Statistical bulletin

The UK Tourism Satellite Account (UK-TSA): 2015

The annual contribution of tourism to the UK economy from demand for goods and services caused by tourism activity and supply of these goods and services.

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1 . Main points

- Tourism direct gross value added (TDGVA) rose 7.0% year-on-year to £64.6 billion in 2015; among the tourism industries, travel agency and other reservation services, accommodation, and food and beverage industries were the main drivers of the increase.

- Preliminary TDGVA figures for 2016 suggest that the tourism industry has continued to grow and is estimated to be worth £66.1 billion – a 2.2% increase on 2015.

- Tourism direct employment (TDE) increased 6.9% year-on-year to an estimated 1.5 million, in 2015; growth in tourism jobs within the water transport, rail transport, and food and beverage serving industries underpinned the rise.

- Domestic tourism expenditure increased from £105.1 billion in 2014 to £108.9 billion in 2015; the rise was mainly due to an 8.8% (£2.1 billion) increase in spending by tourists on overnight stays.

- Expenditure by inbound visitors to the UK rose by 0.8% from £25.5 billion in 2014 to £25.7 billion in 2015; while foreign tourists spent more on accommodation and dining out, the increase was partly offset by a decline in the value of rail and water passenger services consumed.

2 . Things you need to know about this release

The UK Tourism Satellite Account (UK-TSA) provides information about the demand for goods and services associated with the activity of tourists and the relationship of this demand to the supply of such goods and services within the UK economy.

TSA concepts

The TSA methodology is necessary because tourism is not an industry in itself, but rather defined by the characteristics of the consumer in terms of whether they are a tourist or resident. This, therefore, differs from "traditional" industries such as manufacturing and agriculture, which are defined by the goods and services produced by themselves.

The tourism industries comprise all establishments for which the principal activity is a tourism characteristic activity. The term tourism industries is equivalent to tourism characteristic activities and the two terms are used synonymously.

Tourism activities occurring outside of the tourism industries (that is, non-tourism industries) is aggregated and accounted for within the "other consumption products" industry classification. This is presented alongside the standard tourism industries throughout.

The UK-TSA sets out the contributions that tourism makes to the economy of the UK as a whole and to individual "tourism industries" in particular. Such industries invariably serve tourists and non-tourists alike and the UK-TSA includes a series of tourism ratios, which are used to estimate the proportions of products supplied in the UK that are consumed by tourists (in Table 6 of the UK-TSA).

This report presents the findings for the 2015 UK-TSA. The data for this are included in a set of TSA datasets available as a separate download. All findings are in current prices, which means they are not adjusted for inflation. Therefore, caution should be taken when comparing with previous years.

As well as providing an indication of the economic importance of tourism in the UK, the report includes information about tourism demand and supply and explanations of the internationally agreed concepts and definitions that are part of the TSA process.

TSA aggregates

Tourism direct gross value added (TDGVA) indicates the component of output from the set of UK tourism industries that is driven directly by tourism spend. It is calculated by reconciling the supply (the output of tourism industries) with the demand (tourist expenditure) side of tourism, so that the proportion of the output of tourism industries that is accounted for by tourism expenditure can be estimated. Tourism direct employment (TDE) is a measure of jobs within the UK labour market that are supported directly by demand from tourists. Tourism direct full time equivalent (FTE) is an alternative measure of tourism employment that enables labour assigned to a particular tourism industry to be approximated.

Tourism totals for TDE and FTEs include employment data relating to jobs that support tourism activities in both the tourism industries and other consumption products (non-tourism industries).

A "nowcasting" technique has been applied to the 2015 UK-TSA to provide estimates of the main TSA aggregates for 2016. A description of this methodology is available.

TSA governance

The Tourism Intelligence Unit (TIU) in Office for National Statistics (ONS) has produced the 2015 UK-TSA in this release and was also responsible for previous UK-TSAs covering the individual years from 2008 to 2014.

The production of the UK-TSA is commissioned by the Department for Digital, Culture, Media and Sport (DCMS).

3 . Tourism direct gross value added in the UK in 2015

Tourism direct gross value added maintains its upward trend

Tourism direct gross value added (TDGVA) was worth £64.6 billion to the UK economy in 2015. This was a 7.0% increase when compared with 2014, where TDGVA stood at £60.4 billion (see Table 1). TDGVA is a main aggregate of the UK-TSA as it indicates the component of output from the set of UK tourism industries that is driven directly by tourism spend.

The majority of tourism industries experienced growth in their contribution to TDGVA over the 2014 to 2015 period. At sub-industry level, travel agency and other reservation services recorded the largest rise in percentage and monetary terms, increasing 10.6% from £8.1 billion in 2014 to £8.9 billion in 2015. The rise coincided with an increase in the value of consumption of tourism-related services provided by the industry over the same period.

Other notable tourism industry contributors to the increase in TDGVA over the 2014 to 2015 period included accommodation services, increasing 6.6% (£0.6 billion) to £9.2 billion, and food and beverage services activities, increasing 5.3% (£0.5 billion) to £9.0 billion.

Road passenger transport services recorded the largest fall, with a negative 14.9% change over the 2014 to 2015 period. While the proportion of the industry's output consumed by visitors increased, this was offset by an annual fall in the industry's total gross value added (GVA). Despite the year-on-year decline, road passenger transport services remains a relatively small contributor to TDGVA.

Table 1: Tourism direct gross value added by industry

United Kingdom, 2014 to 2015

£ millions and percentage

	2014	2015	Change (%) between 2014 and 2015
Accommodation services for visitors	8,615	9,182	6.6
Food and beverage serving activities	8,568	9,021	5.3
Railway passenger transport services	2,186	2,078	-5.0
Road passenger transport services	1,027	874	-14.9
Water passenger transport services	408	412	0.9
Air passenger transport services	5,423	5,720	5.5
Transport equipment rental services	220	216	-2.0
Travel agencies and other reservation services	8,081	8,941	10.6
Cultural activities	1,433	1,444	0.8
Sport and recreation activities	3,225	3,333	3.3
Exhibitions & Conferences etc.	15	14	-10.9
Other consumption products	21,235	23,407	10.2
Total (at basic prices)	60,438	64,642	7.0

Source: UK-TSA 2014 and 2015, Office for National Statistics

Notes:

