Tourism Economic Impact Assessment 2011

Shropshire

FINAL REPORT

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Shropshire Tourism Economic Impact Assessment 2011

Contents

INTRODUCTION

The Economic Impact Assessment of tourism in Shropshire has been undertaken using a model developed by Geoff Broom Associates in partnership with the Regional Tourist Boards and has been compiled and written by The Research Solution, an independent market research agency.

The assessment focuses upon the estimates of the overall volume of visits undertaken to Shropshire in 2011, expenditure in the local economy and the number of jobs that are dependent upon tourism.

The Economic Impact Assessment considers localised data such as the average accommodation occupancy levels and visitor numbers to Shropshire's tourism attractions. Therefore, the assessment includes the most current localised information available (primarily 2011). The national survey data that forms the Cambridge Economic Impact Assessment Model's key driver template is based on 2011 results.

This much more sophisticated version of the Cambridge Model features of a number of enhancements. These include:

- ◊ inclusion of impact of second homes, marinas/ boat moorings and paying guests in private homes e.g. language school host families
- ◊ analysis of impact of other types of 'non-trip expenditure' associated with tourism e.g. spending by local residents hosting friends and relative stays, expenditure on second homes and boats
- ◊ more detailed economic impact analysis
- ◊ use of more detailed data on local occupancies, wage rates etc to inform local data outputs

The Cambridge model is an estimate of trips / nights / spend by visitors to a specified area. Throughout the report there are some references to 'visitors'. This is purely for descriptive purposes, outlining the type of visitors who make trips to the area. Visitors are in essence making trips to the area, but of course these visitors can make more than one trip to any area throughout the course of the year. It is important to remember that estimated volume (trips and nights) to a specified destination **IS NOT** an estimate of visitor numbers but an indication of the number of trips made and the number of nights spent in that area.

FACTORS AFFECTING TOURISM

Volume and Value of Tourism Staying Visits

In 2011, British residents took 104 million overnight trips in England, totalling 307 million nights away from home, with expenditure of £17.9 billion. £172 was spent per trip, and with an average trip length of 2.9 nights, the average spend per night was £58.

The number of domestic trips taken increased in 2011 by 9%, accompanied by a 13% uplift in spending (in nominal terms). Both volume and value of trips in 2011 were at their highest levels since the start of the current survey in 2006.

The number of holiday trips taken increased by 6% compared to 2010, there was also a 15% uplift in business travel volumes between 2010 and 2011, which came after four successive years of decline. Visiting Friends and Relatives (VFR) travel too saw an uplift in 2011, with the 39 million trips taken representing a 10% growth in volume,

As a whole, UK overnight trips in the West Midlands region increased by 5% in 2011. The ongoing economic downturn has resulted in visitor making shorter trips, with the average length of stay (the number of night per trip) down 10.7% from 2.65 nights per trip in 2010 to 2.37 in 2011. However, the average spend per night was up 12.5% on 2010 to £57 per night. As a consequence, overall expenditure was up 5.4% on 2010 to reach £1.1 billion.

Staycation

In 2009, the economic downturn and weaker pound together drove an increase in domestic tourism, resulting in an uplift of 18% in the number of holiday trip taking in England – the so-called "staycation". 2011 saw 5% more domestic holidays in England than in 2010, with no change in the number of holidays taken abroad (GB Tourism Survey). 2011 holiday volumes are still below 2009 peak, but remain well above pre-recession levels.

A combination of social and economic factors have led to the likelihood of more UK holidaymakers choosing to stay in the UK rather than travel abroad, although during 2011 the level of 'switching' continued, but fewer now taking extra holiday in England. The factors are:

- Economic uncertainty in the UK, leading to job insecurity and a smaller budget for a holiday
- The weaker pound against the Euro, making traditionally popular holiday destinations on the Mediterranean more expensive to visit.
- Rising airport taxes and duty on fuel when flying
- Strikes, social unrest and economic uncertainty in countries such as Greece and Spain.

Visit England identified 2 groups who changed their behaviour since 2009 to generate the ongoing uplift in domestic holidays.

One group 'Switchers' accounted for 13 per cent of respondents and included a high proportion of families. Switchers took at least one holiday in England that directly replaced a holiday they would have taken abroad.

The second group, 'Extras' accounted for 15 per cent of respondents and tended to be younger and were more likely to be single. This group was less affected by the credit crunch and their economic situation and was more motivated by a desire to explore the UK and go somewhere new. This group took more domestic holidays than they had done previously – in most cases, without giving up holidays abroad.

The importance of financial constraints for 'switching' has increased since 2010 to become the main reason for replacing a holiday normally taken abroad with one in England. In addition, positive aspects of England are very strong additional reasons for 'switching'.
Conversely, Fears over security/ holiday disruption now far less likely to be a reason for 'switching' compared to 2010.

Most affected and concerned are 35-54 year old C2DE families, and the older 55+ years unemployed. Least affected/ concerned are younger, 18-34 year olds without children, and older 55+ ABs, whose income may be protected

International Passenger Survey (IPS) data

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. The number of interviews conducted in 2011 was 251 thousand. This large sample size allows reliable estimates to be produced for various groups of passengers despite the low proportion of travellers interviewed. IPS provides headline figures, based on the county or unitary authority, for the volume and value of overseas trips to the UK.

How accurate is the Regional data?

The regional data has to be interpreted with lots of caution, as the IPS has never been designed to be able to produce highly accurate results at regional level. Whilst the survey gives good precision at the national level, regional breakdowns of the data will almost inevitably lead to less reliable results. For example although the sample size for Merseyside was 322 in 2004 the margin of error for visits to this area is 40.9%. We have to bear in mind that although the IPS matches accurately the overall volume of overseas visitors coming to the UK, the IPS does not give a precise picture of where these overseas visitors stayed during their stay in the UK. This is because some interviews are not done in a few regional airports. For example until 2005 no interviews were carried at Prestwick and Liverpool airports, which may have resulted into less accurate estimates for Scotland and Northern England.

