1. INTRODUCTION

1.1 SOUTH WEST CONTEXT

With more than three quarters of the South West[1] region's land area used for agriculture, two National Parks, fourteen Areas of Outstanding National Beauty and more than 60% of the UK's Heritage Coast, the South West's landscape, its coastline, rural countryside and unique culture, undoubtedly plays a vital role in its special character and attractiveness to visitors and residents alike.

Population

The region has an estimated population of approximately 5 million (2002), living at the lowest density of all English regions but with significant variation across the region from the more peripheral parts of the far South West to the urban conurbations of Bristol, Bournemouth / Poole and Plymouth. Amongst English Regions, population growth is expected to be fastest in the South West, South East and East of England.

The South West also has the oldest age structure of all English regions with the age profile set to become increasingly elderly. The proportion of residents of retirement age is forecast to increase from 21% in 2002 to 45% in 2021. The number of residents aged 60 and over increased by 17% between 1981 and 2004 at twice the national rate. These changes have important implications for the allocation of public resource, particularly within the fields of health and welfare. The changing consumer habits of this age group as well as levels of disposable income will also influence tourism. While little is known about the incomes of older people in the region, personal incomes amongst residents' aged 65 and over are slightly lower in the South West than for England as a whole.

Economic Structure

The value of tourism in the South West is, of course, a subset of the overall South West economy, and the South West economy is as diverse as its environment and cultural legacy. Within the economy there are considerable disparities in employment, income and productivity and in broad terms, the former Avon area (Bristol, Bath and North East Somerset, South Gloucestershire and North Somerset – also known as the West of England) has a more robust and dynamic economy than the more peripheral counties of Cornwall and the Isles of Scilly, and Devon. For example, while the South West has a high rate of employment compared to UK and

[1] Throughout this document 'South West' refers to the area covered by Cornwall and the Isles of Scilly, Devon (inc. Torbay), Somerset, former Avon (Bristol, Bath, North Somerset and South Gloucestershire, know as the West of England), Wiltshire, Dorset and Gloucestershire.

European standards, the highest rates of employment are in the east and the lowest in the west. However, the distribution of areas within the South West that rank within the most deprived 10% in England (of which there are 98) shows a different spread of access to economic wealth and opportunities. Bristol has 41 of the 98 and Plymouth 19, Swindon 7, Weston-Super-Mare 6, Bournemouth 4 and Gloucester also 4. Collectively, these most deprived areas contain about 2.7% of the region's population.

Productivity

The South West's contribution to the English economy, in terms of productivity as measured by Gross Value Added, GVA, was £57.4 billion in 1999. Estimates for 2002 reveal an increase to £69.2 billion. This represents 7.7% of the UK total, the fourth lowest contribution of the English Regions above the North East (3.3%), the East Midlands (6.5%) and Yorkshire and the Humber (7.3%).

Significant intra-regional disparities are observed, where low levels in the more peripheral parts of the South West are the main factor underlying the relatively low productivity in the South West as a whole. That the SW has the lowest *labour* productivity levels of all the English regions is of special significance to tourism, which currently remains one of the South West Regional Development Agency's eight key sectors for its relative lack of productivity but continued significance to the South West economy and therefore potential to generate economic growth.

Labour Market

Retaining an increasingly skilled workforce within the sector (and more generally) will be crucial to improve the region's contribution to the UK economy and for the South West to effectively compete with leading UK and EU regions. Equally important, will be improvements in the levels of adult literacy and numeracy, where 14% of adults in the SW are currently estimated to lack basic literacy skills (in line with the national average) and 49% lack basic numeracy, a higher proportion than is typical elsewhere.

Despite shortages in basic skills, levels of employment continue to be high and the region's labour markets offer good opportunities for rewarding employment to residents. With a total resident labour force of just over 2.5 million, the South West has the shortest average working hours among the English regions at around 34 hours per week. Average earnings again vary significantly across the region, where in some unitary authority and county council areas (particularly Torbay, Cornwall & the Isles of Scilly, Devon and Plymouth) average earnings are well below regional and national averages.

Affordable Housing

Given the increasing average property prices in very recent years (outstripping increases in most other regions outside London and the South East), the above situation with respect to earnings may have special significance. Indeed, the Joseph Rowntree Foundation has identified that, with the exception of London, access to affordable housing was more difficult in the South West than in any of the other English Regions. That the SW has the highest number and percentage of second homes of all English Regions is also important and remains a concern for tourism in balancing the needs of resident communities and visitors.