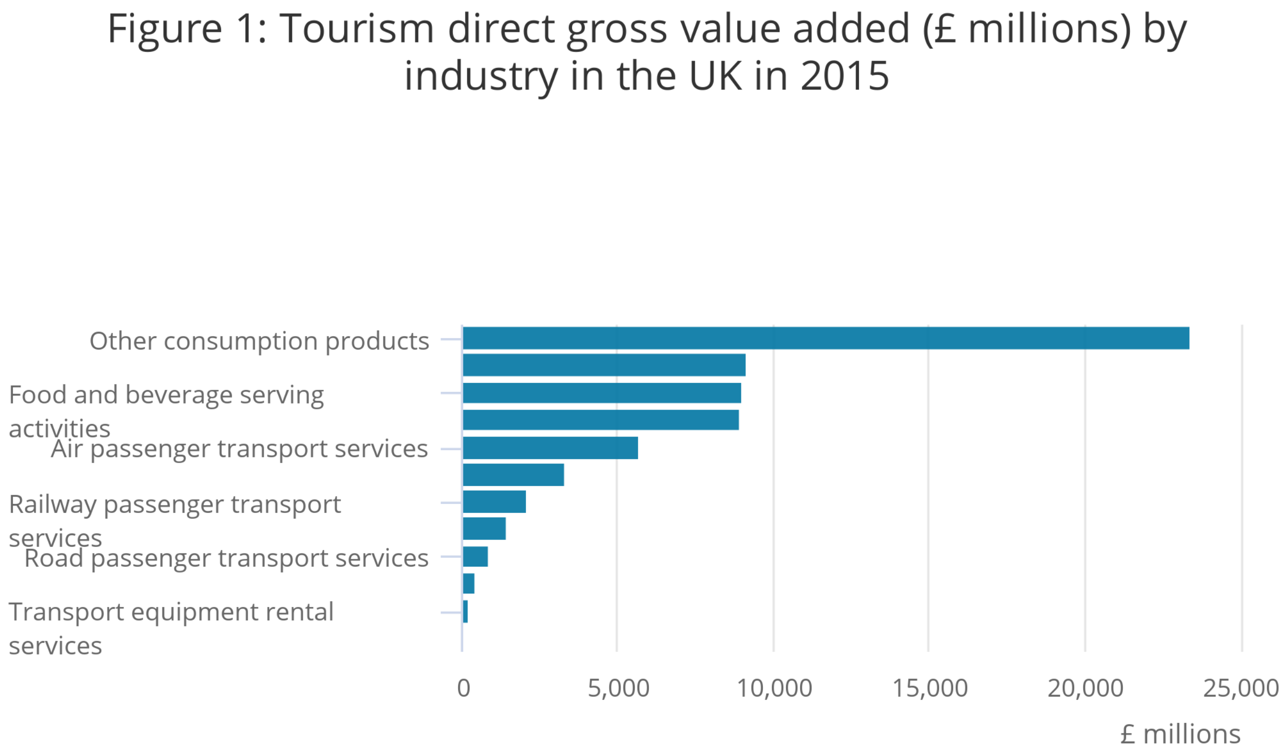
1. Current prices

2. Data may not sum due to rounding

Figure 1 shows the value contributed to TDGVA by each of the individual tourism industries, and aggregated non-tourism industries producing tourism-related products, in 2015.

The main component of TDGVA in 2015 was other consumption products (£23.4 billion), which refers to the value of output from non-tourism industries that is accounted for by tourism spend. This includes activities such as non-food shopping or expenditure on personal transport and other activities not included within the tourism industries.

Figure 1: Tourism direct gross value added (£ millions) by industry in the UK in 2015



Source: UK Tourism Satellite Account – Office for National Statistics

Notes:

1. Current prices.

4 . Tourism demand in the UK in 2015

Tourism demand (or tourism consumption) is made up of two types of tourism: inbound tourism and domestic tourism. Inbound tourism is where foreign visitors travel to spend time in the UK, for either overnight stays or a same-day visit. Domestic tourism is made up of four components: overnight stays; same-day visits; costs associated with second-home ownership; and expenditure on outbound trips (before leaving the UK).

Domestic tourism is broken down by excursions and overnight trips in both the report and the accompanying tables. When domestic tourism is reported at this level it does not include outbound travel unless specifically stated.

Inbound tourism spend remains steady

Inbound tourism consumption within the UK was estimated to be £25.7 billion in 2015, a marginal increase of 0.8% from 2014 where the value stood at £25.5 billion (see Table 2). The rise coincided with a 5.1% increase in the volume of visits to the UK by overseas residents between 2014 and 2015 (for more information, see Overseas travel and tourism: August 2017 provisional results).

Each of the top three industry contributors to inbound tourism spend experienced moderate growth over the period, with accommodation services, food and beverage serving activities and other consumption products each increasing at approximately 1.0% over the 2014 to 2015 period. Within the passenger transport industries, a 1.8% rise in the value of road transport was offset by declines in rail transport (-3.9%) and water transport (-2.4%).

The smaller industry contributors to inbound tourism consumption recorded the largest percentage changes between 2014 and 2015; an 11.0% decline in exhibitions and conferences was contrasted by a 4.2% rise in the value of travel agencies and other reservation services consumed by foreign visitors.

Table 2: Inbound tourism consumption

United Kingdom, 2014 to 2015

£ millions and percentage

	2014	2015	Change (%) between 2014 and 2015
Accommodation services for visitors	5,626	5,688	1.1
Food and beverage serving activities	3,824	3,863	1.0
Railway passenger transport services	425	408	-3.9
Road passenger transport services	527	537	1.8
Water passenger transport services	430	420	-2.4
Air passenger transport services	3,284	3,294	0.3
Transport equipment rental services	158	163	3.5
Travel agencies and other reservation services	110	115	4.2
Cultural activities	224	222	-0.5
Sport and recreation activities	168	174	3.7
Exhibitions & Conferences etc.	103	92	-11.0
Other consumption products	10,627	10,726	0.9
Total	25,506	25,702	0.8

Source: UK-TSA 2014 and 2015, Office for National Statistics

Notes:

1. Current prices

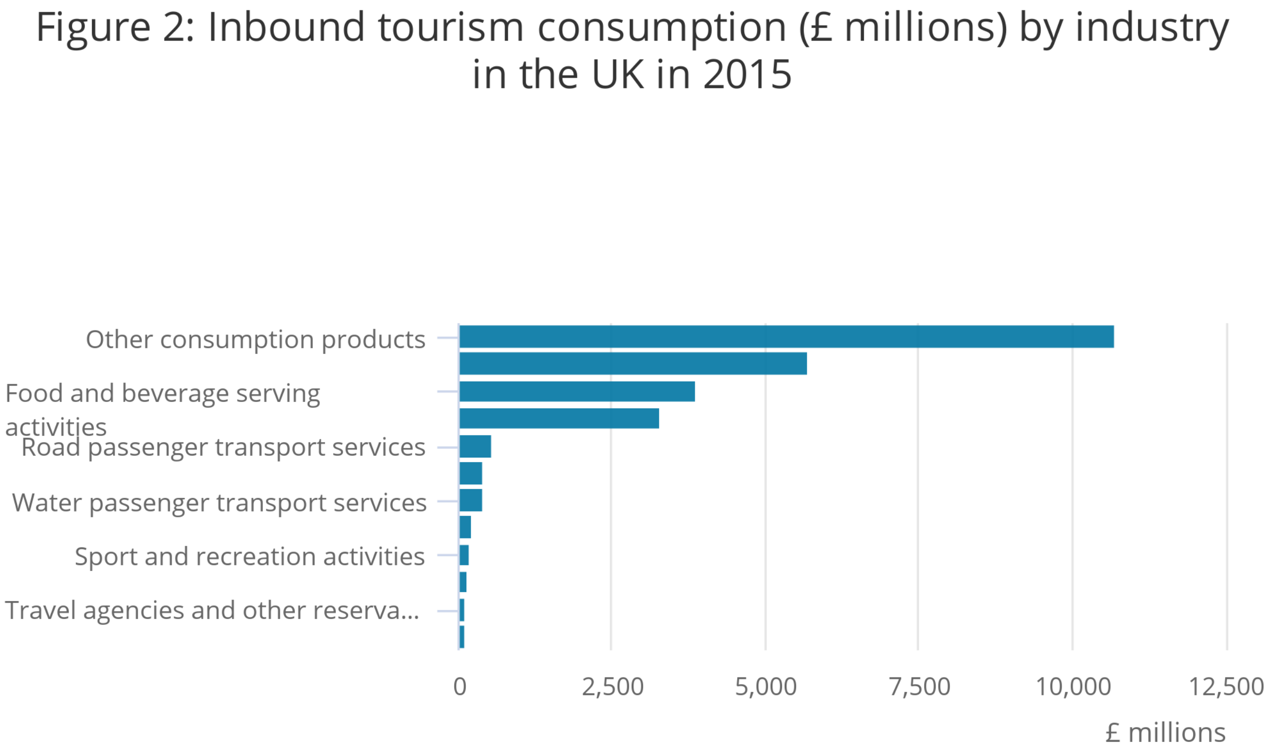
2. Data may not sum due to rounding

As Figure 2 shows, other consumption products was the largest contributor to inbound tourism consumption in 2015, worth £10.7 billion. Beyond this, there were three other main areas of tourism demand during the year. These comprised:

- accommodation services for visitors, worth £5.7 billion
- food and beverage serving activities, worth £3.9 billion
- air passenger transport services, worth £3.3 billion

The combined share of the top four contributors represented 91.7% of total inbound tourism consumption in 2015.

