

Report:

Economic, Employment and Tourism Appraisal of Proposed Breakwater and Related Development, Taymouth Marina

Prepared for: Strathtay Developments
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Contents

1	Aims	2
2	Context for Development	2
3	Proposal	4
3.1.	Future Demand	5
3.2.	Timescale of Development	5
4	Economic and Employment Impact	6
4.1.	Economic Impact.....	6
4.2.	Employment	7
5	Environmental Impacts and Planning Issues	9
6	Conclusion	11

1 Aims

This report and analysis will provide:

- Review of proposed development in context of destination and tourism development
- Review of economic, employment and business aspects of the proposed development

2 Context for Development

Taymouth Marina has provided a quality addition to the village of Kenmore and activities on Loch Tay. The current Taymouth Marina product comprises:

- quality holiday accommodation,
- hospitality provision,
- berthing,
- sailing
- and more recently innovative water based activities

These products and activities individually add to the appeal of the destination but in combination create a critical mass that has significantly increased expenditure and dwell time at this location.

Notable innovations include; the 'Hot Box', which is a large Scandinavian style group sauna, with outdoor fire pit and plunge facilities for the Loch. This can operate remotely or in association with the water based inflatable obstacle course on the loch during the spring to autumn months which has served to attract significant tourists to the marina building a different audience for water based activities. This provides active leisure opportunities and

builds appeal with youth and family markets in this important rural tourism destination. On water activities include floating trampoline, 'catapult' and 'iceberg.'

To date the attraction to the activities elements has been as follows:

Year	Visitor Numbers
2016	7,000
2017	13,000
2018	17,000

Taymouth Marina: Visitor Numbers and Forecast

The appeal of the water based activities has real potential attracting more tourists to this rural destination however current operation and further growth is limited by exposure to waves in the loch which will often be at a scale which requires closure of the facility.

3 Proposal

To further develop water based activities and to increase wave resistance the following developments are planned:

- The development of a new 'second' breakwater built to the west our existing breakwater.
- The addition of some additional 40 floating pontoons to provide berthing for additional sail hire boats, visitor berthing and sheltered berthing for proposed boat trips
- The addition of a further water base inflatable obstacle course with an above water ropes course supported on timber piles
- The addition of additional parking capacity by utilising currently vacant areas of ground to provide the necessary leisure parking for the water sports activities.

The development has good route access and is directly linked into the wider site of Kenmore and its retail, attractions, activities and the forestry path network. A designated cycle route passes the development and the river Tay runs adjacent. Primary route access is positive with linkage to Aberfeldy (6 miles) helping in turn to support its range of hospitality, retail and attraction provision.

This development will result in additional full time jobs, consolidating existing jobs and the increased visitation will provide a boost to the local economy.

3.1. Future Demand

This part of Perthshire enjoyed a particularly strong visitation in 2017 and accommodation demand was equally positive over this period as a result of increased domestic and international tourism to Scotland. The diminished buying power of UK Sterling for Scots and English residents overseas and the 'value' offered to international buyers by UK tourism has seen strong demand for quality accommodation and active pursuits in rural Scotland. The Scottish Occupancy and Accommodation Survey (2018) show occupancy in self-catering in excess of 68% for Highland Perthshire with greatest demand in areas of natural beauty.

The Taymouth Marina setting allows local residents and visitors access to a wide range of activities and attractions at a local level. This works for a wide range of demographics including families, couples and groups holidaying together. This accords with VisitScotland's Scottish tourism profiles (2017) and reduces risk by appealing to a wide range of profiles. Clearly, demand can be established from external macro-indicators to localised supply.

3.2. Timescale of Development

The demand for the proposed products and services would allow the development to progress quickly. Year one would see the development of the additional site infrastructure and development of the breakwater. The site is already fully serviced with reasonable transport infrastructure allowing for the relatively low impact of the development.

4 Economic and Employment Impact

4.1. Economic Impact

This leisure and activity focussed development will catalyse visitation to Kenmore and the region year round helping reduce seasonality. The development will reinforce the economic foundation of Taymouth Marina and provide additional demand for hospitality, leisure and retail services in the area. The critical mass of wider accommodation provision in this rural destination will be strengthened with a wider range of unusual and innovative activities.

The review of the economic and employment impacts of the proposal has been conducted by Professor J J Lennon (full details provided in Appendix 1). The beneficial economic impact of the development is detailed below and utilises multiplier calculations. These are derived from the Scottish input-output tables which provide a complete picture of the flows of product and services in the economy. They illustrate the flows between various industries and also between industries and the final demand sectors; namely consumers, government, investment, stocks, tourists and exports. They provide the multipliers for use in economic and employment impacts and are detailed in Appendix 2.