Travel

Travel is an equally important issue with respect to tourism given that it is an inherent and yet currently unsustainable aspect of the sector, all the while travel remains associated with carbon emissions that reduce air quality and contribute to climate change. Over 25% of journeys made by South West residents are for holiday or leisure purposes, and whereas levels of walking and cycling are the highest in the country, use of public transport is relatively low with rates of car ownership high. This despite the excellent rails links in parts of the region, including a Paddington-Plymouth service with a journey time of less than three hours.

The continuing rise in car ownership is creating pressure and congestion on the region's transport network and, as such, the increase in visitors is also putting pressure on the main transport routes, especially to the south west and south east of the region. The busiest sections of the South West road network, particularly during peak season, are the M4 and M5 motorways.

The largest airport in the region is Bristol Airport, handling over 3 million passengers in 2002. Passenger numbers have grown significantly in recent years, with a new terminal being opened in March 2000, and are set to continue to rise with the launch of the new Bristol – New York flight route from the end of May 2005 . Bournemouth remains the region's principal airport for freight, handling over 5.5 thousand tonnes of freight in 1997. Smaller regional airports are also important to the South West including those at Exeter, Plymouth and Newquay.

There are also a number of major ports within the South West. Portbury and Avonmouth are Bristol's two main ports, concentrating on the import and export of cars, forest products and bulk cargo, such as animal feeds. Plymouth and Poole ports primarily deal with ro-ro traffic and provide important linkages to France, Spain and the Channel Islands. Fowey, Par, Teignmouth and Falmouth are also important regional ports for freight transport.

Energy, Waste and Climate Change

The impact of travel on the region's environment and its contribution to climate change is of course, of considerable and increasing cause for concern, as reflected in the raised priority of sustainable tourism regionally, nationally and locally and that the main environmental focus for the transport sector has been to reduce carbon emissions.

Current predictions for the South West predict that by the 2050s, the region will become 1. 0 to 2.5 degrees warmer, winters will be 5 to 15% wetter with more frequent deep winter depressions increasing the risk of flooding. Consequences for tourism may pose both opportunities and threats with the longer more reliable summers and warmer winters likely to help extend the tourist season but rising sea levels and flooding potentially threatening some of the region's beaches and coastal and riverside amenities. The region's heritage could also be threatened by both increased volume of visitors and the direct impacts of climate change.

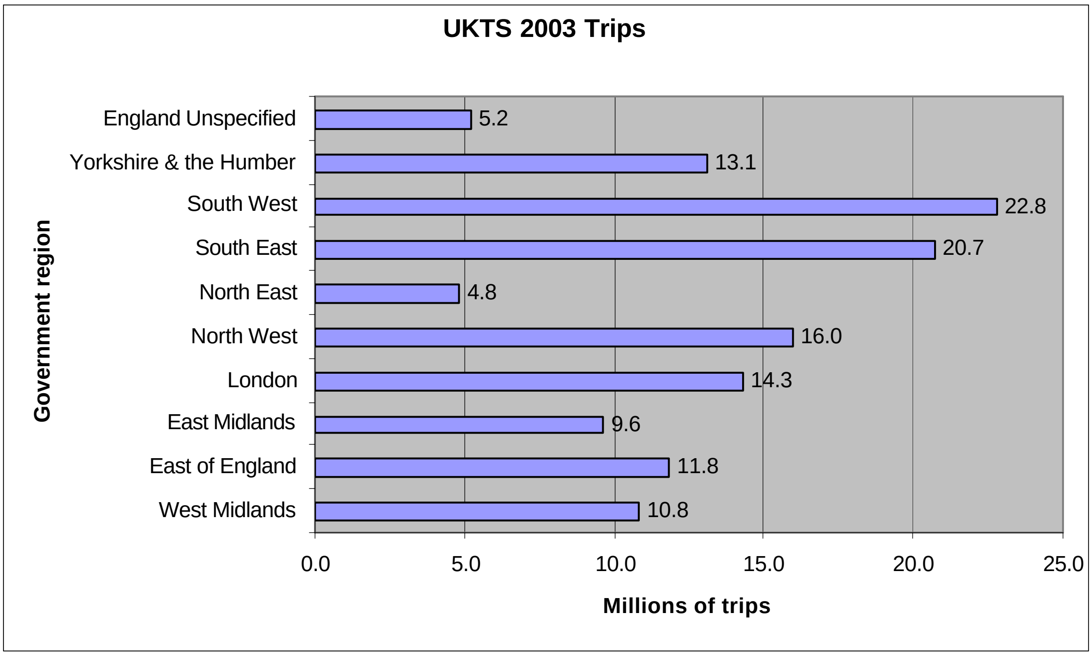
Within a shorter time frame, the South West Regional Assembly predicts that most of the region's landfill sites will be filled in average of eight years. The generation and disposal of waste hence remains a key issue for the region, as does the development of renewable energy schemes, to which Local Authorities are responding with increased opportunities and ease of household recycling and the drive to develop renewable energy schemes. Tourism obviously has an important role to play here with the increased waste and demand for energy associated with temporary increases in the South West population as visitors holiday in the region.