Figure 2: Inbound tourism consumption (£ millions) by industry in the UK in 2015



Source: UK Tourism Satellite Account – Office for National Statistics

Notes:

1. Current prices.

Spending on overnight stays supports rise in UK domestic tourism consumption

Domestic tourism covers the tourism activities of a resident visitor within the UK. These activities can include tourism trips with an overnight stay and tourism visits without an overnight stay, that is, a same-day visit. There is also an amount of domestic tourism expenditure that takes place within the UK and is associated with UK residents making an overseas visit – this domestic outbound tourism often involves some expenditure on the UK territory before leaving the country. This can include spend at ports or expenditure on outbound flights on UK carriers and this is all accounted for within the TSA. Domestic tourism consumption, therefore, describes the tourism consumption of UK residents within the UK economy.

Domestic tourism consumption within the UK was £108.9 billion in 2015, an increase of 3.6% or £3.7 billion in monetary terms from 2014 (see Table 3). The rise represents an escalation in the annual growth rate recorded the previous year, where the value of UK domestic tourism rose 0.2% between 2013 and 2014.

The majority of tourism industries benefited from the rise in domestic tourism consumption during 2015. Expenditure on accommodation services recorded the highest growth during 2015, rising 6.6% (£0.6 billion) on 2014. Domestic tourism expenditure on other consumption experienced the largest monetary increase, rising £1.2 billion (up 3.7%) between 2014 and 2015.

Performance within the passenger transport industries was more mixed during 2015, with solid year-on-year growth in road transport (up 5.2%) and air transport (up 3.8%) slightly offset by a decline in domestic tourists' consumption of water transport services (down 8.6%).

Table 3: Domestic tourism consumption by industry

United Kingdom, 2014 to 2015

£ millions and percentage

	2014	2015	Change (%) between 2014 and 2015
Accommodation services for visitors	9,073	9,673	6.6
Food and beverage serving activities	26,553	27,391	3.2
Railway passenger transport services	3,933	3,964	0.8
Road passenger transport services	2,071	2,178	5.2
Water passenger transport services	697	637	-8.6
Air passenger transport services	17,231	17,890	3.8
Transport equipment rental services	470	473	0.6
Travel agencies and other reservation services	2,822	2,984	5.8
Cultural activities	3,855	3,955	2.6
Sport and recreation activities	4,867	4,930	1.3
Exhibitions & Conferences etc.	168	166	-1.3
Other consumption products	33,373	34,610	3.7
Total	105,113	108,850	3.6

Source: UK-TSA 2014 and 2015, Office for National Statistics

Notes:

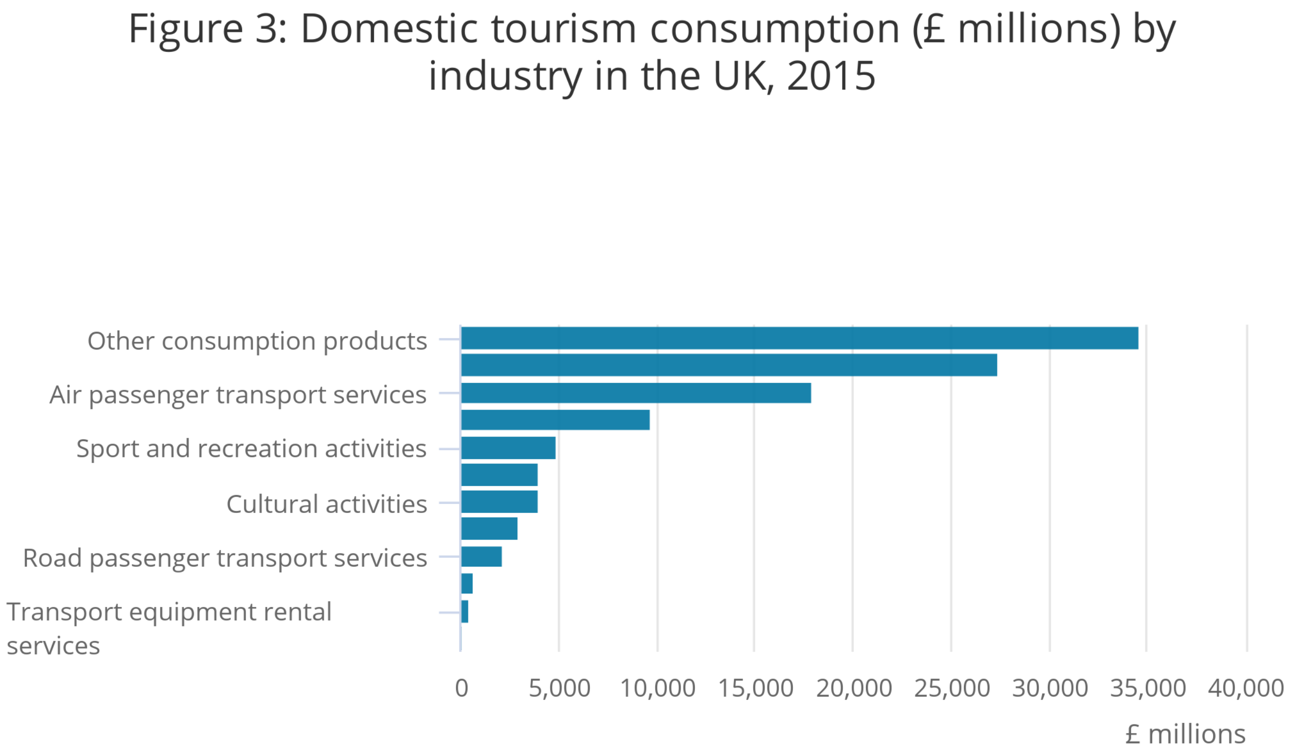
1. Current prices

2. Data may not sum due to rounding

Figure 3 shows the monetary value of domestic tourism consumption within each industry. Apart from other consumption products, food and beverage serving activities and air passenger transport services were the main components of domestic tourism consumption in 2015. For the latter, the vast proportion of domestic tourism consumption in this industry relates to expenditures by UK residents on outbound travel, which includes air fares paid to UK carriers.

Expenditure on accommodation services was also a notable contributor to tourism demand over the period, equating to £9.7 billion in 2015.