It is anticipated that the fully extended facility (incorporating berthing, on-water leisure activities, boat trips and servicing) would attract in excess of **100,000** persons per annum. In addition, employment would grow across the full year of operation to **30** FTEs following development and allowing for three years of marketing and establishment of reputation.

This would provide expenditure of in excess of £2.8 million annually by stabilised year three of trading. The economic impact is detailed below.

Economic Impacts	Value (£)
Sales (stabilised year 3 trading)Direct Impact	£ 2,800,000
Indirect Impact and Induced Impact	£ 840,000
Total Economic Impacts	£ 3,640,000

Taymouth Marina: Development schedule and forecast Economic Impacts

The total economic benefit during year three 3 of operation (stabilised trading) is estimated at £2.8 million. This is predicated of visitation to the site of circa 100,000 making use of the mixed active leisure activities and generating an average daily expenditure per capita of £28.00 which is broadly in line with day expenditure averages in this sector (projected forward). The total direct, indirect and induced impacts of this scale of development are worth some £3.64 million to the local and regional economy.

4.2. Employment

The construction of this second breakwater and extended water park would create at least 5 FTE in the operation of the water park activities and a further 2 FTEs as full time instructors for sailing and maintenance activities on the loch. It is hoped that by year three of complete development, establishment of reputation and marketing the site will employ circa 30 FTEs.

Employment Impacts	
Direct Employment	7.0 FTE
Indirect and Induced Employment	1.4 FTE
Total Employment	8.4 FTE

Taymouth Marina: Employment following Breakwater and associated leisure developments

The indirect effects result from the direct economic and employment impacts of the full development. Thus an increase in demand from employees and visitors to the area may create demands for many types of businesses including; retail, laundry, accommodation, food suppliers, cafes, bars and restaurants etc. To increase output these businesses will in turn employ more staff and this may in turn impact on their supplier's employment.

The further innovative development of Taymouth Marina will generate positive economic and employment impacts at a direct, indirect and induced level. The project generates direct impacts of £2.8 m and a total economic impact of £3.6 m. After stabilisation of demand in year three this additional development will generate total employment of up to 8.4 FTEs.

The proposed development is appropriate for a more troubled macro-economic environment and will have a positive impact on the current business, increasing residential and visiting users of proposed innovative facilities. This will encourage more active leisure pursuits in line with Scottish Government Policy. The economic and employment impacts at a local level remain highly desirable in such a rural context.

5 Environmental Impacts and Planning Issues

This development will have a low visual impact and constitutes a highly appropriate extension to an established tourism facility in the Highlands. The proposed development is in line with Policy ED 3 and accords with the LDP. The extension of tourism facilities and activities in the innovative and unusual way that has been undertaken by Taymouth Marina in the past and is planned in the future will help differentiate this destination significantly from competitors.

The nearest market equivalent is largely contained in public sector leisure facilities that are to be found largely in urban centres e.g. Live Active Leisure. Perth. The utilisation of such leisure facilities is historically low by tourists and given the distances to the urban based leisure centres; Inverness, Perth etc. this will not impact at a local level in terms of employment or economy. This type of innovative open access mixed water based leisure is unusual in Scotland in such a rural destination. Smaller developments such as the water park and water sports at Loch Aird near Kinlochaird have proven demand for active leisure in remote rural locations see <http://gocountry.co.uk/activities/water-park/> There is some comparable supply in Highland Perthshire and clearly, Nae Limits, the multiple destination activity provider is analogous if larger. However, this is a localised supply, synonymous with one destination that can only help the local economy of Kenmore and the region.

There is a limited level of on-site construction with the exception of the installation of some extended car parking and service infrastructure. This mitigates much of the potential environmental impacts at the construction stage.

The extended development of this site will help build a critical mass of attractions and activities associated with Kenmore which already has a significant visitor accommodation foundation. This type of activity range:

- Water Park / assault course
- Water slides
- Sailing rental
- Sailing instruction

- Sauna and Plunge provision

Will help to build appeal across a range of consumer profiles and age ranges offering a diversity of activities. This can only assist in neighbouring visitor attractions such as the established ; Scottish Crannog Centre <http://www.crannog.co.uk/> The contrast in appeal and experience will extend the attractiveness of the destination.

6 Conclusion

Taymouth Marina has sought to develop an innovative and active leisure offer for visitors and residents. This proposal extends provision, increases the appeal of the offer and attempts to deal with seasonality through the sensitive development of the proposed breakwater and water based infrastructure. Taymouth Marina, as a rural tourism business located in Highland Perthshire continues to develop and grow, investing at a time when many operations are struggling to continue trading.