Summary

Given the significance of all of the above issues, it should be stressed that the economic contribution of tourism needs to be evaluated alongside the social, cultural and environmental impacts alike and although the focus of this report is on the considerable economic contribution of tourism, the inherent linkages in tourism between heritage, the environment and culture, give special relevance to interpreting and applying information on the economic contribution of tourism within its broader context.

1.2 THE SOUTH WEST PRODUCT

There is one undeniable fact about the South West in relation to the United Kingdom's tourism industry. It is Britain's foremost holiday destination. For example, according to the UK Tourism Survey, UKTS, UK residents alone made 22.8 million trips to the South West in 2003, surpassing all other English regions (and Scotland and Wales) by some margin.



Indeed, a large part of the commercial landscape of the region is concerned with, and devoted to, satisfying the needs of visitors as consumers. From rural B&Bs, inns and country hotels marketing local produce, to the expansion in 'adventure sports' activities' such as surfing, spending by visitors supports jobs, local businesses and local infrastructure.

A few key facts are:

- **The South West is the UK's premier holiday destination, with UK residents alone making 22.8 million trips in 2003**

- **In 2003, visiting an historical site or a heritage exhibit motivated, in part, an estimated 8.3 million trips by domestic staying visitors**

- **In 2003, the South West had three entries in the UK top twenty major paid attractions list, namely Eden Project, Roman Baths and Stonehenge. The South West also had at least two entries in the top ten UK attractions for each of nine different attraction category types.**

- **Approximately half of the regions attractions (48%) are museums / art galleries, historic houses / castles or other historic sites.**

- **At the end of 2004, there were an estimated 17,543 commercial accommodation establishments**

- **More than half of the accommodation enterprises in the region are self - catering establishments.**

The Countryside

All parts of the region benefit from attractive inland rural areas and, arguably, the region is better endowed in this respect than other regions of England. The relationship between the landscape, public access, agriculture and tourism is important across the region and was vividly demonstrated by the Foot and Mouth Disease (FMD) crisis in 2001. Compared with AONBs, National Parks and the rural coast, the South West countryside tends to rely on villages, towns and more specific individual visitor attractions and activities. There are many significant visitor attractions such as historic houses, gardens, farm-based attractions and some theme parks. Inland water, such as the Cotswold Water Park and the reservoirs of Devon and Cornwall, also provide a focus of recreational activity. Some areas have generated visitor interest through the designation and promotion of walking and cycling trails, such as in South Somerset and parts of Wiltshire.

Protected Landscapes

The South West is well off for protected landscapes, having two National Parks and 14 Areas of Outstanding National Beauty (AONBs), which together make up 37% of the region's land area. Such protected countryside can be found in every county and highlights include the Cotswolds (the largest individual AONB in England) the fine, protected countryside from East Devon to West Wiltshire, encompassing most of rural Dorset, and the National Parks of Dartmoor and Exmoor. The appeal of protected areas is clear. Consumer studies consistently underline the importance of fine countryside as a primary motivation for visitors as demonstrated in the recent South West Tourism study of Consumer Satisfaction (2004) in which unspoilt countryside was ranked by visitors as one of the greatest strengths of the region and was particularly important as a motivation to visit.

Seaside Resorts

South West resorts vary from quiet and refined (Sidmouth) to more lively (Newquay) and, in general, resorts offer an intensive, lively and busy experience geared to fun, entertainment and activities. Resorts have particular appeal for family holidays and older people with coach holidays remain an important source of business within some older markets. Having said this, younger, more active visitors may show greater interest in resorts than most destinations in the region because of the appeal of nightlife, entertainment and activities, such as surfing. Indeed, day visits are an important market for resorts, with some resorts and coastal areas attracting huge numbers during the summer months.

Rural Coast

The region has the highest ratio of coastline to land area in the UK, the highest number of coastal and marine Special Areas of Conservation (49) and Special Protection Areas (59), and has approximately 11,300 known and unknown wreck sites recorded on the National Monuments Register Maritime Record. Coastal scenery and fishing villages provide the quintessential images of Cornwall and to some extent Devon and, by reflection, the South West. There are spectacular cliff top stretches, safe sandy bays and wide beaches regularly punctuated by small coastal villages. The South West Coast Path is a world-class attraction and amenity that includes the recently designated UNESCO World Heritage Site of the East Devon and Dorset, ‘Jurassic’ coast. The coast is likely to provide long lasting appeal for visitors, and its conservation and nurture is an essential prerequisite to the success of tourism in the region.