Figure 3: Domestic tourism consumption (£ millions) by industry in the UK, 2015



Source: UK Tourism Satellite Account – Office for National Statistics

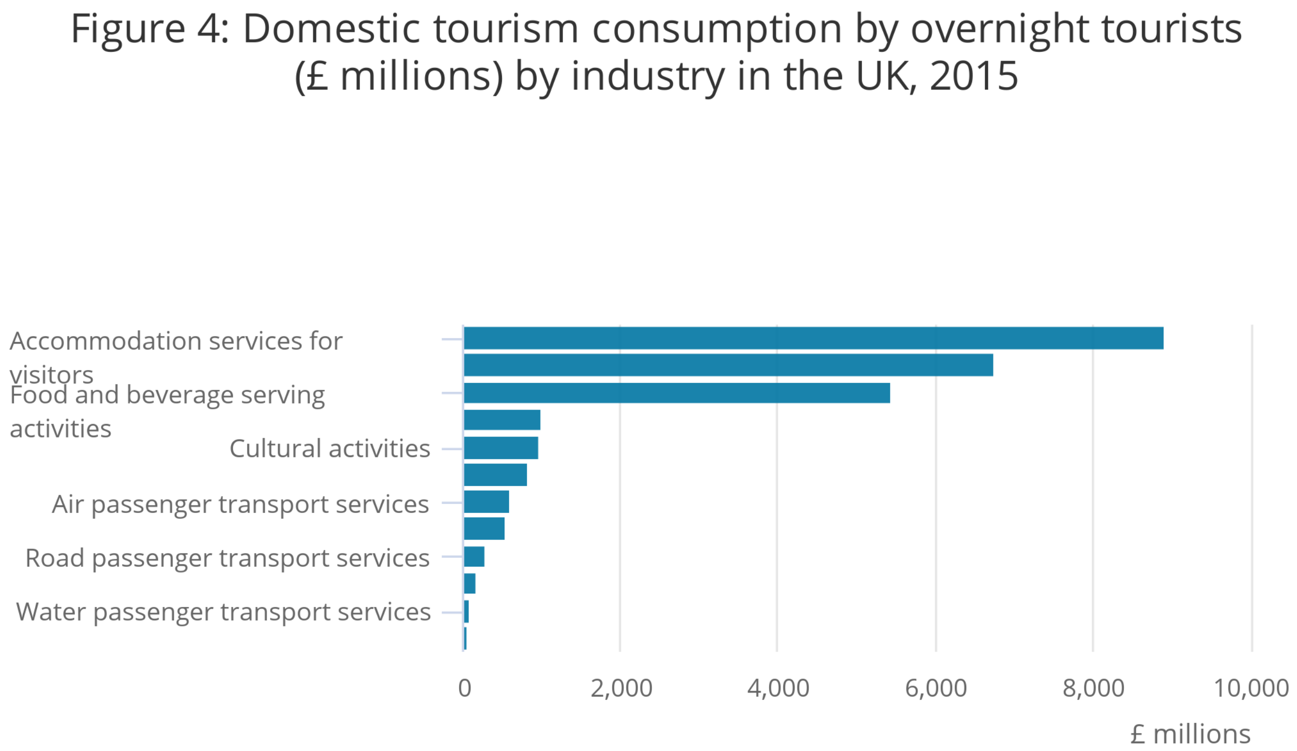
Notes:

1. Current prices.

Domestic (UK-based) tourism consumption on trips with an overnight stay was valued at £25.7 billion in 2015, an increase of 8.8% (£2.1 billion) on the previous year. This rise represents a reversal of the recent downward trend seen in this category of tourism demand; annual expenditures on overnight trips had decreased consistently in the years preceding 2015, from £24.9 billion in 2012 to £23.6 billion in 2014.

Figure 4 shows how the expenditure of overnight visitors within the UK is distributed across the tourism industries. Spend on accommodation services (£8.9 billion), other consumption products (£6.7 billion) and food and beverage serving activities (£5.5 billion) dominated this category of tourism demand, accounting for 82% of all domestic overnight consumption in 2015.

Figure 4: Domestic tourism consumption by overnight tourists (£ millions) by industry in the UK, 2015



Source: UK Tourism Satellite Account – Office for National Statistics

Notes:

1. Current prices.

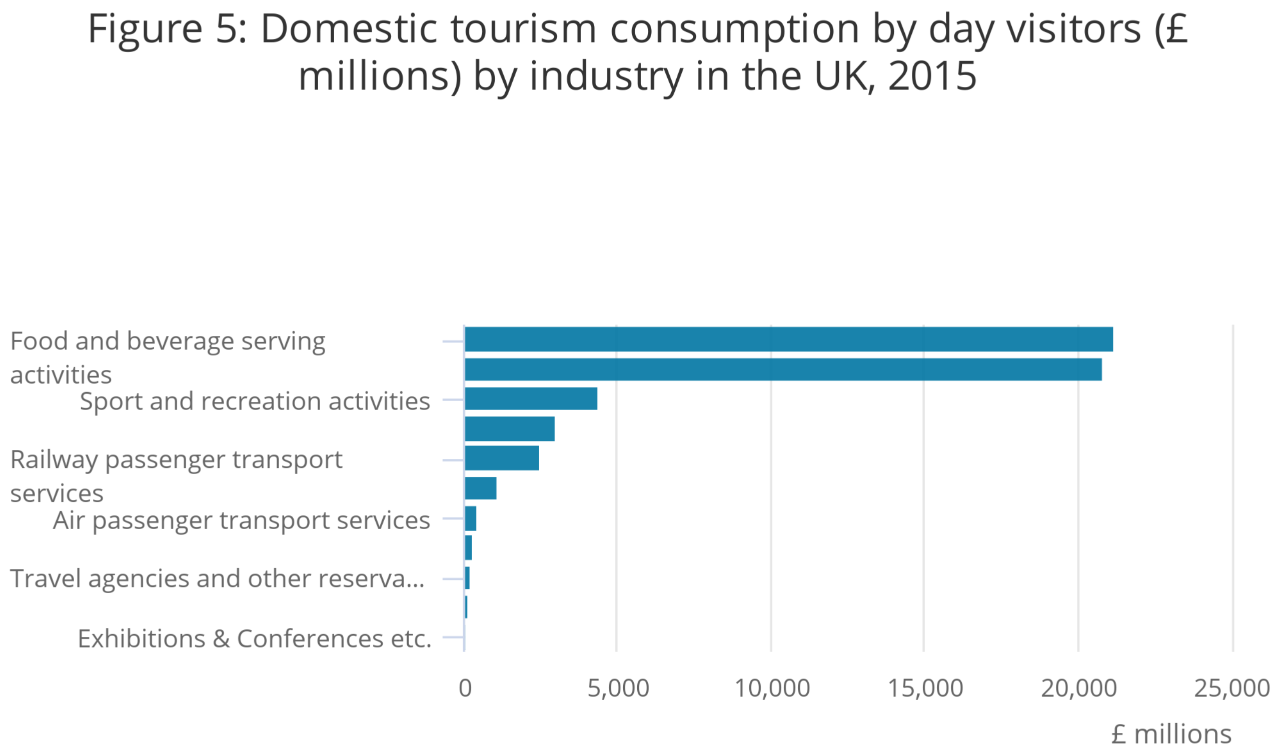
Same-day visits by UK residents represented the most significant component of domestic tourism consumption. In 2015, total spending by same-day visitors in the UK was an estimated £54.2 billion, which was largely flat against the previous year (£54.1 billion in 2014). Despite this, the number of day visits that were taken by UK residents during 2015 was slightly down on a year earlier (for more information on day visits, see the VisitBritain data browser tool).