The proposed development will have positive economic impacts and generate employment in a quality mixed water activity development. Such positive economic impacts and increased employment at a time of uncertainty in the wider UK (and Scottish) economy is to be welcomed. The development will help increase tourist visitation and extend facilities for the resident population and provide a stimulus to the local economy.

APPENDIX 1: Professor John Lennon PhD MPhil BSc (Hons)

John is the Director of **Research Development and Management** and also the **Director** of the **Moffat Centre for Travel and Tourism Business Development in Glasgow Caledonian University, UK.**

The Moffat Centre is responsible for the production of international consumer and market research in tourism and it funds scholarships for students wishing to study Travel and Tourism (for details see www.moffatcentre.com). Since 1999 over £1,200,000 worth of scholarships has been awarded to students of travel and tourism. The Moffat Centre provides national performance analysis and public statistics on the Scottish Accommodation Occupancy survey and the Scottish Visitor Attractions survey.

In the commercial sector of travel and tourism John has undertaken over 700 tourism and travel projects in over 40 nations on behalf of private sector and public sector clients. He undertakes research and commercial work in the fields of tourism development, destination marketing and financial feasibility of tourism projects. In respect of economic impact analysis John authored the major analysis of Homecoming 2014 for the Scottish Government and the evaluation of the Night Time Economy and Retail sector on behalf of Glasgow City Council. John is currently providing economic evaluation of a £40 million development of a luxury resort hotel on the Isle of Wight and a major tourism development (Euro 1.4 billion) in Germany.

John was the Principal Advisor for the Scottish Government Review of Tourism, an independent Policy Advisor to VisitScotland (2005-2015); a Board Director of Historic Environment Scotland (2007-2016) and is currently a Board Director of the North Coast 500 and Glasgow Chamber of Commerce.

John is the author of **six books** and over **100 articles** and **numerous reports** on the global hospitality, travel and tourism industry.

APPENDIX 2: Economic and Employment Multipliers

The main concept of the multiplier is based on the recognition that the various sectors that make up the economy are interdependent. This means that in addition to purchasing primary inputs, such as labour and imports, each sector will also purchase intermediate goods and services produced by other companies within the local economy, in this case Scotland. Manipulation of the Input-Output tables allows estimation of different types of multipliers depending on whether there is an interest in output, employment or income effects.

LEONTIEF INVERSE

The main building block for calculating multipliers is the Leontief Inverse matrix. This is derived from the symmetric industry-by-industry use matrix and shows how much of each industry's output is required, in terms of direct and indirect requirements, to produce one unit of a given industry's output.

OUTPUT MULTIPLIERS

Type I

The Type I output multiplier for an industry is expressed as the ratio of direct and indirect output changes to the direct output change due to a unit increase in final demand. Multipliers therefore represent marginal changes and cannot strictly be applied to large changes. The multiplier is derived by summing the entries in the relevant column of the Leontief Inverse matrix.

Type II

It is also possible to calculate a Type II output multiplier. The Type II output multipliers are expressed as the ratio of direct, indirect and induced output changes to the direct output change due to a unit increase in final demand. These multipliers take into account increased consumption and therefore output which will be generated from higher personal incomes. Consumers' spending is included in the calculation of the Type II multipliers by expanding the

industry-by-industry matrix to include the income from employment row and the consumer's expenditure column.

EMPLOYMENT MULTIPLIERS

The employment multipliers tend to be the most commonly used of the multipliers made available through extensions to the input-output tables. This is due to their use in economic impact analysis which is often preoccupied with the employment effects of either industrial expansion or company closure.

The employment multiplier which is analogous to the Type I output multiplier is the ratio of direct plus indirect employment change to the direct employment change. Similarly, there is a Type II multiplier which measures the ratio of direct, indirect and induced employment change to the direct employment change.

INCOME MULTIPLIERS

It is also possible to calculate both Type I and Type II income multipliers. These measure the change in income (wages, salaries, profits etc.) which occur throughout the economy as a result of a change in Final Demand.

This type of analysis differs from economic impact analysis in that it is concerned with predicting the effect of across-the-board changes in Final Demand rather than individual sector changes. This type of Scottish forecasting could be used, for example, to analyse an increase in consumer expenditure or an increase in exports.

It is interesting to note that the industry which would experience the largest output effect is not necessarily the industry where the largest number of jobs increase will occur. Estimates of job increases are dependent on employment to output ratios for that particular industry; hence the more labour intensive industries such as leisure and tourism will see a larger proportionate increase in employment than other sectors.

Source: Scottish Executive 2004, 2012 (Scottish Economic Statistics)