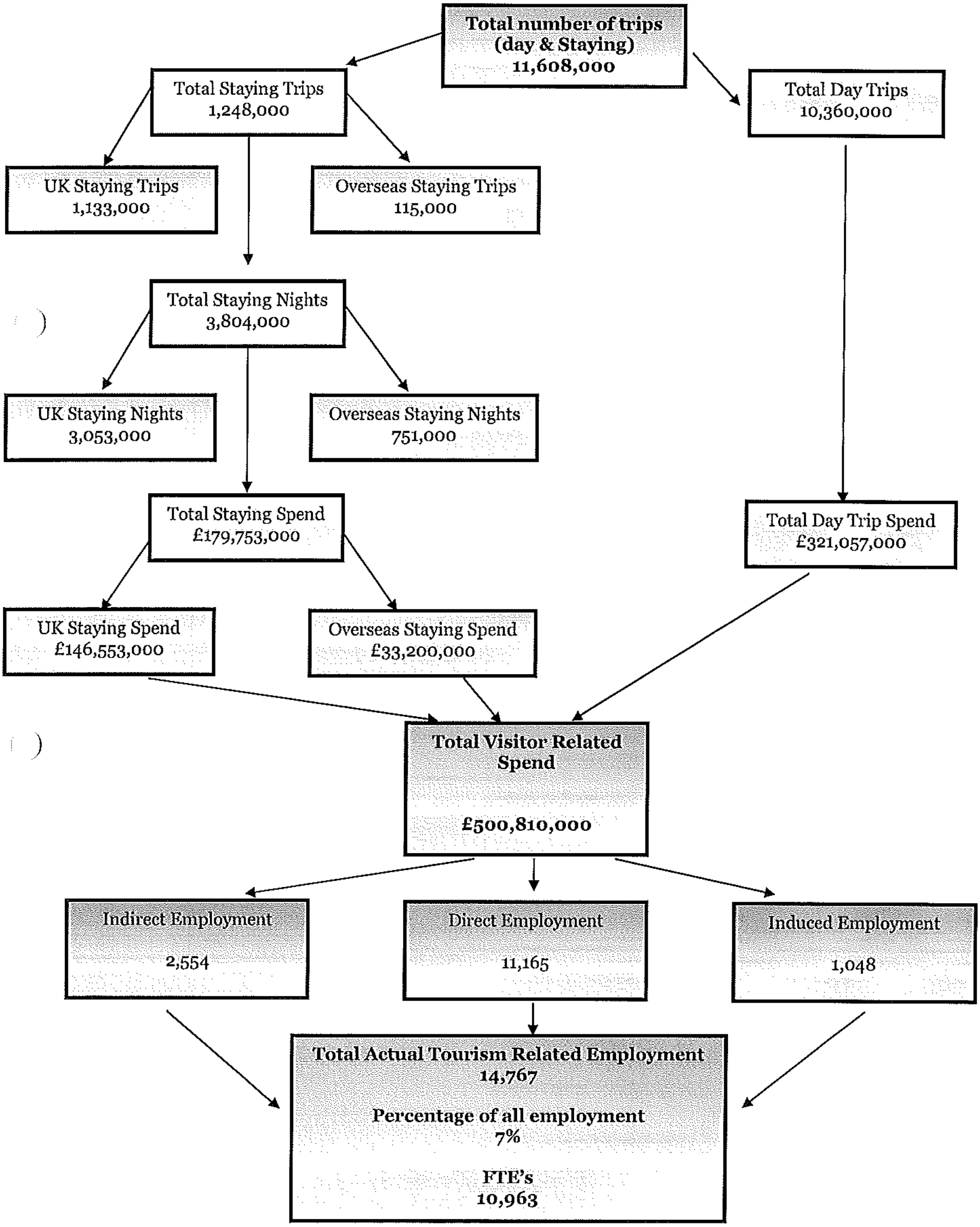
The International Passenger Survey (IPS) data is a key driver for the Cambridge model and as outlined above, needs to be used with caution when looking at regional level data. We have applied a 3 year rolling average to this data to help smooth out short term market fluctuations and highlight longer-term trends.

Monthly Impacts of Tourism – UK and Worldwide

	UK	World
January	Sharp deterioration in the consumer spending index likely to have been dented by the rise in VAT and rising prices for petrol.	Tunisia's uprising marks the start of the Arab revolution. Deadly floods in south-eastern Brazil
February	A mostly mild, unsettled month with plenty of cloud, bands of rain or showers	Arab spring – Uprising in Egypt Ireland government is bailed out
March	March was very dry with a large anticyclone giving a period of fine spring weather in the second half, when daytime temperatures were well above average. Unemployment passed 2.5 million. Chancellor George Osborne revised down the UK's forecasts for growth in his annual Budget statement.	Japanese earthquake and Tsunami
April	The Royal Wedding of Prince William to Katherine Middleton took place Exceptionally below average rainfall and above average temperatures and sunshine. Confidence Index registers one of its largest ever increases in May. Warm weather, bank holidays and the Royal Wedding likely to have boosted sentiment.	
May	Showers or periods of rain mainly affected areas towards the north and west, whereas the south–east stayed largely dry.	Osama Bin laden killed by US forces
June	The month began on a fine, warm note but the weather gradually became more unsettled, with showers and some longer spells of rain. Sunshine amounts were somewhat above normal in the Midlands. Confidence dips to 51 points in June following a substantial increase the previous months.	
July	Exceptionally above average rainfall and below average sunshine. Consumer confidence levels slips to 49 points in July and now stands at a near identical level to January 2011. Consumers expect to see the value of their home fall by 0.4% over the next six months	
August	Riots took place across many cities and towns across	