Towns and Cities

The South West has relatively few large towns and cities compared with other regions, but a plentiful supply of attractive small towns (including the smaller cathedral cities such as Wells, Salisbury and Truro). Of course, the inherent attractiveness and distinctiveness of towns and cities varies from place to place and varies with their cultural and historic legacy, but in general, there has been significant growth in the appeal of cities and larger towns for short breaks both internationally and within the UK. In part, this has been built around vibrant nightlife, cultural and arts facilities and events programmes and restaurants. A number of cities, however, have developed and are developing significant attractions that help to generate the appeal. Smaller towns are often attractive places for visitors to spend time, providing a mixture of heritage, culture and specialist shopping in areas such as Wells or Dorchester. Indeed, market towns are seen as generators of economic growth in rural areas, and as such have been the focus of support for sustainable development initiatives by the Countryside Agency and Regional Development Agencies.

Attractions

The historic landscape of the South West is second to none and the attraction sector of the South West's tourism industry is strongly heritage led. In 2003, visiting an historical site or a heritage exhibit motivated, in part, an estimated 8.3 million trips by domestic staying visitors. The attraction of the region is clear. Whilst 48% of attractions in the South West are museums / art galleries, historic houses / castles or other historic sites the region also has a diverse range of other types of attractions. Indeed, in 2003, the South West had three entries in the UK top twenty major paid attractions list, namely Eden Project, Roman Baths and Stonehenge. The South West also had at least two entries in the top ten UK attractions for each of nine different attraction category types.

Table 1.1 presents all attractions within the region within 13 attraction type categories, and shows how they are dispersed.

TABLE 1.1 Attractions in the South West Region

	Cornwall	Devon	Dorset	Former Avon	Gloucs	Somerset	Wilts	Total
Museums/art galleries	34	50	39	23	31	28	24	229
Historic houses/castles	24	45	23	10	18	15	18	153
Other historic/archaeological sites	30	9	14	8	16	8	18	103
Gardens	18	21	17	8	14	10	12	100
Workplaces	9	21	15	5	12	17	1	80
Wildlife attractions/zoos	12	14	9	4	5	6	1	51
Natural heritage visitor attractions	6	17	11	8	9	5	3	59
Visitor/heritage centres	6	6	4	8	1	5	1	31
Farms	7	16	3	2	7	8	4	47
Places of worship	2	7	5	5	9	4	2	34
Leisure/theme parks and attractions	8	8	8	0	4	4	0	32
Steam/heritage railways	5	7	3	2	4	2	1	24
Boat trip	2	7	1	3	0	0	1	14
Other	5	15	2	12	9	3	2	48
Total	168	243	154	86	139	115	88	993

There is a particularly high concentration of museums and heritage attractions in the north of the region, notably in Bristol and Bath. Garden attractions are a strong feature in Devon and Cornwall. Together these two counties contain 39% of all garden based visitor attractions in the South West region including high profile attractions such as the Eden Project, The Lost Gardens of Heligan, Trebah Garden Trust and Tregrehan. Devon has the largest number of attractions in the South West region, with a total of 243 attractions. It is also well off in terms of the distribution of types of attraction, accounting for around 30% of the region's farm attractions, steam/heritage railways, natural heritage attractions, historic houses/castles, workplaces and wildlife attractions/zoos. Cornwall has the highest concentration of historic/archaeological sites, accounting for 32% of the total number in the South West region. Cornwall also contains the highest number of leisure/theme parks, accounting for a third of the region's total.

Accommodation

The starting point for quantifying the volume of accommodation in the South West is to examine the TRIPS database for the South West region. TRIPS is the most comprehensive source of information on tourism accommodation and has been used within this report to assess the available stock of accommodation by district, county and region. However, it provides no more than a partial picture, sometimes over and under estimating enterprise numbers and capacity across counties and by types of accommodation and location. Indeed, taking the region as a whole, it is estimated that TRIPS may underestimate serviced accommodation by between 5% and 10% (though it will overestimate it in some places) and may underestimate non-serviced accommodation by up to 20%.

Table 1.2 (below) shows a breakdown of accommodation stock for the South West by county and type of establishment.

