The Economic Impact of Tourism on Brighton and Hove 2020

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INTRODUCTION

This report, commissioned by Brighton and Hove City Council and undertaken by TSE Research, examines the volume and value of tourism and the impact of visitor expenditure on the local economy in 2020 and provides comparison against previously published data from 2019.

The study 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 its basic form, the model distributes regional activity as measured in national surveys to local areas using 'drivers' such as accommodation stock and occupancy which influence the distribution of tourism at local level.

In a year that is defined by industry recovery, it has never been so important to understand the full economic extent that the pandemic has had on various sectors of destination visitor economies. Identifying the baseline and full extent of the economic impact in 2020 will aid in demonstrating the level of recovery required. The data contained in this report can play a major part in supporting grant and funding applications as it identifies the areas that need the most support to build and recover from the pandemic.

IMPORTANT – Due to Covid-19 travel restrictions in 2020 the collection of data for the national surveys that are used to support the Cambridge Model templates was unavailable. Following discussions with our economic advisory consultants, it was advised the only valid way to provide figures for 2020 was to apply the published national decline in visitor numbers and spend (where available) to the Cambridge Model data from the previous year. Therefore, the data provided in this report should be used as an indicative overview of the past year and caution should be used in directly comparing figures to previous years.

Due to several periods of lockdown across the country and varying travel restrictions being imposed the number of domestic overnight visits fluctuated throughout the year. Using the average decline of 61% in domestic trips and a national estimated annual average decline of 29% in serviced accommodation occupancy we can estimate that in Brighton and Hove in 2020 the number of domestic overnight trips was 0.45 million, resulting in 1.15 million bednights in the area and £131 million spend as a result of these trips.

In 2020 overseas visits were confined to the first quarter of the year and then very few essential or work-based trips throughout the remainder of the year. Based on the Visit Britain figures of a decline in overseas visitor number by 73% and overseas spend by 78% we can calculate that there were an estimated 0.15 million overseas overnight trips to Brighton and Hove 2020, resulting in an estimated 0.88 million bednights and £95.4 million on these trips.

Domestic day trips were also impacted by the numerous lockdowns and travel restrictions with the number of trips down by 22% and the spend down by 64%. This significant decrease in spend compared to trips is attributed to a number of factors including; increase in trips being taken in the countryside or open air locations; the number of retail and eating establishments that were closed due to the pandemic; social distancing and cautiousness in indoor spaces.

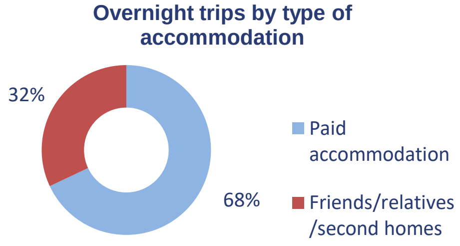
The number of jobs both directly and indirectly supported by tourism in Brighton and Hove is 6.7% based on the population and employment figures from 2020.

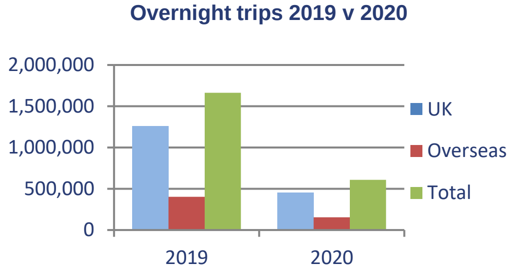
Overnight trips by accommodation

Number of staying trips by accommodation stayed at

	UK	%	Overseas	%	Total	%
Serviced	29,000	66%	15,000	10%	314,000	52%
Non-Serviced	7,000	2%	9,000	6%	16,000	3%
Group / campus	9,000	2%	22,000	14%	31,000	5%
Second homes	0	0%	3,000	2%	3,000	0%
Boat moorings[1]	9,000	2%	0	0%	9,000	1%
Paying guests	0	0%	42,000	27%	42,000	7%
SFR	128,000	28%	64,000	41%	192,000	32%
Total 2020	**453,000**		**155,000**		**608,000**	
Total 2019	1,261,000		404,000		1,665,000	
% change	-64%		-62%		-64%	