Figure 5 shows that the main contributors to day-visit spend in 2015 were food and beverage serving activities, other consumption products, sport and recreation activities and cultural activities. These tourism sub-industries accounted for 91% of all domestic day-visit spending in 2015.

The food and beverage serving activities industry was the main beneficiary of spending by UK day visitors, equating to £21.2 billion in 2015. The industry's share has remained relatively constant since 2008, when UK Tourism Satellite Account (UK-TSA) estimates were first published, at approximately 40% of total day-visit spend.

Over the same period, cultural activities' share of total day-visit spend has declined, falling from 8% to 6%. Conversely, sports and recreation activities' share has experienced growth in recent years; having held constant at 5% between 2008 and 2013, since 2014 the industry's share of total day-visit spend has risen and stabilised at approximately 8%.

Figure 5: Domestic tourism consumption by day visitors (£ millions) by industry in the UK, 2015



Source: UK Tourism Satellite Account – Office for National Statistics

Notes:

1. Current prices.

5 . Tourism employment in 2015

Tourism employment shows uplift in 2015.

Tourism direct employment (TDE) refers to employment in the UK that is directly supported by tourism consumption. In addition to the tourism industries, TDE includes employment data relating to tourism jobs located in the aggregated non-tourism industries' grouping, other consumption products.

Table 4 presents the change in TDE between 2014 and 2015, and shows there was a 6.9% increase, equating to approximately 100,000 jobs, in tourism over the year.

Within the tourism industries, the largest rises were in railway passenger transport services (up 14.0%), water passenger transport services (up 10.9%) and food and beverage serving activities (up 10.2%).

Following the declines experienced between 2013 and 2014, tourism jobs numbers within the accommodation services industry recovered during 2015 to finish the year up 5.7% on 2014.

Cultural activities, and exhibitions and conferences recorded the biggest percentage declines in tourism jobs numbers between 2014 and 2015, down 22.3% and down 17.6% respectively. Despite this, both industries represent relatively small contributors to total TDE.

Table 4: Tourism direct employment

United Kingdom, 2014 to 2015

Thousands and percentage

	2014	2015	Change (%) between 2014 and 2015
Accommodation services for visitors	275.4	291.0	5.7
Food and beverage serving activities	349.4	384.9	10.2
Railway passenger transport services	28.0	31.9	14.0
Road passenger transport services	54.5	59.8	9.8
Water passenger transport services	2.3	2.5	10.9
Air passenger transport services	41.2	41.0	-0.6
Transport equipment rental services	0.9	0.8	-14.7
Travel agencies and other reservation services	86.7	99.3	14.5
Cultural activities	46.0	35.7	-22.3
Sport and recreation activities	128.3	130.4	1.7
Exhibitions & Conferences etc.	0.3	0.2	-17.6
Other consumption products	419.2	453.2	8.1
Total	1,432.0	1,530.8	6.9

Source: UK-TSA 2014 and 2015, Office for National Statistics

Notes:

1 Tourism totals for Tourism Direct Employment includes employment data relating to "other consumption products"

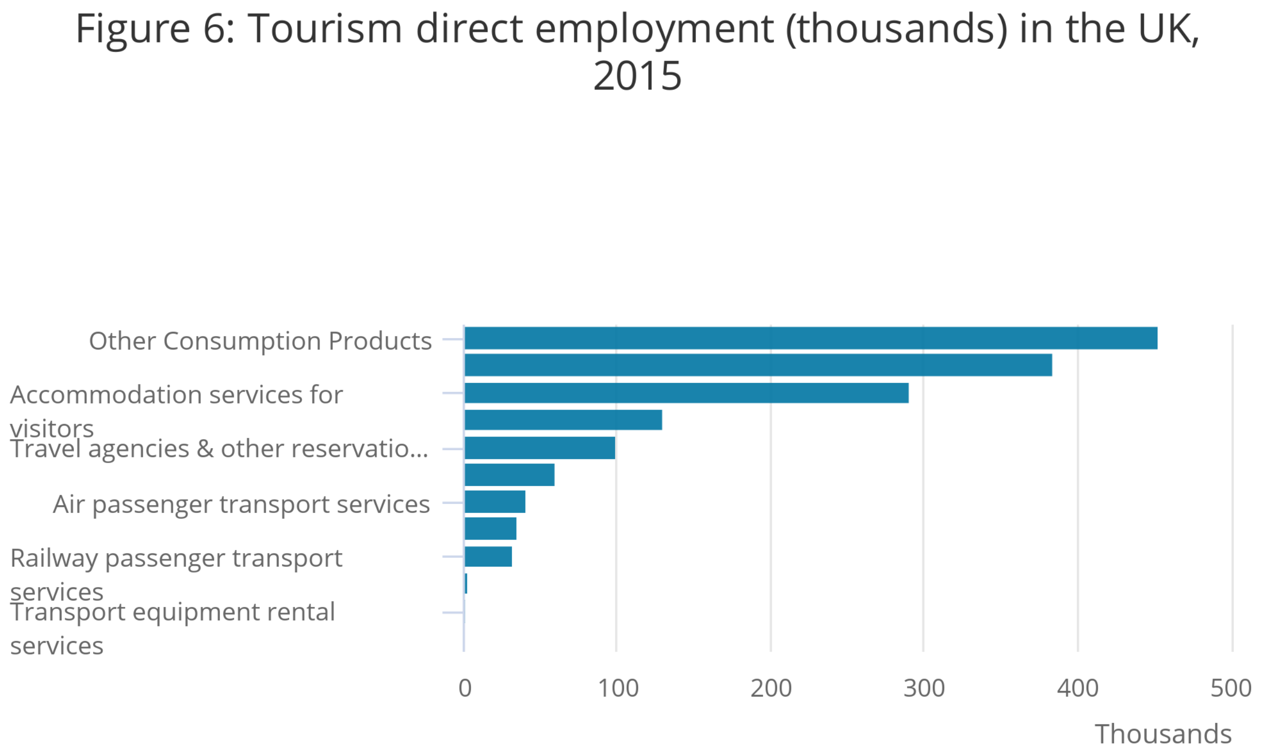
2. Data may not sum due to rounding

The biggest contributors to TDE in the UK in 2015 were other consumption products (453,000 jobs), food and beverage serving activities (385,000 jobs), and accommodation services for visitors (291,000 jobs), as shown in Figure 6.

While these industries have remained the main contributors to TDE since 2008, when UK Tourism Satellite Accounts (UK-TSA) estimates were first published, there has been some movement over time in the respective industries' relative shares. Other consumption products' share of TDE has risen steadily over the period, from 20% in 2008 to 30% in 2015. In contrast, food and beverage serving activities' share of TDE has declined from 28% in 2008 to 25% in 2015. Accommodation services for visitors' share of TDE has remained relatively constant, at around 20% over the same period.

Based on provisional tourism employment statistics for 2016, the number of people directly employed in tourism remained largely unchanged between 2015 and 2016 at an estimated 1.5 million people.

