,355,000**	**£129,461,000**	**£145,869,000**	**£1,099,888,000**
%	**0%**	**34%**	**41%**	**12%**	**13%**	
Total	**£212,013,000**	**£481,273,000**	**£632,058,000**	**£212,850,000**	**£266,963,000**	**£1,805,157,000**
%	**12%**	**27%**	**35%**	**12%**	**15%**	

Other expenditure associated with tourism activity

Apart from expenditure associated with the individual trips, some forms of activity also involve ongoing expenditure on the accommodation or result in additional spending by non-visitors e.g. friends and relatives with whom the tourist is staying.

Other expenditure associated with tourism activity - Estimated spend				
Second homes	Boats	Static vans	VFR	Total
£8,851,000	£1,866,000	£13,884,000	£134,922,000	£159,523,000

Spend on second homes is assumed to be an average of £1,000 on rates, maintenance, and replacement of furniture and fittings. Spend on boats assumed to be an average of £2,000 on berthing charges, servicing and maintenance and upgrading of equipment. Static van spend arises in the case of vans purchased by the owner and used as a second home. Expenditure is incurred in site fees, utility charges and other spending and is estimated at £1,500. Additional spending is incurred by friends and relatives as a result of people coming to stay with them. A cost of £150 per visit has been assumed based on VB research for social and personal visits.

Direct Turnover Derived From Trip Expenditure

Business turnover arises as a result of tourist spending, from the purchase of supplies and services locally by businesses in receipt of visitor spending and as a result of the spending of wages in businesses by employees whose jobs are directly or indirectly supported by tourism spending.

The total direct turnover derived from trip expenditure is £,,857,896,000. The impact of staying visitor spend is relatively greater than day visitor spend in turnover terms.

	Staying Tourists	Day Visitors	Total
Accommodation	£215,587,000	£9,067,000	£224,654,000
Retail	£108,970,000	£367,491,000	£476,461,000
Catering	£173,342,000	£439,754,000	£613,096,000
Attraction/entertainment	£86,277,000	£137,707,000	£223,984,000
Transport	£72,657,000	£87,521,000	£160,178,000
Other non trip related spend	£159,523,000	£0	£159,523,000
Total direct	**£816,356,000**	**£1,041,540,000**	**£1,857,896,000**

Adjustments have been made to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. It is assumed that 40% of travel spend will take place at the origin of the trip rather than at the destination.

Supplier and Income Induced Turnover

Staying visitors create relatively more supplier and income induced expenditure as multipliers take effect.

	Staying Tourists	Day Visitors	Total
Business receipt of trip spend	£210,011,000	£252,374,000	£462,385,000
Non trip spending	£31,905,000	£0	£31,905,000
Income induced spending	£248,368,000	£77,055,000	£325,423,000
Total Indirect	**£490,284,000**	**£329,429,000**	**£819,713,000**

Income induced spending arises from expenditure by employees whose jobs are supported by tourism spend.

Total Local Business Turnover Supported by Tourism Activity – Value of Tourism

When direct, supplier and income-induced expenditure are added together, business turnover in the local economy (i.e. total tourism value) totals **£2,677,609,000.**

	Staying Tourists	Day Visitors	Total
Direct	£816,356,000	£1,041,540,000	£1,857,896,000
Supplier and income induced	£490,284,000	£329,429,000	£819,713,000
Total	**£1,306,640,000**	**£1,370,969,000**	**£2,677,609,000**

Employment

Employment

The model generates estimates of full time equivalent jobs based on visitor spending. The total number of 'actual' jobs will be higher when part time and seasonal working is taken into account. Conversion of full time equivalent jobs into actual jobs relies on information from business surveys in the sectors receiving visitor spending.

Direct employment

The model estimates that 25,333 full time equivalent jobs are directly supported by tourism. Of these, 11,929 are related to staying visits and 13,403 to day visits. When part time and seasonal working is taken into account it is estimated that 36,526 jobs are supported, 16,716 by staying tourists and 19,810 by day visitors.

Full time equivalent						
	Staying Tourist		Day Visitor		Total	
Accommodation	3,603	30%	152	1%	3,755	15%
Retailing	944	8%	3,184	24%	4,128	16%
Catering	2,691	23%	6,827	51%	9,518	38%
Attractions/entertainment	1,637	14%	2,613	19%	4,250	17%
Transport	522	4%	629	5%	1,151	5%
Arising from non trip spend	2,532	21%	0	0%	2,532	10%
Total Direct	**11,929**		**13,403**		**25,333**	
Estimated actual jobs						
	Staying Tourist		Day Visitor		Total	
Accommodation	5,333	32%	224	1%	5,557	15%
Retailing	1,416	8%	4,775	24%	6,191	17%
Catering	4,036	24%	10,240	52%	14,276	39%
Attractions/entertainment	2,308	14%	3,684	19%	5,992	16%
Transport	736	4%	886	4%	1,622	4%
Arising from non trip spend	2,887	17%	0	0%	2,887	8%
Total Direct	**16,716**		**19,810**		**36,526**	

Indirect & Induced Employment

It is estimated that 13,011 FTE jobs are supported by indirect and induced expenditure, equating to 14,833 actual jobs.

Full time equivalent			
	Staying Tourists	Day Visitors	Total
Indirect jobs in supply businesses	3,840	4,006	7,846
Income induced jobs	3,942	1,223	5,165
Total Indirect/Induced	**7,782**	**5,229**	**13,011**
Estimated actual			
	Staying Tourists	Day Visitors	Total
Indirect jobs in supply businesses	4,378	4,567	8,944
Income induced jobs	4,494	1,394	5,889
Total Indirect/Induced	**8,872**	**5,961**	**14,833**

Total Jobs

Actual jobs are estimated from surveys of relevant businesses at locations in England and take account of part time and seasonal working.

In total, it is estimated that 38,344 FTE jobs are supported, equating to 52,359 actual jobs. 25,588 actual jobs are supported by staying visitors and 25,771 by day trips.

Full time equivalent						
	Staying Tourist		**Day Visitor**		**Total**	
Direct	11,929	61%	13,403	72%	25,333	66%
Indirect	3,840	19%	4,006	21%	7,846	20%
Induced	3,942	20%	1,223	7%	5,165	13%
Total	**19,712**		**18,632**		**38,344**	
Estimated actual jobs						
	Staying Tourist		**Day Visitor**		**Total**	
Direct	16,716	65%	19,810	77%	36,526	71%
Indirect	4,378	17%	4,567	18%	8,944	17%
Induced	4,494	18%	1,394	5%	5,889	11%
Total	**25,588**		**25,771**		**51,359**	

Tourism Jobs as a Percentage of Total Employment

Total employment in the area comprises 355,000 jobs. As such, using the estimates from the model we can see that tourism supports 14.5% of jobs (7.2% supported by staying visits, 7.3% by day trips).

	Staying tourists	Day visitors	Total
Total employed (LFS)			355,000
Tourism employment	25,588	25,771	51,359
Tourism proportion	7.2%	7.3%	14.5%

Local Income

Local income will arise in the form of wages and drawings from businesses in receipt of tourism spending and those providing supplies and services. Total local income was valued at around £687,048,000 in 2010.

	Staying Tourists	Day Visitors	Total
Direct jobs	£211,483,000	£237,967,000	£449,450,000
Indirect jobs	£70,120,000	£73,152,000	£143,272,000
Induced jobs	£71,991,000	£22,335,000	£94,326,000
Total	**£353,594,000**	**£333,454,000**	**£687,048,000**

TOURISM
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