



## Tourism

Standard Note: SN/EP/6022  
Last updated: 12 June 2012  
Author: Lucinda Maer  
Section: Economic Policy and Statistics

---

Estimates of the value of tourism to the UK suggest that it directly contributed £47 billion to the UK economy in 2008, with 1.7 million employed directly as a result of tourism spending.

The overall number of visitors to the UK from overseas has fallen year on year from 32.8 million in 2007 to 29.6 million in 2010. However, the number of holiday visits by overseas residents rose between 2007 and 2010; it was the decline in business trips and those visiting friends and relatives which accounted for the overall fall.

The number of UK domestic holiday trips increased from 53.7 million in 2007 to 56.6 million in 2010. 2009 was described by VisitEngland as an 'exceptional year' for domestic tourism with 60.7 million trips taken. In 2010, 40% of UK residents' spending on trips was spent in the UK.

The Government published their tourism strategy in March 2011 which announced three aims:

- To co-fund (with the private sector) a £100m marketing campaign to encourage foreign visitors to the UK, building on publicity from international events such as the Royal Wedding and the Olympic Games.
- To increase the proportion of UK residents who holiday in the UK; and
- To increase the sector's productivity.

This note sets out recent tourism statistics, before summarising the Government's tourism strategy.

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

**Contents**

- 1 Tourism and the UK Economy 3**
  - 1.1 Tourism related employment 3
  - 1.2 Tourism Gross Value Added 3
- 2 Visitor Statistics 4**
  - 2.1 Inbound tourism 4
  - 2.2 Outbound tourism 5
  - 2.3 Domestic Tourism 5
  - 2.4 The balance of tourism 6
- 3 The Government’s tourism strategy 6**
  - 3.1 In brief 6
  - 3.2 Overseas marketing 7
  - 3.3 Increasing domestic tourism 7
  - 3.4 VisitBritain and the future of tourism bodies 8
- 4 Further Information 10**

# 1 Tourism and the UK Economy

## 1.1 Tourism related employment

Total employment in tourism related industries in 2008 was 3.4 million. However, not all these industries provide services only to tourists (for example, a hotel bar or a museum shop will serve local people as well as visitors). In addition, there is employment in non tourist industries supported by the tourist spend on products from non tourism related industries (such as spend on retail and personal transport). The ONS Tourism Intelligence Unit (TIU) tries to reconcile the supply and demand sides of tourism through the experimental Tourism Satellite Account (TSA). The TSA was last updated in May 2011 for the year 2008. It shows that in 2008, a total of 1.7 million people were directly employed directly as a result of tourism spend, including 390,000 people in non tourist industries.

### Employment in Tourism Industries, 2008

	Number of Enterprises in tourism related industries (000s)	Total employment in tourism related industries (000s)	Tourism Direct Employment (000s)
Accommodation services for visitors	15.7	595	501
Food and beverage serving	120.8	1,558	396
Railway passenger transport	0.1	49	18
Road passenger transport	11.1	263	93
Water passenger transport	0.8	9	1
Air passenger transport	0.6	80	48
Transport equipment rental	3.6	38	1
Travel agencies & other reservation services	6.8	121	83
Cultural activities	29.9	286	188
Sport and recreation activities	16.9	337	18
Exhibition and conference activities	3	20	0
<i>Other consumption products</i>			391
<b>Total</b>	<b>209.3</b>	<b>3,358</b>	<b>1,737</b>

Source: UK Tourism Satellite Account for 2008

A satellite account setting out statistics for 2009 is expected to be published in spring 2012.