	England	
September	Rainfall amounts were generally below normal, with most of the Midlands recording less than half the normal amount. Confidence fell for fourth month in a row in September. The main index now stands just four points above its all time low seen in February 2011	
October	Confidence fell for the fifth month in a row in October to a new low of 36 points. The month began with a southerly airstream resulting in some exceptionally high temperatures, with rainfall levels close to normal levels for the time of the year.	Libyan leader Colonel Gaddafi killed.
November	The main confidence index rose by four points to 40 in November after five consecutive monthly declines	Silvio Berlusconi leaves Italian government
December	Labour market conditions became even more, with the unemployment rate rising to its highest level for fifteen years. Nationwide – TNS-RI Consumer confidence index at low ebb. The main confidence index fell by two points to 38 in December after a small bounce the previous month	30.6 million overseas visitors came to the UK in 2011, a three per cent rise in overseas arrivals from 2010. News about the intensifying Eurozone crisis colouring people's view of the current economic situation and their expectations for the future.

Economic Impact of Tourism – Shropshire 2011 Headline Figures



VOLUME OF TOURISM

Introduction

The key drivers for the Model are the known accommodation stock available and the occupancy levels achieved.

The accommodation database has been compiled in conjunction with the client, utilising local knowledge in order to produce a comprehensive count of actual known stock available in Shropshire. The following stock includes all known accommodation including National Accommodation Scheme as well as eligible and non-eligible establishments.

Accommodation Stock in Shropshire	
◊ Hotel / guesthouse/inns	5,629 bedspaces
◊ Bed & Breakfast/Farms	1,025 bedspaces
◊ Self Catering	2,181 units
◊ Touring caravans/tents	2,143 pitches
◊ Static vans	857 pitches
◊ Group accommodation	276 bedspaces
◊ Campus	0 bedspaces
◊ Second homes	669 units
◊ Marinas	14 berths

NB - Second homes data is based on the 2001 Census: Language schools data based on 'English in Britain' and the Yellow Pages.

1.0 Overnight Visits to Shropshire

Application of occupancy levels to known stock provides estimates of the number of visits or trips to Shropshire, a trip being any length of time stay away from home. The Occupancy Survey of serviced accommodation together with Regional data provides the UK/Overseas split. The table below presents the number of overnight trips (not length of stay) made to commercial serviced and non-serviced accommodation in Shropshire.

Table 1: Overnight Trips by Commercial Accommodation

	UK	%	OVERSEAS	%	TOTAL	%
Serviced accommodation	387,000	50%	58,000	69%	445,000	52%
Self Catering	78,000	10%	4,000	5%	82,000	10%
Touring caravans/tents	185,000	24%	3,000	4%	188,000	22%
Static vans/holiday centres	74,000	10%	0	0%	74,000	9%
Group/campus	14,000	2%	1,000	1%	15,000	2%
Paying guest	0	0%	1,000	1%	1,000	0%
Second Homes	9,000	1%	5,000	6%	14,000	2%
Boat moorings	1,000	0%	0	0%	1,000	0%
Other	22,000	3%	12,000	14%	34,000	3%
Total	**769,000**	**100%**	**84,000**	**100%**	**853,000**	**100%**

NB – 'other' includes overnight trips in, boats, religious missions, transit accommodation etc

NB – tables may not add up exactly due to the rounding of the figures in the model

In addition to visitors who use the commercial forms of accommodation presented above, there are a proportion who stay overnight with friends or relatives in Shropshire (VFR). Estimates of overnight visits to friends/relatives are based upon the regional average of trips generated per head of resident population, which is around 1.3 trips per head of population.

The population of Shropshire is estimated to be approximately 306,100 (ONS population estimate census data 2011). The table below indicates the proportion of commercial trips compared to VFR trips generated by the local population. Around 30% of all overnight trips stay with friends and family, which is below the regional average of 41%.

Table 2: All Types of Overnight Trip		
Commercial	853,000	68%
VFR	394,000	32%
Total	**1,247,000**	**100%**

2.0 *Purpose of Overnight Visits to Shropshire*

The table and chart below indicate the breakdown of all 1,249,000 trips made to the area by purpose of visit.

Table 3: Purpose of Overnight Visits to Shropshire

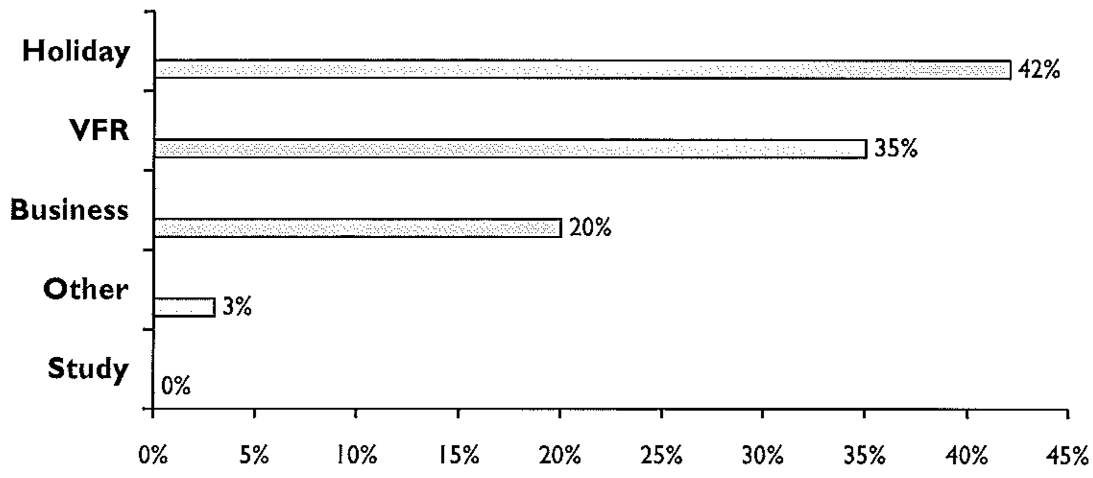
	Domestic	%	Overseas	%	Total	%
Total holiday	490,000	43%	33,000	29%	523,000	42%
Business	208,000	18%	34,000	30%	242,000	20%
VFR	401,000	35%	36,000	31%	437,000	35%
Other	34,000	3%	9,000	8%	43,000	3%
Study	0		3,000	3%	3,000	0%
Total	**1,133,000**	**100%**	**115,000**	**100%**	**1,248,000**	**100%**

NB - tables may not add up exactly due to the rounding of the figures in the model

42% of visitors were on holiday, 35% visiting friends and relatives (although the actual purpose of their trip may be a holiday) and 20% were on business trips. Overseas guests are more likely to be on a business trip than UK residents (in percentage terms), whereas 78% of UK visitors travelled to the area for a holiday or to visit friends and relatives.