TABLE 1.2 **Total number of accommodation enterprises by county**

	Cornwall	Devon	Dorset	Former Avon	Gloucs	Somerset	Wiltshire	TOTAL
SELF-CATERING HOLIDAY HOME	3,510	2,881	1,442	218	535	695	182	9,463
BED & BREAKFAST	510	474	474	209	399	453	325	2,844
SERVICED HOTEL	291	575	246	123	143	113	91	1,582
GUEST HOUSE	251	368	239	80	74	144	44	1,200
FARM BASED	171	145	69	12	40	80	30	547
INN	65	96	49	17	89	96	59	471
FARM (SERVICED)	107	126	38	17	55	71	51	465
HOLIDAY PARK	100	81	40	11	22	51	8	313
COUNTRY HOME	48	77	17	13	27	31	23	236
HOLIDAY PARK (FARM BASED)	71	47	41	6	3	29	4	201
YOUTH & GROUP ACCOMMODATION	21	31	14	9	9	12	3	99
MOTOR LODGE/MOTEL	4	10	5	9	4	5	6	43
TOWNHOUSE HOTEL	4	8	8	12	4	4	2	42
HOLIDAY CENTRE	5	8	3	1		3		20
UNIVERSITY & COLLEGE ACCOMM	1	3		4	2	2		12
CASTLE	1	2		2				5
TOTAL establishments	5,160	4,932	2,685	743	1,406	1,789	828	17,543

At the end of 2004, there were 17,543 commercial accommodation establishments on the TRIPS database across the whole of the South West region. The main patterns that emerge from a preliminary analysis are

- Hotels and inns account for less than 40% of serviced accommodation enterprises, with B&B/guest houses accounting for 60%.
- However, hotels and inns supply more than 60% of serviced accommodation capacity (excluding group and campus accommodation).
- There is more self-catering than serviced accommodation in the region, in terms of number of enterprises.
- There is significantly more accommodation, of all types, in the three counties of Devon, Cornwall and Dorset than in the other counties.

A breakdown of accommodation by county that is inspected and quality graded is provided in Table 1.3

TABLE 1.3 VisitBritain Inspected and quality graded accommodation by county

	Cornwall	Devon	Dorset	Former Avon	Gloucs	Somerset	Wiltshire	TOTAL
Self-Catering Holiday Home	1,370	832	662	71	203	190	72	3,400
Inspected as % known stock	39%	29%	46%	33%	38%	27%	40%	36%
Bed & Breakfast	343	251	280	123	209	220	173	1,599
Inspected as % known stock	67%	53%	59%	59%	52%	49%	53%	56%
Serviced Hotel	186	326	155	72	83	61	48	931
Inspected as % known stock	64%	57%	63%	59%	58%	54%	53%	58%
Guest House	130	184	108	31	39	59	17	568
Inspected as % known stock	52%	50%	45%	39%	53%	41%	39%	45%
Farm Based	131	101	53	11	25	59	20	400
Inspected as % known stock	77%	70%	77%	92%	63%	74%	67%	74%
Inn	40	42	19	8	33	42	19	203
Inspected as % known stock	62%	44%	39%	47%	37%	44%	32%	43%
Holiday Park	54	59	34	5	7	23	5	187
Inspected as % known stock	54%	73%	85%	45%	32%	45%	63%	57%
Farm (Serviced)	89	101	27	12	45	59	40	373
Inspected as % known stock	83%	80%	71%	71%	82%	83%	78%	78%
Country Home	39	60	14	11	22	24	20	190
Inspected as % known stock	81%	78%	82%	85%	81%	77%	87%	82%
Holiday Park (Farm Based)	64	39	38	5	2	29	4	181
Inspected as % known stock	90%	83%	93%	83%	67%	100%	100%	88%
Youth & Group Accommodation	13	17	4	3	4	8	2	51
Inspected as % known stock	62%	55%	29%	33%	44%	67%	67%	51%
Motor Lodge/Motel	3	9	4	7	2	5	5	35
Inspected as % known stock	75%	90%	80%	78%	50%	100%	83%	79%
Townhouse Hotel	4	8	4	10	4	4	1	35
Inspected as % known stock	100%	100%	50%	83%	100%	100%	50%	83%
Holiday Centre	-	3	-	1		1		5
Inspected as % known stock	0%	38%	0%	100%		33%		34%
University & College Accomm	-	1		1	1	1		4
Inspected as % known stock	0%	33%		25%	50%	50%		32%
Castle	1	1		1				3
Inspected as % known stock	100%	50%		50%				67%

Table 1.3 indicates the variations between the proportions of inspected properties across the region and by accommodation type: -

- Serviced accommodation providers are more likely to have their properties inspected and quality graded than self-catering accommodation providers.
- A far greater proportion of farm based holiday parks, rather than holiday parks generally, have achieved a quality grading.
- Broadly speaking, farm based serviced and self-catering accommodation establishments are more likely to be quality graded than their non-farm based counterparts.
- Cornwall has the highest proportions of inspected serviced accommodation establishments.
- Dorset has the highest proportion of inspected self-catering accommodation establishments and holiday parks.