## 1.2 Tourism Gross Value Added

The TSA estimates that tourism direct Gross Value Added (GVA) in 2008 was just under £47bn, which represented 3.6 per cent of total GVA. The biggest contribution to this came from non-tourism specific industries such as retail and fuel. Of the tourism specific industries, the accommodation industry supplied the most GVA, accounting for £9bn.<sup>1</sup> In total, tourists demand accounted for 3.5 per cent of all goods and services supplied in the UK economy in 2008.<sup>2</sup>

<sup>1</sup> ONS, *The Economic Importance of Tourism: The UK-TSA for 2008*, May 2011

<sup>2</sup> *Ibid*

## 2 Visitor Statistics

### 2.1 Inbound tourism

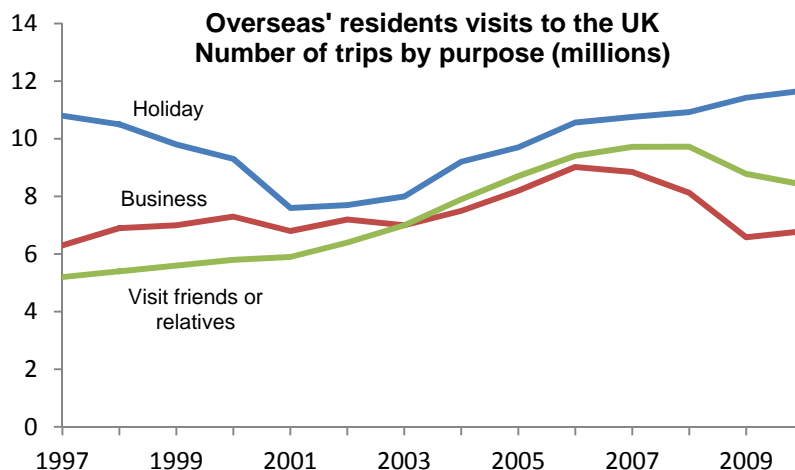
In 2010 there were just under 30 million overseas' residents visits to the UK, 11.6 million of these on holiday and 6.8 million on business. Total expenditure in the UK by overseas visitors in 2010 was £16.7bn.

From 2007 to 2010 there were successive annual declines in the total number of visitors. However, the number of overseas holiday visitors to the UK increased each of these years. It was the fall in number of business visits and trips to visit friends and family which accounted for the overall decline in visitors. The number of overseas business visitors fell by 23 per cent from 2007-2010. In 2001 business visitors had accounted for 30 per cent of all overseas visitors to the UK; this had fallen to 28 per cent in 2006 and 23 per cent in 2010.

**Overseas residents' visits to the UK, 1997-2011**

	Visits (millions)				Total	% change	Total earnings from overseas residents' visits (£bn, 2010 prices)
	Holiday	Business	Visit friends or relatives	Other			
1997	10.8	6.3	5.2	3.2	25.5	1.2%	16.3
1998	10.5	6.9	5.4	3.0	25.7	0.8%	16.5
1999	9.8	7.0	5.6	2.9	25.4	-1.2%	16.0
2000	9.3	7.3	5.8	2.8	25.2	-0.8%	16.3
2001	7.6	6.8	5.9	2.6	22.8	-9.5%	14.1
2002	7.7	7.2	6.4	2.9	24.2	6.1%	14.3
2003	8.0	7.0	7.0	2.8	24.7	2.1%	14.1
2004	9.2	7.5	7.9	3.2	27.8	12.6%	15.2
2005	9.7	8.2	8.7	3.4	30.0	7.9%	16.2
2006	10.6	9.0	9.4	3.7	32.7	9.0%	17.6
2007	10.8	8.8	9.7	3.5	32.8	0.3%	17.2
2008	10.9	8.1	9.7	3.1	31.9	-2.7%	17.1
2009	11.4	6.6	8.8	3.1	29.9	-6.3%	17.1
2010	11.7	6.8	8.4	2.9	29.8	-0.3%	16.9
<i>Change 2001-2010</i>							
	54%	0%	43%	13%	31%		19%
<i>Change 2007-2010</i>							
	8.5%	-23.2%	-13.5%	-15.1%	-9.1%		-1.8%