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.

Figure 1: Purpose of Overnight Visits



3.0 Bednights Generated by Purpose of Visit

Research into Shropshire's visitor markets has shown that different sorts of visitors stay for different lengths of time and that their levels of expenditure vary according to the length and purpose of visit. The figures below are currently based upon regional and county averages by the various sectors.

In 2011 the total number of nights spent in Shropshire amounted to 3,800,000 dominated by those visiting for holiday purposes (41%) or visiting friends or relatives (37%).

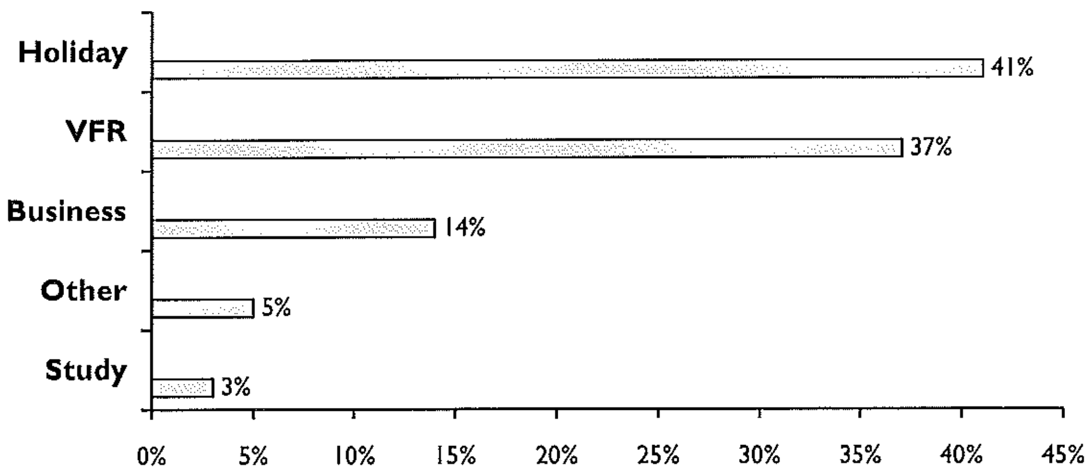
Table 4: Bednights Generated by Purpose of Visit

	Domestic	%	Overseas	%	Total	%
Total holiday	1,387,000	45%	164,000	22%	1,551,000	41%
Business	448,000	15%	101,000	13%	549,000	14%
VFR	1,096,000	36%	313,000	42%	1,409,000	37%
Other	123,000	4%	54,000	7%	177,000	5%
Study	0		119,000	16%	119,000	3%
Total	**3,053,000**	**100%**	**751,000**	**100%**	**3,804,000**	**100%**

NB - table may not add up exactly due to the rounding up/down of figures

The chart below indicates the percentages of all bednights generated by purpose in Shropshire during 2011.

Figure 2: Bednights generated



4.0 Day and Overnight Visits to Shropshire

Segmenting the visitor market according to the type of trip being made to an area is very important. The two most obvious markets are:

Overnight - Visitors who stay overnight in Shropshire.
Day Visit - Visitors who start their trip from home and return there on the same day.

In the case of a destination such as Shropshire, it is not surprising to find that all day visitors are UK residents. The overnight market contains a UK and overseas element.

An estimate of the number of day visits is made by using the ratio of resident to non-resident visitors to all attractions, numbers of visits to attractions, local population; the distance from other population centres and other sources of day visitor behaviour based upon the 2011 Great Britain Day Visits Survey.

The basis for day visiting is for irregular day visits, which last for three hours or more and are taken on an irregular basis, not for example, regular weekly shopping trips. There is no distance factor involved, thus 'irregular day visitors' include infrequent theatre or attraction visits, lasting over three hours, including local residents. These proportions are translated into total numbers of visits in table 5 below.

Table 5: Total Number of Trips to Shropshire

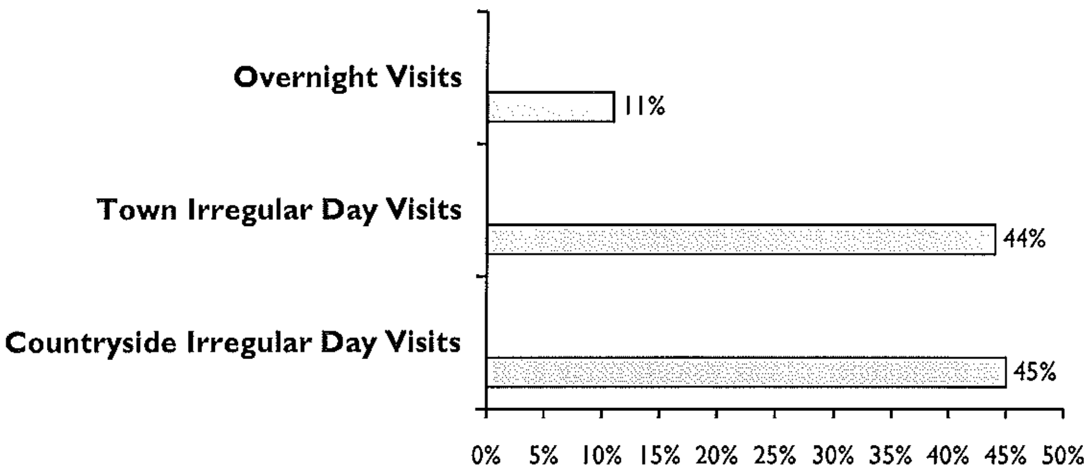
	UK	Overseas	Total	%
Overnight Visits	1,133,000	115,000	1,248,000	11%
Town Irregular Day Visits	5,154,000	N/A	5,154,000	44%
Countryside Irregular Day Visits	5,206,000	N/A	5,206,000	45%
Total	**11,493,000**	**115,000**	**11,608,000**	**100%**