Figure 6: Tourism direct employment (thousands) in the UK, 2015



Source: UK Tourism Satellite Account – Office for National Statistics

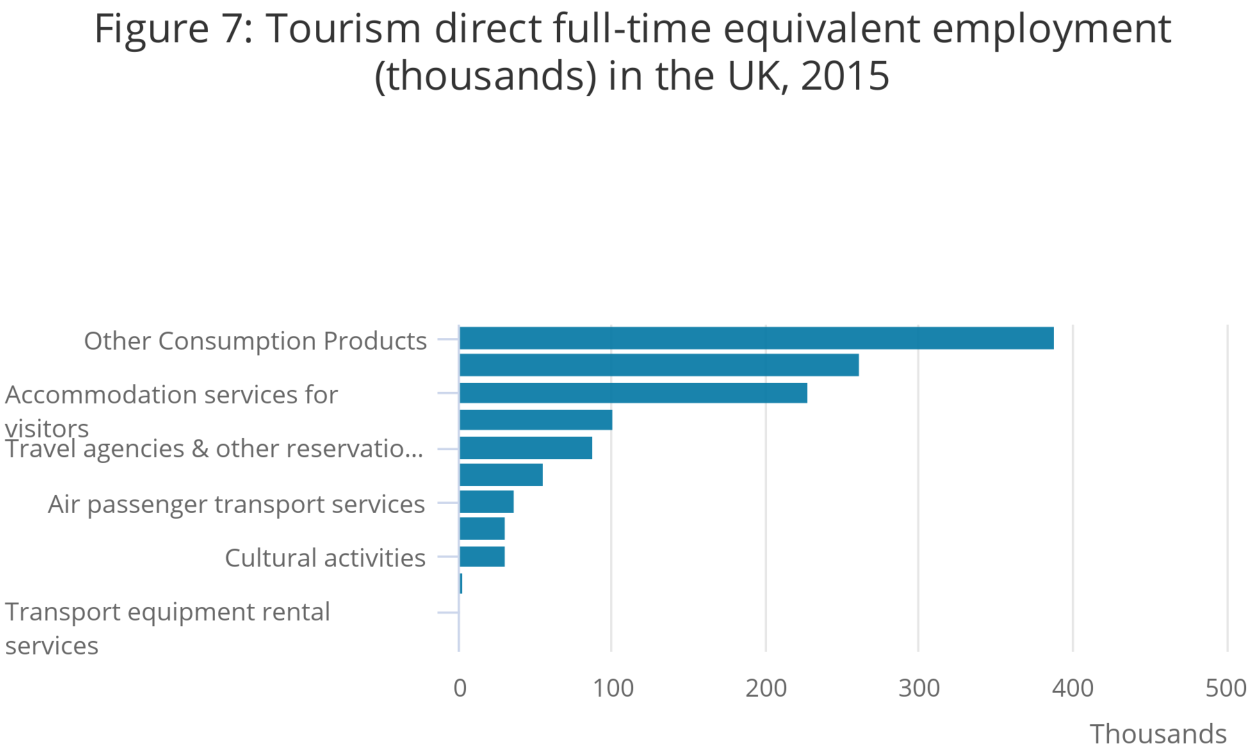
Notes:

1. Tourism totals for Tourism Direct Employment include tourism employment data relating to "other consumption products".

Calculating tourism direct full-time equivalent (FTE) employment enables the amount of labour assigned to a particular tourism industry to be approximated.

In 2015, there was an estimated 1.2 million FTEs in the UK. As Figure 7 shows, other consumption products contained the highest number of tourism direct FTEs in the UK (389,000) in 2015. Within the tourism industries, food and beverage serving activities (262,000) and accommodation services for visitors (228,000) accounted for the highest proportions of tourism FTE during 2015.

Figure 7: Tourism direct full-time equivalent employment (thousands) in the UK, 2015



Source: UK Tourism Satellite Account – Office for National Statistics

Notes:

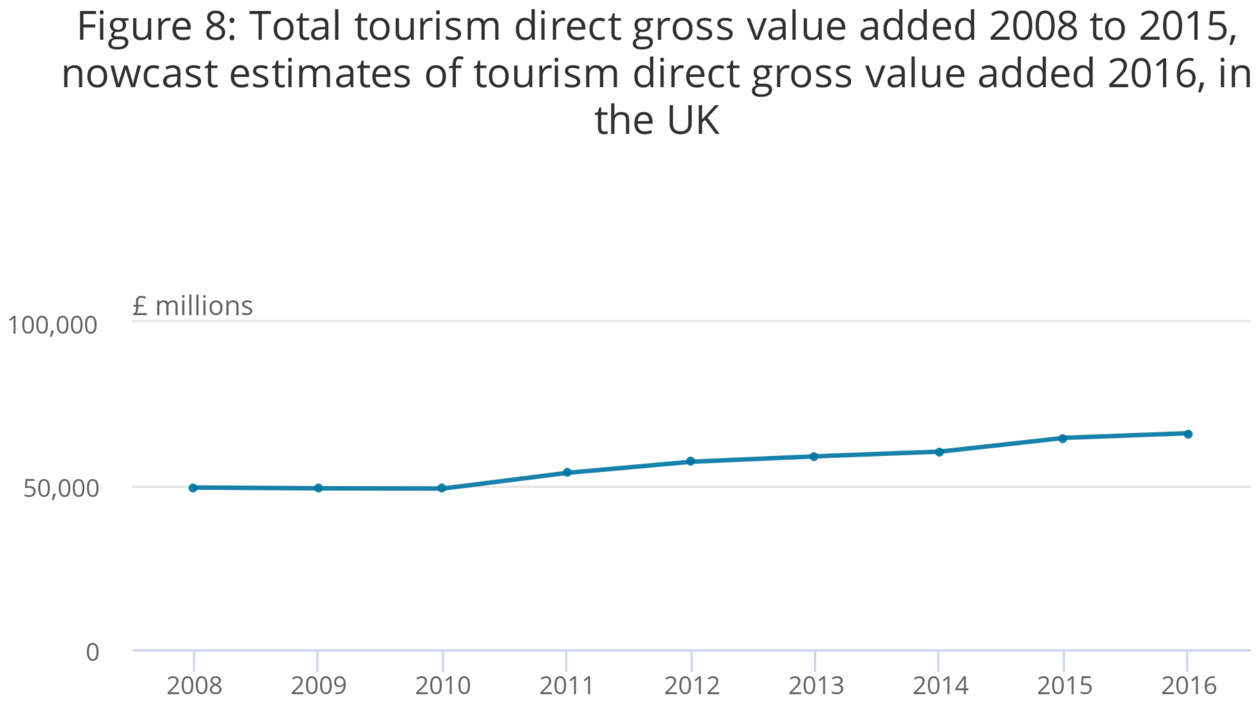
1. Tourism totals for Tourism Direct FTEs include tourism employment data relating to "other consumption products".

6 . Nowcast estimates

Figure 8 shows how tourism direct gross value added (TDGVA) has grown since 2008 when it stood at £49.4 billion, to £64.6 billion in 2015. Through using a nowcast technique, an estimate of TDGVA can be produced for 2016, at £66.1 billion. Further information on the methodology of nowcasting is available.

In the UK Tourism Satellite Account (UK-TSA) for 2014, we provided an estimate for 2015 based on the same nowcast methodology and projected that in 2015, TDGVA would be £62.4 billion. This is £2.2 billion short of the actual UK-TSA estimate for 2015 shown in Table 8. This is largely due to revisions to the gross value added (GVA) series used to calculate the nowcast estimates.