Source: ONS, *Travel trends, Travel and Tourism 1985 to 2010*, table 1.03

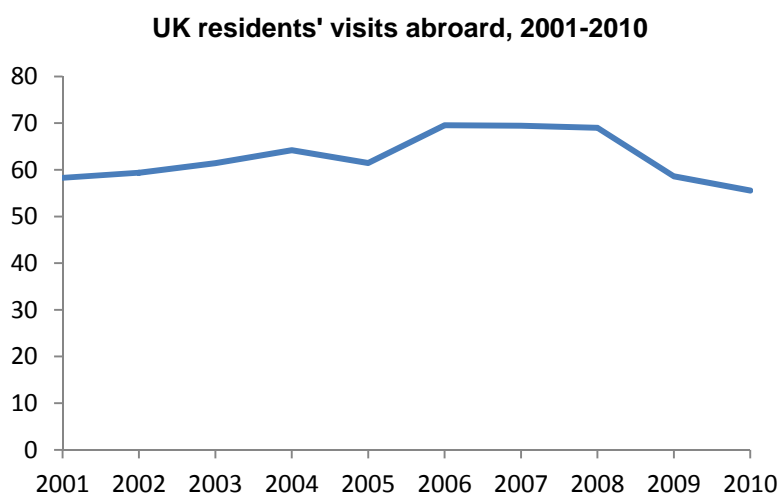


## 2.2 Outbound tourism

The table below shows the number of UK residents' visits abroad along with the expenditure by UK residents abroad. Visits abroad by UK residents fell in 2009 at the fastest rate on record since the 1970s.<sup>3</sup>

UK residents' visits abroad				
	UK residents visits abroad		Expenditure	
	No. (millions)	% change	£m (2010 prices)	% change
2001	58.3	2.5%	31,688	3.0%
2002	59.4	1.9%	32,893	3.8%
2003	61.4	3.4%	34,031	3.5%
2004	64.2	4.5%	35,220	3.5%
2005	61.4	-4.3%	36,594	3.9%
2006	69.5	13.2%	37,936	3.7%
2007	69.5	-0.1%	37,745	-0.5%
2008	69.0	-0.6%	38,505	2.0%
2009	58.6	-15.1%	32,589	-15.4%
2010	55.6	-5.2%	31,820	-2.4%
<i>% change 2001-2010</i>				
		-4.7%		0.4%

Source: ONS, Travel Trends 2010, Table 1.03



## 2.3 Domestic Tourism

As was the case for overseas visitors to the UK, there have been different trends for purposes of visit for domestic tourism. Domestic tourism is measured by the UK Tourism Survey (UKTS). The number of holiday trips increased by 5.4% over the period 2007-2010 whilst business trips declined by 9.6% over the same period. Over 60 million holiday trips were taken in the UK in 2009, which was described by VisitEngland as “an exceptional year” for domestic holiday tourism”.<sup>4</sup>

<sup>3</sup> ONS News Release, *Visits abroad fell at a record rate in 2009*, 13 July 2010

<sup>4</sup> Visit England, *UK Tourism Survey – December 2010 Summary of Results*

## UK Domestic Tourism, 2006-2011

	Trips (millions)			Total trips	Total earnings from domestic tourism visits (£bn, 2010 prices)
	Holiday	Business	Visit friends or relatives		
2006	53.3	19.2	49.6	126	23.11
2007	53.7	18.7	47.8	124	22.90
2008	52.0	18.2	44.1	118	22.06
2009	60.7	17.9	44.4	126	22.50
2010	56.6	16.9	42.8	119	20.84

Source: VisitEngland, UK Travel Survey

### 2.4 The balance of tourism

The proportion of expenditure by UK tourists spent on domestic tourism in 2010 was 40%; whereas 68% of UK tourist trips were within the UK.