Irregular day trips are defined as those lasting 3 hours or more but taken on an irregular basis without distance travelled as a defining factor.

Approximately 11.6 million trips were undertaken in Shropshire, comprising around 11.5 million domestic day visits and 1.2 million overnight visits.

The chart below indicates the total breakdown of visits.

Figure 3: Visitor Distribution



5.0 Visitor Flows in Shropshire

Taking the days spent by day visitors together with the expenditure from those overnight trips provides an overall figure for visitor flows. The 1.2 million staying trips in the area equate to approximately 3.8 million nights spent in Shropshire itself.

The breakdown of the visitor market by trips and days spent in Shropshire is shown below.

Table 6: Visitors – Trips & Days

	Trips made to Shropshire	Days/Nights Spent in Shropshire
Day Visitors	10,360,000	10,360,000
Overnight Visitors	1,248,000	3,804,000
TOTAL	11,608,000	14,164,000

6.0 VALUE OF TOURISM

6.1 Introduction

Having established the volume of visitor days to Shropshire, it is possible to then estimate the total value of tourism expenditure. The per head expenditure data is generated by national tourism data (GBTS/IPS) disaggregated down to regional level. The regional data for 2011 has been applied to the different types of visitor days spent in Shropshire. The total expenditure generated by visitor trips in 2011 is estimated to be **£501 million**.

6.2 Spend per Head

The expenditure total for each party of visitors is divided by, the number of people concerned in order to provide an average spend per head. The average spend per head per trip is shown in table 7 below, showing the variations by purpose of visit and UK/Overseas, from the regional sources of information.

Table 7: Spend per Head per Trip

	UK	Overseas
All Holidays	£138.52	£262.79
Business	£169.00	£249.82
VFR	£71.33	£239.50
Other	£438.85	£225.00
Study	£0	£1,795.67
Irregular Day Town Visits	£33.00	-
Irregular Day Countryside Visits	£29.00	-

NB - 'other' includes holiday and business trips where the interviewee has not specified the dominant factor for the trip.
NB – 'study'- Language school trips are lengthy and spend per trip is therefore usually high. The volume and value of language school trips can vary year on year dependent upon the exchange rate etc.

The above table displays the spend per head per trip. However, when looking at spend per head per night, the figures are more reflective of the proportion of spend by visitors. The expenditure total for each party of visitors is divided by the number of nights concerned in order to provide an average spend per head per night. The average spend per head per night is presented in the table below, showing the variations by purpose of visit and UK/Overseas, from the regional sources of information.

Table 7a: Spend per Head per Night		
	UK	**Overseas**
All Holidays	£48.94	£52.88
Business	£78.46	£84.10
VFR	£26.10	£27.55
Other	£121.31	£37.50
Study	£0	£45.27

7.0 *Overnight Visitor Spend*

Applying the above rates per capita spend to the overnight sectors produces a substantial impact for the leisure/holiday and business markets.

Table 8: Overnight Visitor Spend				
	UK	**Overseas**	**Total**	**%**
Holiday	£67,879,000	£8,672,000	£76,551,000	43%
Business	£35,151,000	£8,494,000	£43,645,000	24%
VFR	£28,602,000	£8,622,000	£37,224,000	21%
Other	£14,921,000	£2,025,000	£16,946,000	9%
Study	£0	£5,387,000	£5,387,000	3%
Total	**£146,553,000**	**£33,200,000**	£179,753,000	**100%**

NB -table above may not add up exactly due to the rounding up/down of figures

The largest area of spend is 43% by visitors on holiday, followed by 24% spent by those on business.

8.0 Day Visitor Spend

For irregular day visits the figures are broken down using regional irregular spend figures.

Table 9: Irregular Day Visitor Spending			
Irregular town day trips	5,154,000	@ £33.00 per trip	£170,095,000
Irregular countryside day trips	5,206,000	@ £29.00 per trip	£150,962,000
TOTAL	**10,360,000 trips**		**£321,057,000**

NB - aggregation of sectoral spending by day visitors may mean that rounding has occurred.

9.0 Total Expenditure by Market Sector

Total expenditure by the main markets is shown below.

Table 10: Overnight and Day Visitor Expenditure		
Overnight	£179,753,000	36%
Day Visitor	£321,057,000	64%
TOTAL	**£500,810,000**	**100%**

NB - figure includes all transport/travel associated with trip but excludes revenue expenditure which is not directly related to the trip, i.e. maintenance of second home or spend on boats etc.

10.0 Expenditure associated with Trips: Total Expenditure Associated with Trips

The total expenditure associated with tourism trips to the area is £500,489,000. 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.

