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1. Introduction

The aim of this report is to provide borough level estimates of tourism expenditure set in the context of recent tourism trends for London and the UK.

Set out below is the structure of the report and some basic information about why and how the London Development Agency (LDA) is producing borough level tourism estimates. There is also a discussion of national surveys which provide London level tourism data.

The section following this introduction outlines trends in tourism for London and the UK since the start of the decade. The section also details problems with, and efforts to improve, London tourism day visitor data.

There follows a brief methodological guide to how the borough level estimates of tourism expenditure are derived using the LDA’s Local Area Tourism Impact (LATI) model. The final section of the report presents borough level estimates themselves for the London borough of Waltham Forest for the period 2004 to 2007. The importance and share of tourism in Waltham Forest relative to other London boroughs is also discussed.

Tourism is an important source of income and employment to London boroughs and the UK in general. However, due to the fragmented nature of the tourism sector it has traditionally proved difficult to measure – particularly at a local level. National surveys currently provide tourism value and volume data for London as a whole, but until recently there has been no consistent approach to measuring tourism at borough level.

In simple terms the LATI model uses the most robust available information to share London level tourism data out across the boroughs. The resulting estimates of tourism expenditure are both consistent and comparable across boroughs, and with London level data from the national tourism surveys. The centrally operated model is cost effective way to produce tourism estimates compared with boroughs paying for their own individual pieces of research.

A number of national tourism surveys provide London level data for the LATI model. The International Passenger Survey (IPS) is conducted by the Office for National Statistics (ONS) and measures the value and volume of overseas visitors to the UK and London. Domestic visitors staying overnight are monitored by VisitBritain using the UK Tourism Survey (UKTS).

There has been a lack of London level information on the value and volume of tourism day visits. Steps to collect more timely London level day visitor data have been undertaken by the LDA. Work to gather improved data from national surveys is ongoing with other Regional Development Agencies (RDAs) and ONS. More details are provided below.
2. Tourism in London and the UK: recent trends

This section covers tourism trends for London and the UK up to 2007 to provide context for borough level tourism estimates presented later for 2004 to 2007.

Over recent years the data shows a reduction in domestic overnight stays in London and the UK. In 2007 there was a halt to growth in overseas visitors and a smaller increase in spend than in previous years. The table below summarises the 2007 annual data available for London.

International tourism

In 2007 overseas visitors spent £8.2 billion in London. This amount was up 5% on the previous year and the fifth consecutive annual rise in expenditure. The total number of visits by international visitors to London, however, fell by 2% from 2006 – the first decline in 6 years.

Chart 1 shows annual changes in overseas visitor spending in London and the rest of the UK since 2000. Fluctuations in spending are similar for London and the rest of the UK, reflecting the Capital’s role as a gateway for international visitors to other parts of the country. Of the 32.8 million international tourists that the UK received in 2007 almost half (15.3 million) visited London. In 2000 overseas visitor spending stood at £6.9 billion in London and £5.9 billion in the rest of the UK. In 2001 and 2002, however, levels of international tourism fell sharply. The decline followed an outbreak of foot and mouth disease in the UK and was reinforced by the September 11 terrorist attacks. It is noticeable that during this period London experienced a sharper downturn in overseas tourism compared to other parts of the UK.

Expenditure levels showed a recovery in the second half of 2002 and a modest increase in 2003. The rate of growth in spending picked up in 2004 before easing in 2005 (likely as a result of the July 7 bombings in London) then reaccelerated sharply in 2006. In 2007 London experienced a slow down in the rate of growth in spending after the sharp increase in 2006. Overseas expenditure for the rest of the UK fell in 2007 for the first time since 2001.

Analysis of IPS data indicates that from 2005 to 2007 the largest numbers of overseas visitors to London were from the USA, France and Germany.

Table 1 The value and volume of tourism for London in 2007 (All figures in millions)

<table>
<thead>
<tr>
<th>Greater London</th>
<th>Overseas visitors</th>
<th>Domestic visitors</th>
<th>Day visitors</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day visits (3+ hours)</td>
<td>-</td>
<td>-</td>
<td>181.0*</td>
<td>181.0*</td>
</tr>
<tr>
<td>Overnight visits</td>
<td>15.3</td>
<td>10.1</td>
<td>-</td>
<td>25.5</td>
</tr>
<tr>
<td>Spending (£)**</td>
<td>8,192</td>
<td>2,204</td>
<td>12,184*</td>
<td>22,580</td>
</tr>
</tbody>
</table>

Sources: IPS, UKTS, Day visits surveys, LDA calculations

* Experimental statistics and does not include business travellers
**Tourism spending here does not include any share of overseas fares to UK carriers for London or imputed rent which together amount to an estimated £1.1 billion
In addition to direct tourism expenditure shown in Table 1, London can be allocated a share of the fares paid by overseas visitors to UK carriers (air, sea and rail companies). For 2007 this share is an estimated £1.0 billion. A further £102 million of income for London is estimated for imputed rent derived from second homes that UK residents use for tourist purposes.