#### Balance of tourism

	Trips			Spend		
	Domestic tourism (millions)	UK outbound tourism (millions)	% share of domestic tourism	Domestic tourism (£m, 2010 prices)	UK outbound tourism	% share of domestic tourism
2006	126	69.5	64%	23,100	37,900	38%
2007	124	69.5	64%	22,900	37,700	38%
2008	118	69.0	63%	22,100	38,500	36%
2009	126	58.6	68%	22,500	32,600	41%
2010	119	55.6	68%	20,800	31,800	40%

Source: ONS, *Travel Trends*, 2010 and VisitEngland, *UK Tourism Survey*

## 3 The Government's tourism strategy

### 3.1 In brief

The *Government Tourism Policy* was published on 4 March 2011 by the Department for Culture, Media and Sport. This announced that the Government aimed to:

- Fund the most ambitious marketing campaign ever to attract visitors to the UK in the years following 2012. The £100m campaign, co-funded by the government and the private sector, aims to attract 4 million extra visitors to Britain over the next 4 years. That equates to £2bn more spend in our economy, and 50,000 new jobs.
- Increase the proportion of UK residents who holiday in the UK to match those who holiday abroad each year. For longer stays (4 nights or more) this would mean 29% of travellers holidaying in Britain rather than just 20% today...
- Improve the sector's productivity to become one of the top 5 most efficient and competitive visitor economies in the world.<sup>5</sup>

The *Plan for Growth*, published alongside the Budget in March 2011, considered tourism alongside other industries and set out a series of actions to encourage growth in the sector.

<sup>5</sup> Department for Culture, Media and Sport, *Government Tourism Strategy*, March 2011, p7

These included plans to increase the number of apprenticeships and other courses teaching hospitality and to make it easier for tourists to visit the UK by increasing the number of visa biometric ID visa centres around the world and to move to online visa processes.

The Government intends to the sector's reliance on taxpayer funding and increase the amount of money available for "collective destination marketing", and create a "sustainable new model of destination marketing and management" the back of 2012 Olympic games, allowing tourism to come of age as an independent and self-confident sector of Britain's economy.<sup>6</sup>

Tourism is a wholly devolved policy area, which in England comes under the responsibility of the Department for Culture Media and Sport (DCMS). The *Development of Tourism Act 1969* established the Wales Tourist Board, the Scottish Tourist Board (now VisitScotland) and the English Tourist Board and British Tourist Authority (now VisitBritain).

### 3.2 Overseas marketing

The £100m marketing campaign to attract visitors to the UK was first announced in January 2011, with a reception held at Downing Street for those private sector firms already involved.<sup>7</sup> £50m of the funding is coming from the Department of Culture Media and Sport (DCMS). The other half will be funded from the private sector. The campaign is managed and administered by VisitBritain, a Non Departmental Public Body of DCMS that acts as Britain's tourism agency. The programme will run for four years in three phases; the twelve months in the run up to the Games; the Games themselves; and the period after. The Government aims to attract an extra four million visitors to the UK over the four year period.<sup>8</sup>

The campaign is based on the proposition "GREAT Britain; you're invited". In February 2012 the GREAT campaign was launched, targeting nine countries, with adverts appearing in: Beijing, Berlin, Los Angeles, Melbourne, Mumbai, New Delhi, New York, Paris, Rio de Janeiro, Sao Paulo, Shanghai, Sydney, Tokyo, and Toronto. DCMS has stated that around 70 per cent of the population in each of the target cities will see the advertising on billboards, TV, or in the cinema.<sup>9</sup>

The Tourism Alliance has, however, stated that their concern that:

...the Government's committed expenditure (£12.5m per annum for four years from VisitBritain's greatly reduced grant) is insufficient to achieve the targeted £2bn Olympic Tourism legacy and 50,000 new jobs. By comparison, New Zealand spends more than the combined marketing budgets of VisitBritain, VisitScotland and VisitWales on its "100% Pure New Zealand" campaign and, in 2011, Tourism Ireland will spend more on marketing in the UK than VisitBritain has to promote the UK in all international markets.<sup>10</sup>

### 3.3 Increasing domestic tourism

One of the Government's aims set out in the paper is to:

---

<sup>6</sup> [Government Tourism Plan](#), 4 March 2011, p 8

<sup>7</sup> Department for Culture Media and Sport, Press Notice, [Fund to create 50,000 jobs in tourism and boost the economy is 'on target' to reach £100m](#), 5 January 2011