Table 11: Total Expenditure Associated with Trips

	Accomm	Shopping	Food & Drink	Attractions/ entertain-ment	Travel	Total
UK tourists	£44,923,000	£22,334,000	£35,387,000	£14,936,000	£28,972,000	£146,552,000
Overseas Tourists	£10,244,000	£9,011,000	£6,883,000	£3,974,000	£3,089,000	£33,201,000
Total Staying Visitors	**£55,167,000**	**£31,345,000**	**£42,270,000**	**£18,910,000**	**£32,061,000**	**£179,753,000**
%	**31%**	**17%**	**24%**	**11%**	**18%**	
Total Day Visitors	**£0**	**£103,501,000**	**£133,326,000**	**£43,540,000**	**£40,691,000**	**£321,058,000**
%	0%	32%	42%	14%	13%	
Total	**£55,167,000**	**£134,846,000**	**£175,596,000**	**£62,450,000**	**£72,752,000**	**£500,811,000**
%	**11%**	**27%**	**35%**	**12%**	**15%**	

NB - aggregation of sectoral spending may mean that rounding has occurred.

10.1 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. This expenditure amounted to £67,963,000.

Table 11a: Other expenditure associated with tourism activity – Estimated spend

Second homes	Boats	Static vans	VFR	Total
£669,000	£28,000	£1,714,000	£65,552,000	£67,963,000

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 £2,000. 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

10.2 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 visitor spend (including day and overnight visits) has been allocated across the main sectors of the local tourism economy based upon regional proportions. This includes accommodation, retail, catering, entertainment and transport.

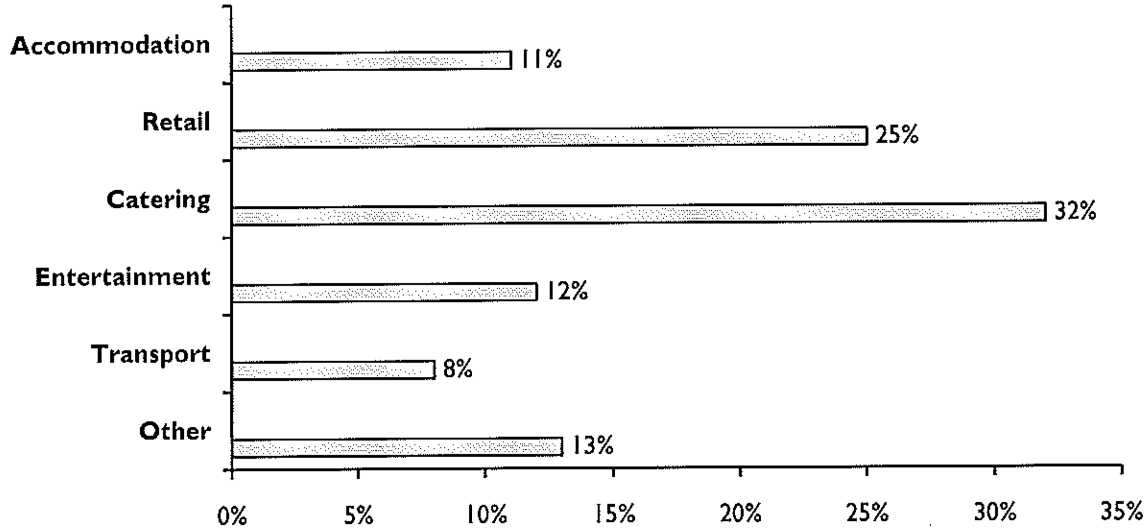
Table 12: Effect of Expenditure on Business

	Staying visitors	Day Visitors	Total
Accommodation	£56,012,000	£2,667,000	£58,679,000
Retail	£31,031,000	£102,466,000	£133,497,000
Catering	£41,001,000	£129,326,000	£170,327,000
Entertainment	£19,646,000	£45,908,000	£65,554,000
Transport	£19,237,000	£24,414,000	£43,651,000
Other non trip related expenditure	£67,963,000	£0	£67,963,000
Total	**£234,890,000**	**£304,781,000**	**£539,671,000**

NB - figures may not add up exactly due to rounding

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 50% of travel spend will take place at the origin of the trip rather than at the destination.

Figure 4: Distribution of Visitor Spending



The major receiving sectors of all tourism spend are catering £170 million (32%), retail £134 million (25%) and Other £68 million (13%).

11.0 Supplier and Income Induced Turnover

Visitor expenditure adds to the turnover in tourism related businesses in direct receipt of tourism spending. Thus spending on accommodation will mainly benefit hotels, guest house, caravan and camp sites and other commercial establishments. However, some spending on shopping takes place in attractions, while a proportion of eating and drinking takes place in hotels and pubs which fall within the accommodation sector and at attractions. Some loss of spending also occurs in relation to travel in that a proportion of the visitor spending occurs at the origin of the trip or en-route rather than at the destination, as for instance the purchase of train or bus tickets.

Tourism related businesses in turn spend money on the purchase of supplies and services. Insofar as these supply businesses are within Shropshire, then additional business turnover is created.

The total business turnover generated in Shropshire is estimated to be £738,721,000 or, turnover of over £0.7 billion, **including** any additional business income arising from induced effects arising from employee spending.

Table 12a: Total Local Business turnover Supported by Tourism Activity – Value of Tourism

	Staying Tourists	Day Visitors	Total
Direct	£234,890,000	£304,781,000	£539,671,000
Supplier and income induced	£110,323,000	£88,727,000	£199,050,000
Total	**£345,213,000**	**£393,508,000**	**£738,721,000**

12 EMPLOYMENT

12.0 Introduction

The £501 million spent by visitors to Shropshire directly results in increased turnover in those establishments benefiting from visitor patronage, and therefore supports jobs and incomes in those establishments. Some spending will take place outside the area, notably a proportion of travel spending which will occur at the origin of the trip rather than the destinations. The Model is able to provide an estimate of the jobs that result **directly** from that visitor expenditure and to estimate the indirect and induced multiplier effects on local employment. Induced and multiplier jobs are based on local impacts within Shropshire.

It is estimated that from the tourism expenditure in Shropshire of £501 million, a total of 14,767 jobs are supported by tourism spend, although these jobs are not all provided to residents of the local authority. The following section sets out the different types of jobs, sources of information and methodology used to establish tourism employment.