**Domestic overnight tourism**

Chart 2 shows expenditure by domestic overnight visitors in London and the rest of the UK. The first point of note is that spending in London by domestic overnight visitors accounts for a much smaller share of the UK total (typically 9-11%) than is the case with overseas tourists.

From 2000 to 2003 domestic overnight visitor spending remained reasonably steady. Thereafter UKTS data shows a downward trend in domestic overnight tourism in London and the wider UK. In the UK as a whole expenditure declined by more than 20% between 2003 and 2007.

London results for 2005 show a particularly sharp fall in expenditure (to £2.1 billion from £2.8 billion in 2004). Comparing 2006 to 2005, spending by domestic overnight visitors rose slightly in London (to £2.3 billion) but it continued to decline across the rest of the country. In 2007 the UK experienced a small overall increase in domestic overnight spending of 1% (to £21.2 billion from £21.0 billion). However, spending by domestic overnight visitors in London decreased to £2.2 billion from £2.3 billion in 2006.

There have been concerns in the recent past over UKTS data quality. Prior to 2005 it was suspected that results were affected by a problem with the changing demographic profile of the telephone survey sample. Subsequently the UKTS methodology was changed to face-to-face interviews. But despite issues with the survey methodology, results strongly indicate a trend of lower domestic overnight tourism in both London and the UK since 2003.
Tourism day visits

There is a lack of tourism day visitor data available for London. National day visitor surveys have been conducted every two to three years and the latest was the England Leisure Visits Survey (ELVS) in 2005. But this survey did not provide value and volume data for day visits to the London region. The latest London level data available is from the 2002-03 Great Britain Day Visits Survey (GBDVS).

In the absence of any official data the LDA has taken steps to try to provide timely day visitor estimates for London. An omnibus survey of UK households, conducted throughout 2008, has been used to estimate day visitor expenditure and volumes for London. Estimates produced from this survey are experimental. The survey of visits and spend for London is based on a large sample of respondents. Previous surveys (the Great Britain Visits Survey and England Leisure Visits Survey) did not publish the same origin destination data and are based on smaller sample sizes; as a result, they are not comparable against our estimates.

From the LDA's London level day visitor estimates indicative borough level estimates can be derived. However, as noted above, our own estimates of day visitor activity are experimental and, as such, the borough level estimates should be treated with caution. They are intended only to give a best estimate of the scale of day visitor tourism in each borough from the currently available data.

The LDA’s London day visitor estimates are a short-term solution until national day visitor surveys are able to provide adequate London level data. The LDA is working with the other RDAs and the ONS Tourism Intelligence Unit on a longer term goal to ensure that future national day visits surveys provide robust and more frequent London level data which include business day visits.

The estimated figure for leisure day visitor expenditure in London based on the omnibus survey is £12.2 billion. An additional £6.3 billion was estimated for business day visitor expenditure.

A tourism day visit has been defined as a trip of at least three hours duration that is not taken on a regular basis. This definition covers activities that may not as a matter of course be considered ‘tourism day visits’. For example; shopping trips to different town centres/shopping centres; trips to the theatre/sports events; days out to a park/house/museum etc. Given the wide definition of tourism day visits it is not surprising that estimates for day visitor expenditure are large as the boundaries between tourism and everyday expenditure are blurred.
This section is intended to give the reader a basic understanding of how the borough level estimates of tourism expenditure are generated using the LATI model. A more detailed description is available in the LATI model methodology report.

This is the second issue of estimates based on a revised methodology introduced in 2007.

Tourists – be they international, domestic or day visitors – spend money on a vast array of different products and services. However the national tourism surveys provide London level expenditure data split into the following categories:

- accommodation
- eating and drinking
- shopping
- entertainment
- other

In order to produce borough level estimates, the LATI model uses robust information available to share out London level tourism expenditure in each of these five categories. Expenditures by overseas, domestic and day visitors in each of the categories are summed to provide an estimate of the total tourism expenditure in each borough.

Borough level employment data relevant to the accommodation, eating and drinking and shopping categories of tourism expenditure are available from ONS. These employment data are utilised within the model to disaggregate the majority of London level expenditure. In addition, the London Visitor Survey (LVS)\(^1\) and a survey of accommodation providers, run for the LDA by Experian, provide supporting information to help share out tourism expenditure in some of the categories.

The data used to disaggregate London level expenditure differs slightly depending on whether the expenditure is by overseas, domestic or day visitors. But as an example shopping expenditure is shared out to borough level using data from ONS on employment in comparison retail stores (stores selling non-food items not purchased on a regular basis such as clothing, jewellery, recreational goods). A full explanation of how all categories of expenditure are disaggregated as the basis for borough level estimates can be found in an accompanying methodology document from the link above.