<sup>8</sup> DCMS, [Prime Minister launches drive to maximise economic potential of London 2012 and deliver long term growth as a key part of Britain's Olympic legacy](#), 21 September 2011

<sup>9</sup> DCMS, [Britain's biggest ever international tourism campaign goes global](#), 9 February 2012

<sup>10</sup> Tourism Alliance, [Tourism for Growth](#), p4

Increase the proportion of UK residents who holiday in the UK to match those who holiday abroad each year. For longer stays (4 nights or more) this would mean 29% of travellers holidaying in Britain rather than just 20% today (creating 4.5m extra domestic trips each year, £1.3bn more spend and 26,000 new jobs). And if we can replicate this scale of improvement for shorter stays as well, we will create a further £750m of spend and 11,000 new jobs.<sup>11</sup>

The policy document continues:

Britain usually runs a large tourism trade deficit because we are far more likely to travel abroad for our holidays than most other countries. Currently, less than 40% of our total holiday spending goes on domestic tourism – roughly a 2:1 trade deficit. And these recent figures are probably rather optimistic; before the effects of a low pound, recession and a volcanic ash cloud had taken their toll, the average for 2006-08 was just 31%. We're worse than our neighbours too: just 21% of us holiday at home, compared to 28% on average for other European countries. But 29% of us holiday abroad compared to just 16% in the rest of Europe. The effect on our balance of payments (the difference between the amount we spend abroad and the amount of foreign visitors spend in the UK) is extremely strong.<sup>12</sup>

In 2010, UK tourists spent £30.9 billion on trips overseas whereas overseas residents spent £16.7 billion on trips to the UK; a balance of payments of £14.2 billion.<sup>13</sup> The percentage of UK tourism expenditure spent on domestic tourism has risen from 36% in 2007 to 40% in 2010.

To boost domestic tourism, the strategy paper suggested moving the May Day bank holiday to October to extend the tourism season. On 12 May 2011 the Government launched a “pre-consultation” these proposals.<sup>14</sup> In April 2012 the Government stated that a decision about the outcome of the pre-consultation would be made “in due course”.<sup>15</sup> The strategy paper also raises the possibility of encouraging domestic package holidays.

### **3.4 VisitBritain and the future of tourism bodies**

In October 2010 the Government announced that the resource grant-in-aid budget for VisitBritain and VisitEngland would be cut by 34% in real terms by 2014-15. The total grant in aid budget for both organisations (including capital) will be £128.6m over four years. VisitBritain's total grant in aid over this period accounts for £95.7m, and VisitEngland accounts for £35.9m. The Secretary of State's letter to the Chair of VisitBritain stated that:

Within this settlement I expect:

- Funding for the following top priority programmes to be protected as far as possible:
  - VisitBritain's core international marketing and PR activity in the top and emerging international markets. This will be provided in the expectation that it is matched by the private sector;

---

<sup>11</sup> DCMS, *Government Tourism Policy*, March 2011, p7

<sup>12</sup> *Ibid*, p15. The policy document uses information published by Eurostat on participation in tourism - Eurostat, *Tourism statistics in the European Union 2008 data*, 2010, p11

<sup>13</sup> ONS, *Quarterly Overseas Travel and Tourism*, Q4 2010 and

<sup>14</sup> DCMS, *Pre-Consultation on moving the May Day Bank Holiday*, May 2011

<sup>15</sup> HC Deb 26 April 2012 c875W



- VisitEngland's investment in and support for destination management organisations and the local businesses, local authorities and enterprise partnerships involved in tourism.
- your administration budgets to be cut by around 50% in real terms which will lead to:
  - downsizing and refocusing VisitBritain's overseas presence;
  - ceasing VisitBritain's advocacy function, though continuing to inform DCMS Ministers' own advocacy within Whitehall on behalf of the sector;
  - rationalising VisitEngland's involvement in and the delivery of the quality schemes and the digital platforms.<sup>16</sup>

For more information (including a breakdown by year and by resource and capital budgets for each organisation) see the [Spending Review letter](#) sent from DCMS to VisitBritain on 20 October 2010.