Retail and food and drink establishments

The retail and tourism sectors are mutually interdependent. Retail outlets service the needs of visitors and tourists and day visitors from home can provide the majority of the market for many shops, especially in more popular tourist destinations. Food and drink is also an integral part of the tourist experience and is often closely interwoven with the shopping trip experience. A report published in 2001 for MAFF (now DEFRA) found that between 61-69% of holiday makers and visitors felt that food in general made a positive contribution to their holiday, while 39% said that it contributed 'a lot'. Between 32% and 66% of tourists purchase or eat local foods during their visit. The most popular venues for eating out are: pubs (64%), tearooms (43%), café and snack bars (32%), and fish and chip shops (31%). The importance of these activities is confirmed by national statistics on visitor spending. In 2003, 22% of domestic visitor spending was on eating out and 16% on shopping.

1.3 MEASURING TOURISM

Within the next few chapters, we have sought to paint as comprehensive a picture as possible of the economic position of tourism in the region in 2003, analysing data on volume and value relating to every district in the region. Uniquely, it draws together evidence from a number of sources but presents it as a coherent whole. Clearly, the scale and diversity of the 'tourism product' makes quantification a challenge, but one of the principal aims of this document is to identify the direct and indirect contribution of the tourism industry to the South West economy covering all spending associated with domestic, overseas and day trips in the region.

Definition of Tourism

This report is the second of two to describe the value of tourism to the regional and sub-regional economies of the South West. The first report recognised that, in order to estimate the value of tourism, we need to consider 'what is tourism' and does a 'tourism industry' exist? There continues to be no easy answer to these questions and indeed, different definitions are developed, applied and used for different purposes. For this report the definition used is consistent with that put forward by the United Nations and World Tourism Organisation in their Recommendations of Tourism Statistics (1994) i.e.

The set of activities of a person travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

Essentially this is a demand-side definition. In other words, tourism is defined according to the activity of the consumer, the tourist.

It should also be noted that tourism is not an industry in the conventional sense of the word. The tourism product is not simply created out of a conventional production process. Rather, the tourism industry serves our needs while we are away from our 'usual environment' by providing a wide range of products and services. Hence, tourism-related businesses are situated in and provide employment across a wide range of occupations and industrial sectors. It is through this process that tourism provides income for local households, businesses and suppliers and has an impact on the regional, sub-regional and district economies.

Modelling Tourism

In order to capture the importance of these wide varieties of activities, this report uses a specifically designed mathematical model (the Cambridge Model) to estimate the volume and value of tourism and associated employment impacts. Both direct and indirect impacts are captured. For example, where spending by tourists employs people in accommodation establishment, attractions, shops and food outlets etc, these **direct impacts** on the local economy are recognised by the model. Tourism also contributes indirectly to the local economy in two important ways. First, the businesses benefiting directly from visitor spending make purchases from local suppliers (**indirect**), and second household incomes resulting from direct and indirect employment will stimulate further demand for local goods (**induced**). Both types of estimate are recognised and supplied by the Cambridge model.

This report then summarises the Cambridge Model data to provide an estimate of the contribution of tourism to the South West economy in 2003. Building on and using a methodology that is consistent with the report on the economic value of tourism in 2001, certain key statistics are generated at the regional, sub-regional (county) and district level.

As in 2001, the data provide better integration between the big picture and detail on the ground. This ensures local businesses and tourism bodies can obtain clear intelligence about the performance of their area in comparison with others, whereas regional practitioners benefit from a broader understanding of what lies behind averages and headline figures. The benefit of two year's data is also available for initial comparisons and will enable tourism officers, policy makers and other research practitioners to begin to observe changes in the economic value of tourism over time.

Tourism and Culture

Tourism is an essential economic component of the 'cultural sector' and is one of six broad sectors within the remit of the Department of Culture Media and Sport, DCMS. The sectors are 'archives, libraries and museums', 'arts and creative industries', 'entertainment (gambling and betting)', 'heritage', 'sport', and 'tourism'. Collectively, these sectors, not least tourism, face a similar set of challenges, notably that there are no shared definitions, systems and methodologies for measurement. In addition, conventional techniques for measurement are difficult to apply due to the complex and fluid nature of these sectors.