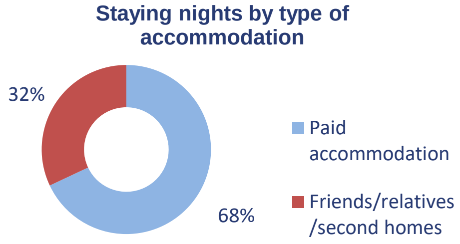
SFR = staying with friends/relatives

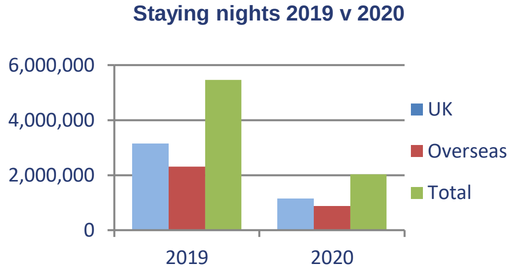




Number of nights by accommodation stayed at

	UK	%	Overseas	%	Total	%
Serviced	747,000	65%	320,000	36%	1,067,000	53%
Non-Serviced	22,000	2%	57,000	6%	211,000	10%
Group / campus	15,000	1%	52,000	6%	67,000	3%
Second homes	0	0%	17,000	2%	17,000	1%
Boat moorings	47,000	4%	0	0%	47,000	2%
Paying guests	0	0%	132,000	15%	132,000	6%
SFR	323,000	25%	301,000	34%	624,000	31%
Total 2020	**1,153,000**		**879,000**		**2,032,000**	
Total 2019	3,146,000		2,314,000		5,460,000	
% change	-63%		-62%		-63%	



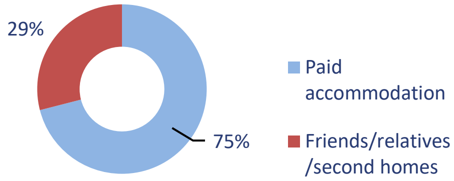


[1] *Information on boat use is not available for overseas tourists.*

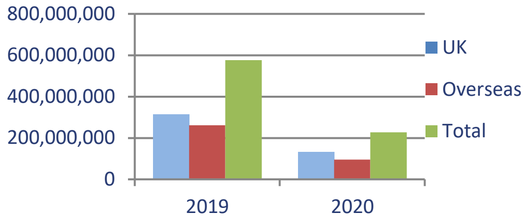
Spend by accommodation stayed at

	UK	%	Overseas	%	Total	%
Serviced	£108,633,000	83%	£9,484,000	10%	£118,117,000	52%
Non-Serviced	£1,115,000	1%	£8,890,000	9%	£10,005,000	14%
Group / campus	£781,000	1%	£8,835,000	9%	£9,616,000	4%
Second homes	£0	0%	£3,807,000	4%	£3,807,000	2%
Boat moorings	£2,371,000	2%	£0	0%	£2,371,000	1%
Paying guests	£0	0%	£22,272,000	23%	£22,272,000	10%
SFR	£18,116,000	14%	£42,160,000	44%	£60,276,000	27%
Total 2020	**£131,016,000**		**£95,448,000**		**£226,464,000**	
Total 2019	£314,620,000		£261,755,000		£576,375,000	
% change	-58%		-64%		-61%	

Overnight spend by type of accommodation



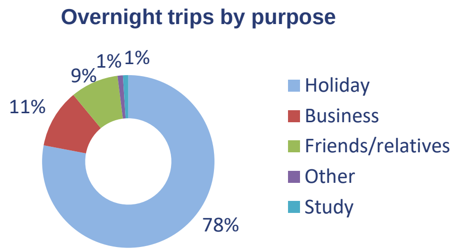
Overnight spend 2019 v 2020



Overnight trips by purpose

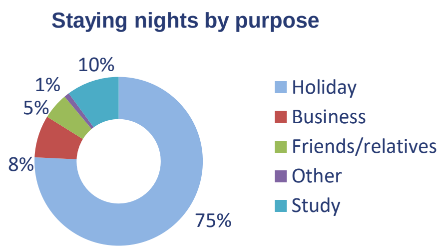
Trips by purpose

	UK		Overseas		Total	
Holiday	338,000	75%	137,000	88%	475,000	78%
Business	57,000	13%	10,000	6%	67,000	11%
Visits to friends/relatives	52,000	11%	3,000	2%	55,000	9%
Other	6,000	1%	0	0%	6,000	1%
Study	0	0%	5,000	3%	5,000	1%
Total	**453,000**		**155,000**		**608,000**	