12.2 Data Sources

The estimates of volume and value of tourism to Shropshire have been based upon research undertaken at the local level, together with regional data from national surveys.

- The breakdown of visitor spending in the local economy by the five main industry sectors is derived from regional analysis.
- The 2001 New Earnings Survey provides information on wage levels by industry sector.
- The Consultants 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 undertaken by Geoff Broom Associates, PA Cambridge Economic Consultants and other researchers in the UK.

12.3 Types of Job

The Model identifies different types of jobs supported by tourism expenditure in each business sector. Full time job equivalents are established for the following:

- Direct
- Indirect
- Induced

Having established the full time equivalents the Model then takes account of the part time and seasonal employment to provide a total figure for **actual jobs**.

12.4 Direct Full Time Job Equivalents

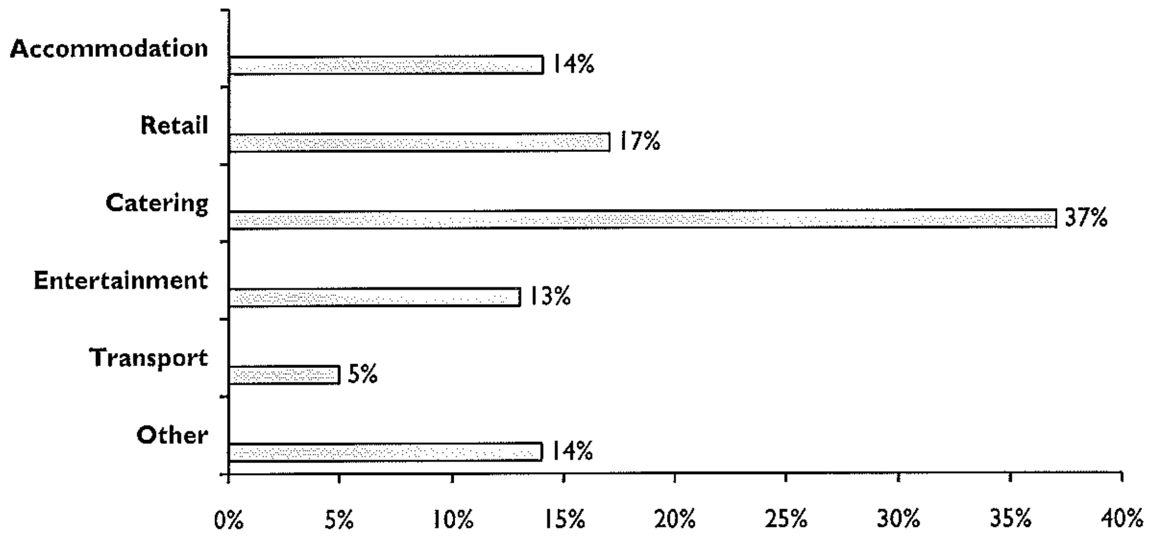
A large proportion of the tourism expenditure (£501 million) will have a direct local effect on businesses and jobs. Money spent will be absorbed by wages for staff and drawings for the proprietors. The proportion varies by industry sector i.e. wages are likely to be a smaller proportion of costs in retailing compared to accommodation or catering. The Model uses information from the Business database to ascribe an average proportion of turnover taken by wage and drawing costs for each of the industry sectors.

By applying these proportions to the 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 wage costs by industry sector, adjusted to take account of regional differences, can be calculated. After allowing for additional costs such as NI and pension costs, an average employment cost per full time 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 in each sector.

Table 13: Direct Full-time Job Equivalents by Sector

SECTOR	FTEs	%
Accommodation	1,063	14%
Retail	1,359	17%
Catering	2,859	37%
Entertainment	1,059	13%
Transport	384	5%
Arising from non trip spend	1,079	14%
Total Direct FTEs	**7,803**	**100%**

Figure 5: Full Time Equivalent Jobs



The table below details the full time equivalent jobs broken down by day and staying visitors.

Table 14: Direct FTE Jobs by Sector			
	Staying visitors	**Day Visitors**	**Total**
Accommodation	1,015	48	1,063
Retailing	316	1,043	1,359
Catering	688	2,171	2,859
Attractions/Entertainment	317	741	1,059
Transport	169	215	384
Arising From Non Trip Spend	1,079	0	1,079
TOTAL FTE JOBS	**3,585**	**4,219**	**7,803**

12.5 Actual/Indirect Job Equivalents

In addition to the jobs directly supported by visitor spending there are local incomes and jobs created in local suppliers of goods and services to the businesses receiving the visitors' spending. The number of additional jobs created in the area in this way will depend on the proportion of such goods and services that are bought in Shropshire opposed to elsewhere in the region or beyond. The additional jobs resulting from the purchase of goods and services are termed **indirect** or linkage jobs.

Using the Business Database the average proportion of business turnover spent on local purchases by sector has been estimated. By applying that proportion to the business turnover arising from visitor spending, an estimate of the local spending on goods and services can be made. Indirect or linkage jobs cover a wide range of sectors i.e. retailers, manufacturers, service providers, banks etc. Examples include a guesthouse purchasing its food supplies from the local grocery store or an attraction employing the services of local accountants or solicitors.

In addition to the direct and indirect linkage jobs are those generated by the income multiplier effects. Income multiplier or induced jobs are those resulting from the expenditure of wages earned in the direct and linkage jobs in Shropshire. Income multiplier jobs will be spread across the local economy, including retailing, catering and transport as well as public service jobs such as education, health and local government. For example, because a hotel receptionist receives a direct salary from tourism spend, he or she can then 're-circulate' this money into the local economy by spending on purchases from local shops, or services from local trades people.

Adjustments to the Model have been made to take account of local characteristics. Linkage spending is known to vary by type of location and sector i.e. linkages are likely to be weakest in rural areas and strongest in cities. The Model is set up in order that varying averages for the proportion of spend on local linkages can be applied.