In this context, the DCMS sought to develop an agreed set of guidance for measuring and defining the cultural sector. In late 2002, this culminated in publication of the Regional Cultural Data Framework (RCDF) which now forms the core of the DCMS Evidence Toolkit, DET [2]. In large part, the methodology behind this report takes its lead from the RCDF the aim of which was 'not to impose a 'one size fits all' model' for the collection and development of regional statistics but, rather, to establish good practice for producing core data.[3] In this respect, the current analysis follows recommendations with regard to core data sets and mathematical modelling, and

[2] DCMS Evidence Toolkit – DET – Technical Report. Available at http://www.culture.gov.uk/global/research/statistics_frameworks_and_guidance/default.htm

[3] *A User's Guide, p.1.*

seeks to widen the analysis to include tourism activities that might also be integrated into other cultural sector domains (such as visits to museums).

Using Standard Industrial Classifications

The robust sources used in this analysis and outlined in the next section form part of the standardised framework recommended by RCDF and later, the DET. However, in a departure from the published guidance, this report does not include use of the Standard Industrial Classifications (SIC) or Standard Occupation Classifications (SOC). There are a number of key reasons for this omission:

- Whereas tourism and the cultural sector is defined by consumption and intended use i.e. using demand-side indicators, SIC are defined by output and product i.e. tourism supply e.g. the activities of 'tour agents, tour booking and operators', and 'operation and maintenance of tourist infrastructure (including accommodation, theme parks and visitor attractions)'.
- Despite a number of revisions since initial publication, the SIC codes still obscure and hide cultural activities. Tracking cultural activities using SIC is hence very difficult as much activity is buried within generalised categories which cannot be further distinguished and which may include mainly 'non-cultural' activities
- Even where data is available on the numbers of businesses serving tourism in each of the SIC categories identified as relating to tourism, the accuracy of the data is compromised through exclusion of data on self-employment and limited data on Small and Medium-Sized Enterprises. This point was highlighted in the 2001 Economic Value of Tourism Report where preliminary analysis using data from National Statistics' Interdepartmental Business Register and the SIC codes recommended by RCDF suggested that there were just over 4,000 tourism businesses in the South West that could be defined as involved in tourism. However, at the time, South West Tourism alone had 4,300 members.

Despite these issues, previous reports have grappled with them and are available making for illuminating comparison to the figures published in the current report and in the 2001 Economic Value data. Most recently, the State of the Key Sectors [4] published core data on Gross Value Added (a key measure of productivity) of tourism and leisure, employment and earnings, numbers of business sites, investment and trade activity, occupation and age and qualifications and skills. While most estimates are considerably lower than equivalent figures in the current report, an element of the discrepancy is accounted for by the different methodologies employed. In addition, the definition of Tourism and Leisure used in the State of the Key Sectors is necessarily narrower than that used in the current report. Notwithstanding these discrepancies, together, both reports yield a fuller perspective on the role and value of tourism to the South West regional and sub-regional economies.

Tourism Satellite Accounts

Internationally, Tourism Satellite Accounts (TSAs) are the endorsed methodology for measuring tourism. TSAs use both demand-side and supply-side data for the economic measurement of tourism and have been trialled and adopted in a number of countries. Within the UK, DCMS led and has recently published results of a *TSA*

[4] State of the Key Sectors, SWRDA, 2004. Available at www.southwestrda.org.uk - 'what we do', then click on 'introduction'

First Steps Project for England [5], which sought, as far as possible, to bring together all available economic data for tourism and recommend subsequent steps in development. Findings are to a great extent in line with significant work already completed by other parts of the UK and highlighting difficult challenges at the regional level in TSA work. At sub-regional level, due to the lack of sufficient available data, a TSA is not feasible.

In parallel to the *First Steps Project*, DCMS conducted a National Statistics Review of Tourism Statistics (2004) since which an implementation plan has been jointly developed in order to prioritise the 66 recommendations put forward to improve the quality and timeliness of tourism data. However, while the Review called for substantial additional expenditure (£8 million per annum) all indications are that only a substantially smaller sum might be made available[6]. This may allow for 'low cost wins' to progress toward the production of future TSAs, however the absence of TSAs for English regions may well persist for a good number of years. In this context, the Cambridge Model remains as robust an alternative as available and is in line with the most up to date guidance from DCMS.

1.4 THE CAMBRIDGE MODEL – OUTLINE

As the National Statistics Review of Tourism Statistics concluded, no data sources are infallible, particularly for tourism. Surveys are subject to statistical error; Standard Industrial Classifications were not created for nebulous concepts such as tourism; piloted regional accounts do not provide sufficient detail; mathematical models are estimates. That said, the strength of the approach outlined below is that it is consistent with and makes use of the most robust national surveys available, uses the most comprehensive databases available of tourism businesses in the South West and is based on a regional mathematical model that allows consistent comparison across local authority areas.

Essentially, the model uses a number of primary data sources (listed below) which measure both demand of tourism (consumer / tourist behaviours) and the supply of tourism products in the region. These data are available to different geographies. For example, the UKTS is published for counties whereas the accommodation stock data is usually maintained and can be generated at a local level for individual districts.