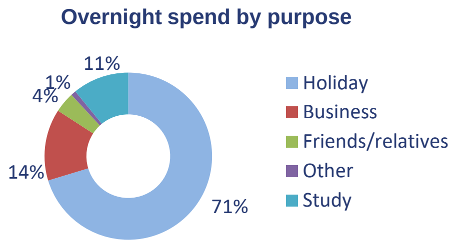
Nights by purpose

	UK		Overseas		Total	
Holiday	958,000	83%	574,000	65%	1,532,000	75%
Business	104,000	9%	68,000	8%	172,000	8%
Visits to friends/relatives	84,000	7%	22,000	3%	106,000	5%
Other	7,000	1%	5,000	1%	12,000	1%
Study	0	0%	210,000	24%	210,000	10%
Total	**1,153,000**		**879,000**		**2,032,000**	



Spend by purpose

	UK		Overseas		Total	
Holiday	£102,049,000	78%	£58,835,000	62%	£160,884,000	71%
Business	£20,807,000	16%	£10,210,000	11%	£31,017,000	14%
Visits to friends/relatives	£6,989,000	5%	£1,509,000	2%	£8,498,000	4%
Other	£1,171,000	1%	£297,000	0%	£1,468,000	1%
Study	£0	0%	£24,597,000	26%	£24,597,000	11%
Total	**£131,016,000**		**£95,448,000**		**£226,464,000**	

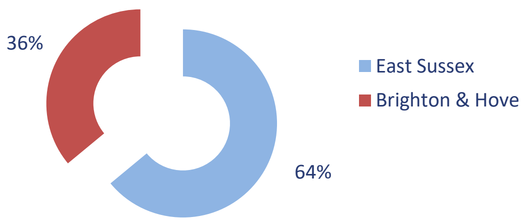


Tourism day trips

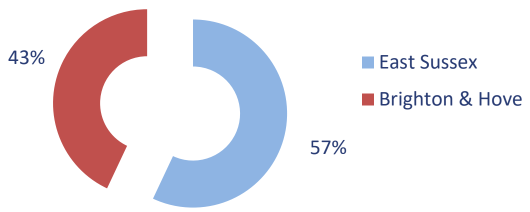
Tourism Day trips and spend

	Trips	Spend
Total 2020	**8,346,000**	**£144,000,000**
Total 2019	10,700,000	£400,000,000
% change	-22%	-64%

Proportion of tourism day visits within the county



Proportion of tourism day visits spend within the county

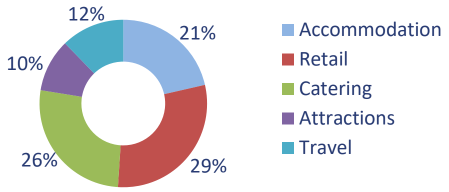


Value of tourism

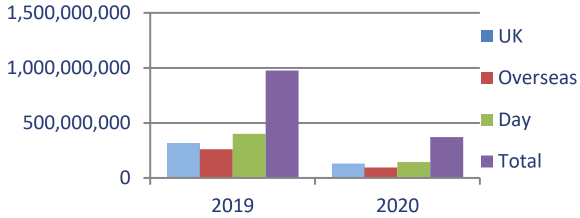
Sector breakdown of trip expenditure

	Domestic		Overseas		Day		Total	
Accommodation	£46,878,000	36%	£31,417,000	33%	£0	0%	£78,295,000	21%
Retail	£17,672,000	13%	£26,521,000	28%	£64,944,000	45%	£109,137,000	29%
Catering	£28,356,000	22%	£19,046,000	20%	£50,688,000	35%	£98,090,000	26%
Attractions	£14,487,000	11%	£10,236,000	11%	£13,968,000	10%	£38,691,000	10%
Travel	£23,624,000	18%	£8,228,000	9%	£14,400,000	10%	£46,252,000	12%
Total 2020	**£131,017,000**		**£95,448,000**		**£144,000,000**		**£370,465,000**	
Distribution	35%		26%		39%			
Total 2019	£314,618,000		£261,755,000		£400,000,000		£976,373,000	
% change	-58%		-64%		-64%		-62%	