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 workers are taken into account. One Full-Time Equivalent post may actually support three people, or three jobs - in the form of one person working for 50% of the time and two other people working for 25% of the FTE.

Table 15: Estimated Actual Jobs by Sector			
	Staying visitors	Day Visitors	Total
Accommodation	1,502	72	1,574
Retailing	474	1,565	2,039
Catering	1,032	3,256	4,289
Attractions/Entertainment	447	1,045	1,493
Transport	239	303	542
Arising From Non Trip Spend	1,230	0	1,230
ESTIMATED ACTUAL JOBS	**4,924**	**6,241**	**11,165**

A total of approximately 11,165 actual direct tourism jobs are supported by the existence of the £501 million tourism spend in Shropshire. This spend supports a further 3,602 indirect and induced non-tourism jobs (see below); therefore, making approximately 14,767 jobs supported by the tourism spend in Shropshire.

The Full-Time job equivalents created directly by the tourism expenditure are converted to actual jobs using information from business surveys in the sectors receiving visitor spending (accommodation, transport, etc). The conversion factor varies but is around 1.5 across the sectors, with rather lower ratios with indirect and induced jobs. Thus each FTE job actually has a knock-on effect with the creation of part-time and seasonal jobs.

Total employment related to tourism spending (estimated actual)

TABLE 16	Staying tourists		Day visitors		Total
Direct	4,924		6,241		11,165
Indirect	1,203		1,351		2,554
Induced	793		254		1,048
Totals	**6,921**		**7,846**		**14,767**

Total employment related to tourism spending (FTE's)

TABLE 17	Staying tourists		Day visitors		Total
Direct	3,585		4,219		7,803
Indirect	1,055		1,185		2,240
Induced	696		223		919
Totals	**5,336**		**5,627**		**10,963**

13 CONCLUSIONS

Review

The key volume and value results for Shropshire are derived from the various sources as described throughout the report. These include regional and county breakdowns from national level data (Great Britain Tourism Survey and International Passenger Survey) as well as jobs and income information such as the New Earnings Survey.

At a local level, the occupancy survey provides accurate local occupancy levels and known accommodation stock.

The key results of the Shropshire Economic Impact Assessment for 2011 are:

11.6 million trips were undertaken in Shropshire – **10.4 million** day trips, and approximately **1.2 million** overnight visits.

The overnight trips account for a total of **3.8 million nights** in the area.

During their visit to Shropshire, tourists spent approximately **£501 million**. On average, about **£42 million** is spent in the local economy each month.

Overnight visits generated approximately **£180 million** in the area, compared with **£321 million** from irregular **day trips**.

The 11.6 million trips that occur in Shropshire account for an approximate spend of £501 million on tourism in the Area supporting in the region of **14,767 jobs**, both for local residents from those living nearby. Approximately **11,165 direct tourism related jobs** are supported with an **additional 3,602 non-tourism jobs** dependent upon multiplier spend from tourism.

APPENDICIES

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. 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:

- Great Britain Tourism Survey (GBTS, formally UKTS) providing information on tourism activity by UK residents;
- International Passenger Survey (IPS) providing information on overseas visitors to the United Kingdom;
- (GBDVS) Great Britain Day Visits Survey using information on visits lasting more than 3 hours and taken on an irregular basis
- The New Earnings Survey (which provides information on wage levels by industry sector and region);

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 and sub-regional bodies;
- 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

Staying Visitors

The GBTS data 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 data provides information on the total number of trips by overseas visitors to the region. The primary purpose of the IPS data is to measure trends and spending at UK level. It is often used to understand inbound tourism at a regional level too, but users of the data should be advised that sample sizes are often low and this data is weighted upwards to reflect passenger flows through airports etc. which can exaggerate the effect of the small sample sizes. Additionally, the variability in night's data further exaggerates this effect – a visitor can stay for 3 nights or for 300 nights, so clearly when this data is weighted upwards by a three or four digit weight then this can cause large skews in the data. Therefore, results should be treated with due caution.

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.

Volume & Value of Tourism Day Visits by main destination

The latest Day Visitor survey (Great Britain day Visitor Survey 2011) shows that there were an estimated 1.37 billion tourism trips from home in England.

Within the English regions, the highest volume of visits was taken in London (273 million visits) where the total value of day visits during 2011 was around £9.8 billion. West Midlands saw 109 million visits and the total value of day visits was £3.14 billion. Approximately 69% of all trips to England were made to inland towns or cities (77% in 2005). 28% were to the countryside (16% in 2005) and 10% to the seaside / coast (7% in 2005). The total value of expenditure on Tourism Visits according to the same report was approximately £42.7 billion. This was up 14% in real terms from the 2005 figure of 37.4 billion. The average expenditure on tourism visits to an inland town/city (£35.50) is estimated to be higher than the expenditure on countryside trips (£26.25). Coastal / seaside trips achieved the higher expenditure per trip (£39.70).

Impact of tourism expenditure

This model also 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 area.

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.

Types of Visitor

The two main types of visitor that the Tourism Economic Impact Assessment is based around are:

a) **Day Visitors:** The "day out" market - visitors who start their journey from home outside of Shropshire and return there on the same day. It includes independents and groups.

b) **Overnight Visitors:** Those visitors who spend one or more nights in Shropshire. This sector of the market includes those staying with friends and family as well as those using commercial accommodation.

Specific sectors of the whole visitor market include segments other than those on holiday for pleasure. These include:

* **Visiting Friends & Relatives** - VFR movements include friends and family making visits from anywhere in the country to anywhere within Shropshire. This type of visitor can either be a day, touring or overnight visitor.
* **Educational tourism** - includes language schools, field courses and short courses in vacations at academic institutions. These mainly occur outside of normal college term time, where more residential accommodation is available.
* **Business visits** - generally a higher spending segment, for a specific purpose, primarily for business/ conference/ exhibition purposes, rather than 'pleasure' led.