At the beginning of the process, South West Tourism, Districts and County Councils scrutinise the primary data through a process of collaboration, whereby a final set of data is agreed that is considered to be the best representation of that location, at the geographic levels available. The flow chart at the end of this section illustrates the process that has been undertaken, including collaboration with district authorities on estimates of accommodation stock.

[5] UK Tourism Satellite Account, First Steps Project. At http://www.culture.gov.uk/global/research/statistics_outputs/uk_tsa_fsp.htm
[6] Review of Tourism Statistics and Implementation Plan. Available at http://www.culture.gov.uk/global/publications/archive_2004/Review_Tourism_Statistics.htm

Primary Data Sources used by the Cambridge Model

- United Kingdom Tourist Survey (UKTS) 2003
- International Passenger Survey (IPS) 2003
- United Kingdom Day Visits Survey (UKDVS) 2002/03
- South West Tourism TRIPS (accommodation capacity) database
- UK Occupancy Survey data 2003
- Local data on language schools, second homes and boat moorings
- Visits to Attractions data (2003 where available)
- Regional and local earnings figures from New Earnings Survey (2002)
- Local employment totals from Labour Force Survey

The agreed sets of primary data are then brought together and modelled to produce outputs i.e. estimates of the value of tourism at three geographic levels: regional (South West); sub-regional (county); and district. The estimates produced are outlined in more detail below and include trips, nights and spend by day and staying visitors, generation of employment, business turnover and Gross Value Added, GVA.

Key Statistics for the Region, Sub-Region and Districts

- Trips, nights and spend by domestic (UK) visitors
- Trips, nights and spend by overseas visitors
- Day visit trips and spend
- Direct, indirect and induced employment supported by staying (domestic and overseas) visitors
- Direct, indirect and induced employment supported by tourism day visitors
- Total business turnover arising from business activity
- Local wage income generated by visitor spending
- Gross Value Added (GVA) arising from business activity

In order to estimate the volume of trips, nights and spend by UK and Overseas Staying Tourists in Districts across the region and to estimate trips and spend by Tourism Leisure Day Visitors, the approach undertaken is as follows:

- Where, sub-regional or county data is already published at regional or county level (e.g. UKTS, IPS, UKDVS), these figures are constrained i.e. the Cambridge Model estimates (outputs) will be the same as the published figures
- Trips, nights and spend are then matched to equivalent supply/capacity of accommodation
- Accommodation capacity is modified by variations in district or county occupancy to reflect greater use in some areas
- District estimates are produced from county profiles and are then constrained to the published county figures so that district estimates total the county values.

It should be noted that in addition to spending associated with tourist trips, additional spending, and therefore impact, arises from second home ownership and boat maintenance and spend by hosts of friends and relatives. This is also estimated by the model.

Further estimates of the value of tourism are also produced as follows:

- Business turnover in tourism related businesses estimated directly from tourism spending
- Proportion of turnover estimated using wage costs
- Full Time Equivalent (FTE) jobs estimated at district level calculated from New Earnings Survey data
- Actual jobs estimated from the relationship between FTE and actual in different sectors and locations
- Proportion of business turnover estimated on local purchases of suppliers and services varied by character of district
- Indirect jobs in suppliers derived from average turnover per job in supplier firms supported by tourism related business spend and from indirect tourism spend (second homes or boats for example)
- Income induced jobs arising from spending of wages by direct and indirect employees
- Wage income generated in the local area
- Gross Value Added

The method outlined above is unique to the South West. However, use of the Cambridge model has been a regular occurrence throughout the region and elsewhere in England, and there may be a temptation to compare the 2003 data presented here with other local reports. In the main, the 2001 South West Economic Value of Tourism Report is comparable with the current report, although day visit figures are not. However, it should be noted that the data presented in this report are not directly comparable with other, local, previous estimates. The Cambridge revised model as presented here and as undertaken for the region in 2001, has incorporated numerous changes arising from the availability of new data sources, as well as including additional revenue streams associated with tourism activity but not previously included in the Cambridge model. Earlier analysis used different approaches in different counties and, most crucially, there was detailed customisation of individual models to take into account bespoke research.

Finally, as per 2001, the research process was undertaken with detailed consultation with each of the sub-regions and districts in the South West. This was once again undertaken via the South West Regional Research Group which originally identified the need for robust comparative data from a research audit prior to 2001. Figure One describes the iterative process undertaken to agree primary data and final outputs of the model. For example, accommodation capacity and attraction estimates were checked by tourism professionals on the ground and incorporated into the model (Local Knowledge).

Figure 1: Research process