Breakdown of trip expenditure



Trip expenditure 2019 v 2020



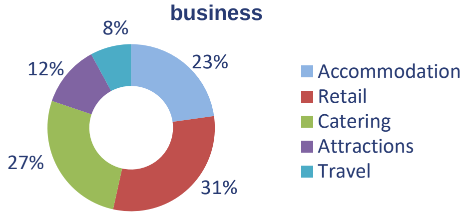
Breakdown of other trip related expenditure

Second homes	Boats	Static caravans	Friends and relatives	**Total 2020**
£677,000	£2,600,000	£0	£5,470,000	**£8,747,000**

Businesses in receipt of visitor spend on trip

	Staying tourists		Day visitors		Total	
Accommodation	£79,243,000	37%	£1,014,000	1%	£80,257,000	23%
Retail	£43,750,000	20%	£64,295,000	47%	£108,045,000	31%
Catering	£45,981,000	22%	£49,167,000	36%	£95,148,000	27%
Attraction/entertainment	£25,639,000	12%	£15,124,000	11%	£40,763,000	12%
Transport	£19,111,000	9%	£8,640,000	6%	£27,751,000	8%
TOTAL(1)	£213,724,000		£138,240,000		£351,964,000	
Other non trip related expenditure(2)	£8,747,000		£0		£8,747,000	
Total direct 2020	**£222,471,000**		**£138,240,000**		**£360,711,000**	
Total direct 2019	£573,393,000		£384,000,000		**£957,393,000**	
% change	-61%		-64%		-62%	

Proportion of visitor spend by business



Income for local business generated by trip expenditure

Direct	Supplier & income induced	**Total 2020**	Total 2019	% change
£360,711,000	£133,645,000	**£494,356,000**	£1,303,218,000	-62%

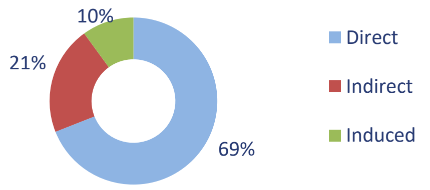
(1) Adjustments have been made to visitor expenditure by sector to recognise that some spending on retail and food and drink will fall within attractions or accommodation establishments. A small proportion of day trip spend will also fall into 'Accommodation' where day visitors have eaten in restaurants/bars 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.

Employment

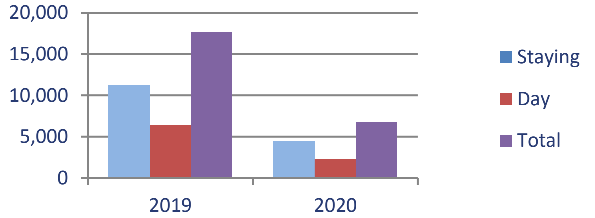
Local employment supported by the visitor economy - Full time equivalent jobs (FTE)

	Staying Visitor		Day Visitor		Total	
Direct	2,984	67%	1,643	71%	4,627	69%
Indirect	1,054	24%	407	18%	1,461	21%
Induced	404	9%	256	11%	660	10%
Total FTE 2020	**4,442**		**2,306**		**6,748**	
Comparison 2019	11,293		6,406		17,700	
% change	-61%		-64%		-62%	