The 2011 tourism strategy announced changes to the role of VisitBritain, and changes to local tourism bodies. VisitBritain was to be “refocused” on “researching, creating and delivering a series of marketing campaigns to attract ever-greater numbers of inbound travellers to the UK”.<sup>17</sup> Other existing responsibilities would be transferred to VisitEngland or abolished altogether.

The tourism strategy also pledged to “modernise and update local tourism bodies to become focused and efficient Destination Management Organisations (DMOs)”.<sup>18</sup> DMOs will be bodies involving local tourism support bodies, local attractions and interests, local business networks, the new Local Enterprise Partnerships and local councils. DMOs will define their own boundaries and areas of responsibility. The strategy states that once the boundaries, role and governance of the DMOs has been established, they would need to become less reliant on public funds and instead be funded through partnerships with the private sector in the same way as the VisitBritain national marketing campaign described above.

Government funding for tourism has previously been delivered through a variety of channels, including local authorities, Regional Development Agencies and VisitBritain, the central public body tasked with promoting tourism. With all of these organisations facing cuts to real term spending (or abolition in the case of RDAs) over the course of the Spending Review period, there are concerns that tourism will not benefit from the same levels of support it has enjoyed in the past. Some functions of the RDAs will be taken on by new Local Enterprise Partnerships (LEPs), although these are not directly replacing the regional bodies.<sup>19</sup> The Tourism Alliance has expressed concerns regarding the impact of transition from RDAs to LEPs on tourism promotion:<sup>20</sup>

If the new LEPs are not established in a coherent and coordinated manner, providing national coverage for tourism businesses, the future cohesion within the industry, and the implementation of national programmes for tourism development, including the new National Tourism Strategy for England, could be seriously compromised.

---

<sup>16</sup> Letter for the Secretary of State for Culture Media and Sport to the Chair of VisitBritain, [2010 Spending Review](#), 20 October 2010

<sup>17</sup> Department for Culture, Media and Sport, *Government Tourism Strategy*, March 2011, p21

<sup>18</sup> *Ibid*, p21

<sup>19</sup> For background on LEPs see Standard Note [SN/EP/5651](#), *Local Enterprise Partnerships*

<sup>20</sup> [Tourism Alliance Submission to BIS Inquiry: The New Local Enterprise Partnerships](#), 13 August 2010

The Alliance argued that there is a danger that tourism development will be lost in the transition between RDAs and LEPs, claiming “it seems likely that some essential core tourism development tasks previously carried out via the RDAs will be terminated before the new arrangements are in place”.<sup>21</sup> They note that it remains unclear where responsibility for implementing the National Tourism Strategy will lie under the new arrangements and express further concern that knowledge and contacts built up by RDAs could be lost.<sup>22</sup>

On 31 October 2011 it was announced that VisitEngland had been successful in bidding for funding from the [Regional Growth Fund](#). The funding is to be allocated to a number of destination partners in England. [VisitEngland](#) has stated that their partners include Marketing Manchester, Marketing Birmingham, Bath Tourism Plus, Visit Peak District and Derbyshire, Cumbria Tourism and Visit York. In addition to targeted activity in these areas there will be a series of thematic campaigns focusing on countryside, heritage, coastal and business tourism.<sup>23</sup>

#### **4 Further Information**

- The ONS [Tourism Satellite Account](#).
- The ONS [Overseas Travel and Tourism](#) monthly statistics including regional breakdowns of visits and spending and visits to the UK by country of residence
- VisitEngland's [Great Britain Domestic Overnight Tourism Survey](#)
- DCMS [Tourism](#) pages

---

<sup>21</sup> *Ibid*

<sup>22</sup> For background on LEPs see Standard Note [SN/EP/5651](#), *Local Enterprise Partnerships*

<sup>23</sup> Visit England, [VisitEngland's Regional Growth Fund Bid is Successful](#)