Figure 8: Total tourism direct gross value added 2008 to 2015, nowcast estimates of tourism direct gross value added 2016, in the UK



Source: Figure 8: Total tourism direct gross value added 2008 to 2015, nowcast estimates of tourism direct gross value added 2016, in the UK

Notes:

1. Current prices.

Table 5 expands on Figure 8 to show the annual percentage change in TDGVA over the 2008 to 2016 period. TDGVA growth was subdued during and in the immediate aftermath of the global financial crisis, with growth remaining largely unchanged between 2008 and 2010. TDGVA growth was positive, thereafter, peaking at 9.8% between 2010 and 2011.

Table 5: Tourism direct gross value added

United Kingdom, 2008 to 2016

£ millions and percentage

	TDGVA	Change (%) based on previous year
2008	49,444	-
2009	49,217	-0.5
2010	49,148	-0.1
2011	53,947	9.8
2012	57,344	6.3
2013	58,997	2.9
2014	60,438	2.4
2015	64,642	7.0
2016*	66,065	2.2

Source: UK-TSA 2015, Office for National Statistics

Notes:

1. Data may not sum due to rounding.

2. Current prices.

* Nowcast estimate

TDGVA is calculated by reconciling the supply (the output of tourism industries) with the demand (tourist expenditure) side of tourism, so that the proportion of the output of tourism industries that is accounted for by tourism expenditure can be estimated.

The reason behind the increase in TDGVA in 2015 is illustrated in Figure 9. In the first three quarters of 2015, Figure 9 shows that the growth rate of tourism demand was higher than the growth rate of tourism supply (based on the same quarter of the previous year). In Quarter 4 (Oct to Dec) 2015, while the decline in demand exceeded the decline in supply, the disparity was not as wide as the difference in the previous three quarters. This has caused an increase in the percentage of supply attributable to the demand and, therefore, has had the effect of increasing year-on-year growth in TDGVA to a 7.0% increase for 2015.

Figure 9 also shows an estimate for 2016 when a nowcasting technique is applied. The subsequent increase in total tourism supply in 2016 coupled with the relatively lower tourism demand during Quarter 2 (Apr to June) 2016 and Quarter 3 (July to Sept) 2016, results in a more moderate 2.2% nowcasted increase in TDGVA growth on 2015.

Figure 9: The percentage growth in tourism supply and demand based on the same quarter of the previous year, 2013 to 2016

Source: UK Tourism Satellite Account – Office for National Statistics

Notes:

1. Q1 equals Quarter 1 (January to March), Q2 equals Quarter 2 (April to June), Q3 equals Quarter 3 (July to September), Q4 equals Quarter 4 (October to December).

7 . Quality and methodology

Tourism Satellite Account explained

The Tourism Satellite Account (TSA) is an extension to a System of National Accounts (SNA). It enables users to gain an understanding of the size and role of tourism-related economic activity, which is usually "hidden" within standard national accounts. Using an SNA framework to examine tourism is important as, in essence, this allows (through the TSA) for the separation of expenditure of residents and tourists. This facilitates the estimation of main variables such as how much individual industries depend upon tourists, and, by extension, how much value-added and employment is supported by tourists.

The TSA is regarded as the central component of an Integrated System of Tourism Statistics (ISTS) and is used as a tool to assess the value of tourism, and to identify gaps in our knowledge of the sector. Furthermore, the TSA can be employed to illuminate linkages between tourism and other parts of the economy within a national accounting framework, for example, with environmental accounts or household consumption expenditure.

The challenge, therefore, is to measure economic activity generated by tourism in such a way that it enables comparisons to be made with other activities taking place in the same reference area. By adding complexity to the existing SNA we can reveal the economic worth of tourism activity. It follows from this that there is potential for embedding the tourism sector more fully into the national accounts framework through the mechanism of a satellite account.

TSA concepts

In terms of the actual formulation of TSAs, there are a number of conceptual issues that can usefully be explained at this stage. The standard definition of tourism is highlighted within the International Recommendations on Tourism Statistics (IRTS 2008) from the World Tourism Organisation (UNWTO), Organisation for Economic Co-operation and Development (OECD) and Eurostat to reflect the importance of defining what a visitor is and how that is related to travel (tourism being a sub-set of travel). The standard definition is as follows:

“A visitor is a traveller taking a trip to a main destination outside his or her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. These trips taken by visitors qualify as tourism trips. Tourism refers to the activity of visitors.” (For more information, see paragraph 2.9 of IRTS 2008.

There are different forms of tourism, characterised by the various categories of visitor. These are primarily made up of domestic tourism (which includes visitors staying overnight, taking day visits within their own country, or expenditure on trips before they leave their country of residence) and inbound tourism, which includes visitors to the reference country.

There are further important classifications available internationally that relate to the different main purposes of a tourism trip, in particular the concept of tourism expenditure. This can be further elaborated upon with reference to different categories of expenditure, which may vary according to the classification of the purpose of the trip.

The TSA: Recommended Methodological Framework of 2008 from UNWTO, OECD, and Eurostat (referred to as TSA:RMF 2008 hereafter) attempts to clarify these important classifications. It does this by acting, firstly, as a statistical tool that complements those concepts, definitions, aggregates and classifications, already presented in the IRTS 2008 and articulating them into 10 analytical tables. Those tables provide elements to validly compare estimates between regions, countries or groups of countries. These elements are also comparable with other internationally recognised macro-economic aggregates and compilations (TSA:RMF 2008).

Secondly, the TSA:RMF 2008 acts as the framework to guide countries in the further development of their system of tourism statistics, the main objective being the completion of the TSA, which could be viewed as a synthesis, or the core, of such a system. Within the Tourism Intelligence Unit (TIU) at Office for National Statistics (ONS), the development of an Integrated System of Tourism Statistics (ISTS) is a particular goal and the TSA is viewed as a principal component of that system from which other derived statistics can then be produced; for example, regional estimates of the value of tourism (based on a national level reconciliation of the supply and demand components of tourism).

The TSA provides the conceptual framework for the comprehensive reconciliation of tourism supply and demand data. Therefore, for any country undertaking a TSA, there is a necessity for a consideration of tourism internal demand, specifically tourism consumption (or expenditure of tourists).

To undertake this kind of tourism measurement and analysis within a SNA framework requires a particular classification of products and productive activities. The classification refers to products, mainly those belonging to tourism expenditure, and productive activities that are the basis for defining tourism industries (TSA:RMF 2008).

Products can be sub-divided into those that are associated with consumption and those not (non-consumption products). Tourism characteristic activities are those that typically produce tourism characteristic products. Tourism characteristic products are those that satisfy one or both of the following criteria: tourism expenditure on the product should represent a significant share of total tourism expenditure (share-of-expenditure or demand condition); and tourism expenditure on the product should represent a significant share of the supply of the product in the economy. This criterion implies that the supply of a tourism characteristic product would cease to exist in meaningful quantity in the absence of visitors (IRTS 2008).

Table 6: Categories of tourism products and activities

Products	Activities
1. Accommodation services for visitors	1. Accommodation for visitors
2. Food and Beverage serving services	2. Food and Beverage serving activities
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services activities
9. Cultural services	9. Cultural activities
10. Sports and recreational services	10. Sports and recreational activities
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Country-specific tourism characteristic activities

Source: Office for National Statistics

To summarise, the purpose of the TSA is to provide an overview of the supply and use of goods and services for the various types of tourism and to reconcile the supply of these products with the demand for them, or consumption, by tourists.