Proportion of FTE jobs



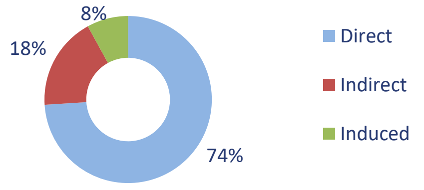
Number of FTE jobs 2019 v 2020



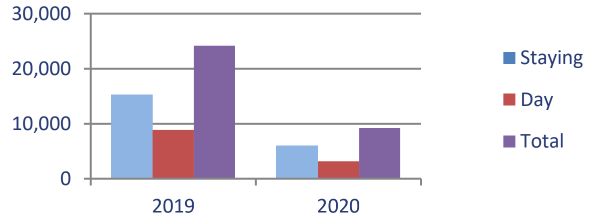
Local employment supported by the visitor economy - Estimated actual jobs

	Staying Visitor		Day Visitor		Total	
Direct	4,355	72%	2,439	76%	6,795	74%
Indirect	1,202	20%	464	15%	1,666	18%
Induced	460	8%	292	9%	752	8%
Total estimated actual jobs 2020	**6,018**		**3,195**		**9,213**	
Comparison 2019	15,277		8,875		24,152	
% change	-61%		-64%		-62%	

Proportion of estimated actual jobs



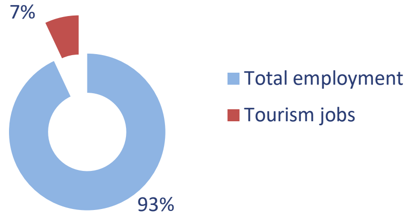
Number of estimated actual jobs 2019 v 2020



Proportion of total jobs supported across all sectors

	Staying Visitor	Day Visitor	Total
Total employed [3]	138,000	138,000	138,000
Tourism employment	6,018	3,195	9,213
Tourism proportion 2020	**4.4%**	**2.3%**	**6.7%**
Comparison 2019	11.1%	6.4%	17.5%
% change	-6.7%	-4.1%	-10.8%

Tourism jobs as a Percentage of Total Employment



[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.

Key results for 2020

- **9.0 million trips** were undertaken
- **8.4 million** day trips
- **0.6 million** overnight visits
- **2.0 million nights** in the area as a result of overnight trips
- **£370.5 million** spent by tourists during their visit to the area
- **£30.9 million** spent on average in the local economy every month
- **£144.0 million** generated from day trips
- **£226.5 million** generated by overnight visits
- **£494.4 million** spent in the local area as a result of tourism (taking into account multiplier effects)
- **9,213 jobs** supported, both for local residents and from those living nearby
- **6,795 tourism jobs** directly supported
- **2,418 non-tourism related jobs** supported (linked to multiplier spend from tourism)
- **6.7% of population** employed as a result of tourism in Brighton and Hove

Methodology

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.

Usually, 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. As 2020 was a 'unique' year, figures have been calculated as a standalone figure.

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
- 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) – information on tourism activity by GB residents;
- International Passenger Survey (IPS) – information on overseas visitors to the United Kingdom;
- Great Britain Day Visits Survey (GBDVS) - measures the volume and value of tourism day visits in Britain
- Visits to Attractions Survey – annual recording of visitor numbers to free and paid attractions in England
- Annual Survey of Hours and Earnings (ASHE) – contains UK data on employees earnings;
- Census of Employment – updated annually by the Office for National Statistics
- Census of Population – updated annually by the Office for National Statistics

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.

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); that 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 (SFR), 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 (GBTS)

The Great Britain Tourism Survey is undertaken by Kantar 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 methodology for the 2016 Great Britain Day Visits Survey altered compared with previous years. The changes implemented were - questionnaire improvements to make the survey more engaging and easy to complete; questionnaire revisions required as part of the 'merging' of GBDVS with the GBTS online piloting; and the weekly sample size contacted for the wider GBDVS/GBTS combined surveying increased from 673 to 1,000. Parallel testing of the survey approaches used before and after these changes found that these changes resulted in increased levels of visits reported by respondents by around **+15%**. The aims of the survey continue to be to measure the volume, value and profile of Tourism Day Visits taken by GB residents to destinations in England, Scotland, Wales and Northern Ireland. Surveying is undertaken on a weekly basis, using an online methodology, with a sample over 32,000 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 now undertaken STR on behalf of Visit England. The data is collected using a syndicated panel of more than 3,000 hotels and accommodation providers who are 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.