The ‘top-down’ nature of the LATI model (starting with London data) means it is best suited to disaggregate expenditure. However, tourism trips were also disaggregated for comparative purposes using the estimated proportions of spending by overseas, domestic and day visitors in the boroughs.
4. Tourism in Waltham Forest: borough level estimates

Presented below are borough level estimates of tourism expenditure. The estimates have been made using the methodology outlined earlier.

Table 2 shows tourism estimates for Waltham Forest in 2007.

Estimates show that Waltham Forest received £209 million of tourism spending in 2007. LATI model data indicates that Waltham Forest received £59 million from international visitors. As was the case in other London boroughs, domestic staying visitors provided the smallest amount of income (£15 million).

A good measure of the relative importance of tourism to a borough’s economy is the proportion of its total employment in tourism related jobs. Chart 4 compares the share of tourism related jobs in Waltham Forest with the share in London as a whole, and with the share in a group of boroughs that receive similar amounts of tourism income (according to the 2007 borough spend estimates).

The proportion of tourism jobs in Waltham Forest is lower than that across ten ‘Tier 5’ boroughs with similar estimates of tourism expenditure. Chart 4 also indicates that tourism is of less importance to Waltham Forest than to the wider London economy.

Chart 4 Proportions of tourism related employment in 2007

The proportion of tourism jobs in Waltham Forest is lower than that across ten ‘Tier 5’ boroughs with similar estimates of tourism expenditure. Chart 4 also indicates that tourism is of less importance to Waltham Forest than to the wider London economy.

Estimates in Chart 5 show how receipts from overseas visitors in Waltham Forest changed from 2004 to 2007. Over this period Waltham Forest experienced a modest increase in expenditure from overseas tourists. However, the rates of growth in spending in the borough

Table 2 The value and volume of tourism for Waltham Forest in 2007

<table>
<thead>
<tr>
<th>Waltham Forest</th>
<th>Overseas visitors</th>
<th>Domestic visitors</th>
<th>Day visitors</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day visits (3+ hours)</td>
<td>-</td>
<td>-</td>
<td>2,017*</td>
<td>2,017*</td>
</tr>
<tr>
<td>Overnight visits</td>
<td>110</td>
<td>68</td>
<td>-</td>
<td>178</td>
</tr>
<tr>
<td>Spending (£)</td>
<td>58,504</td>
<td>14,799</td>
<td>135,779*</td>
<td>209,082</td>
</tr>
</tbody>
</table>

All figures in thousands
Sources: IPS, UKTS, Day visits surveys, ABI, LDA surveys & calculations

* Experimental statistics and does not include business travellers
were weaker than those registered for London as a whole. Foreign visitor spending in the borough rose from £52 million in 2006 to £59 million in 2007.

Chart 5
Overseas tourism expenditure in Waltham Forest (£ millions)

Chart 6 shows estimates of expenditure in Waltham Forest by domestic staying visitors.

Chart 6
Domestic staying tourism expenditure in Waltham Forest (£ millions)

An experimental estimate of day visitor expenditure for Waltham Forest is provided in Table 2 on the previous page.

Chart 7 depicts total tourism receipts in Waltham Forest (from overseas, domestic staying and day visitors) as shares of tourism expenditure in London as a whole and in tier 5 boroughs with similar tourism spend estimates.

Chart 7
Shares of total tourism expenditure in Waltham Forest over time

The chart shows that Waltham Forest’s share of total London tourism expenditure eased from 2004 to 2006. A similar pattern is evidenced for its share of all expenditure in ten tier 5 boroughs. However, Waltham Forest’s shares of expenditure moved upward in 2007.
**Glossary of terms**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABI</td>
<td>Annual Business Inquiry (source of official employment data)</td>
</tr>
<tr>
<td>DCMS</td>
<td>Department for Culture, Media and Sport</td>
</tr>
<tr>
<td>ELVS</td>
<td>England Leisure Visits Survey</td>
</tr>
<tr>
<td>GBDVS</td>
<td>Great Britain Day Visits Survey</td>
</tr>
<tr>
<td>IPS</td>
<td>International Passenger Survey</td>
</tr>
<tr>
<td>LATI</td>
<td>Local Area Tourism Impact (model)</td>
</tr>
<tr>
<td>LDA</td>
<td>London Development Agency</td>
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<tr>
<td>LVS</td>
<td>London Visitor Survey</td>
</tr>
<tr>
<td>ONS</td>
<td>Office for National Statistics</td>
</tr>
<tr>
<td>RDA</td>
<td>Regional Development Agency</td>
</tr>
<tr>
<td>UKTS</td>
<td>United Kingdom Tourism Survey</td>
</tr>
</tbody>
</table>

**End notes**

1. The LVS aims to identify the strengths and weaknesses of London as a visitor destination and track visitor satisfaction over time. This is achieved through face to face interviews with both international and domestic visitors in the capital. The survey also collects expenditure information from these visitors.

2. Tourism related employment is counted using ratios estimated by DCMS for the jobs supported by tourism in relevant industries (hotels, restaurants, transportation etc). Fuller details can be found in the [LATI model methodology report](#).