The TSA tables

The UNWTO, OECD and Eurostat recommend 10 tables for use in a TSA but only Tables 1 to 6 are currently considered as “core”. Table 6 is regarded as the “heart” of the TSA, reconciling data found elsewhere in the TSA (Table 4, which synthesises data from Tables 1 and 2 (which relate to inbound and domestic tourism expenditure), and Table 5 (relating to the products produced by tourism activities)). Table 7 of the TSA presents information on tourism employment within the labour market. The tables are available in the dataset for this release.

Taken collectively, the TSA tables make it possible to identify the branches of tourism that generate the most value added, those that create the most jobs and those for which tourism consumption is highest. Developing a TSA requires not only a transformation and partitioning of the information already existing in the supply and use tables of the country (particularly in relation to Table 5), but also a basic set of direct data collection procedures regarding tourism expenditure data. In other words, the demand side features of the tourism sector need to be collected and analysed within the TSA framework and presented in Tables 1 and 2 of the TSA.

The TSA aggregates

This section highlights what may be considered, although these may similarly be termed the statistics that would generate the most interest in policy terms. These outputs are often referred to as the TSA aggregates.

A number of macroeconomic aggregates can be derived that describe the size of the economic contribution of tourism, such as tourism direct gross value added (TDGVA) and tourism direct employment (TDE), consistent with similar aggregates for the total economy and for other productive economic activities and functional areas of interest. These aggregates require, however, the formulation of a so-called tourism ratio, which is a main measure from the TSA in that it reconciles demand and supply, through the computation of a ratio of the sum of all the demand side data components to the total obtained from the supply side data components (the total supply of tourism products).

These are measures that reflect the reconciliation of supply and demand within the TSA and therefore refer to the direct effect of tourism on the economy.

The TSA, however, does not undertake a measurement of the indirect and induced effects of tourism consumption on the economy as a whole. This can only be achieved through alternative forms of analysis such as input-output analysis or Computable General Equilibrium (CGE) models (TSA:RMF 2008).

The main elements of a TSA have been highlighted in this section, but it is recognised that this is not an exhaustive treatment of a complex and substantial set of guidance on the subject from the UNWTO. Readers are directed towards the TSA:RMF 2008 for a complete description of the TSA process.

Methodology and sources

The 2015 UK Tourism Satellite Account (UK-TSA) is the successor to the 2014 UK-TSA. The 2015 version of the UK-TSA is consistent with the previous iterations from 2008 to 2014, which allows for more time-series analysis to be undertaken. This section of the release gives information about sources and methods used in each UK-TSA table.

Demand side sources

International Passenger Survey

The International Passenger Survey (IPS) provides estimates of the expenditure on visits to the UK by overseas visitors. This has been used in Table 1 of the UK-TSA where it is combined with estimates of expenditure on fares paid to UK carriers for inbound travel (also extracted from IPS findings). Together these provide estimates of total inbound tourism expenditure, but the IPS provides no detailed breakdown of expenditure by product so further sources have been used for such a breakdown (supply and use tables).

The IPS also provides expenditure data on visits abroad by UK residents, which have been used to provide the totals in Table 3 (outbound tourism expenditure). The lack of a breakdown by product again requires the use of supply and use tables to complete the table. Estimates of expenditure on fares paid for outbound travel are not included in Table 3, but are in the part of Table 2 showing domestic tourism expenditure on outbound trips. Again, the fare information is sourced from the IPS, but in this case all nationalities of carrier are included.

Input-output supply and use tables

Input-output supply and use tables are part of the UK National Accounts system. They are annual tables, compiled around 18 months after the year in question and they include three tables for each year, one of which is divided into two. The tables relate to supply of products, demand of products (split into intermediate and final demand) and households final consumption expenditure (HHFCE).

The HHFCE table includes two columns of information about non-resident household expenditure in the UK and UK resident household expenditure abroad. The totals are broken down into expenditure relating to 110 products and these are used in Table 1 and Table 3 of the UK-TSA to apportion total expenditure from the IPS to tourism products. Although the HHFCE table does not solely relate to tourists, we have assumed that they make up such a large proportion of each total that the HHFCE data make a good proxy for a breakdown of the expenditure in the IPS.

Great Britain Tourism Survey

The Great Britain Tourism Survey (GBTS) is an annual survey jointly sponsored by national tourist boards. The respondents are Great Britain residents who are asked about the volume and value of their tourism visits within the UK that include an overnight stay. The GBTS total expenditure feeds into the domestic overnight visitors' column of Table 2 and provides some breakdown by product. Analysis of visits from holiday bases using data from the 2015 Great Britain Day Visits Survey was used to finalise the product breakdown in Table 2.

Great Britain Day Visits Survey

The Great Britain Day Visits Survey (GB-DVS) is the first Great Britain-wide survey of day visits since 2002 to 2003 and replaces the 2005 England Leisure Visits Survey (ELVS) as the data source for the relevant column in the UK-TSA Table 2.

Northern Ireland Continuous Household Survey

The GB-DVS and GBTS do not interview residents of Northern Ireland although they do provide information about visits to it from other parts of the UK. Therefore, data on Northern Ireland day visits from the Continuous Household Survey were combined with the GB-DVS data before converting to 2015 totals using Consumer trends. Information about overnight visits by Northern Ireland residents was also combined with data from the GBTS.

Morgan Stanley Survey of Airport Spend

Table 2 of the UK-TSA includes an estimate of domestic tourism expenditure on outbound trips. As well as fares data from the IPS, we have used the results of a survey undertaken by Morgan Stanley in 2005, which provided an estimate of expenditure by product in UK airports. We have assumed that the data can be extended to include other points of departure and have used Consumer Trends data to convert 2005 data to 2015 equivalents.

Consumer trends

Detailed HHFCE estimates are published annually and quarterly in ONS's Consumer trends. The data are broken down by product and this has allowed us to convert non 2015 expenditure by product from tourism surveys to 2015 equivalents in Table 1. The assumption is that tourism expenditure on specific products in these cases has risen or fallen by the same proportions as overall HHFCE on the same product.

Sources of supply data

Annual Business Survey

The Annual Business Survey (ABS) is used to extract the proportion of supply and use table (SUT) products or activities (for example, cultural activities) that are tourism and non-tourism. We use Standard Industrial Classification 2007 (SIC 2007) five-digit estimates of output to extract these proportions. The ABS is also used to determine the number of enterprises in tourism characteristic industries in Table 7.

Annual Population Survey

The Annual Population Survey (APS) is used to determine the proportions of self-employed individuals in the tourism characteristic industries for Table 7. APS data are also used to split the output of accommodation services between "accommodation services for visitors" and "food and beverage serving activities" in Table 7. This is done by examining the proportion of people engaged in occupations relating to accommodation, and food and drink in the accommodation industry. This is because output attributable to the serving of food and drink should be accounted for under food and beverage serving activities within the TSA.

Annual Survey of Hours and Earnings

The Annual Survey of Hours and Earnings (ASHE) is used to determine the average hours worked in tourism characteristic industries to better determine the full-time equivalents estimates in Table 7.

Input-output and supply and use tables: the Make Matrix

Input-Output and Supply Use Tables: To reconcile the output of industries to the output of products requires a "Make Matrix" (MM). This is essentially a detailed supply table, showing the value of products produced by each industry. It is largely diagonal, so that products are mainly produced by their corresponding industry. Nonetheless, there are some off-diagonal elements to it.

ONS supplies an MM for internal use only due to its disclosive nature. However, the results that we derive from the MM are not disclosive in any way as it is used solely to apportion industry, or activity, output across tourism products.