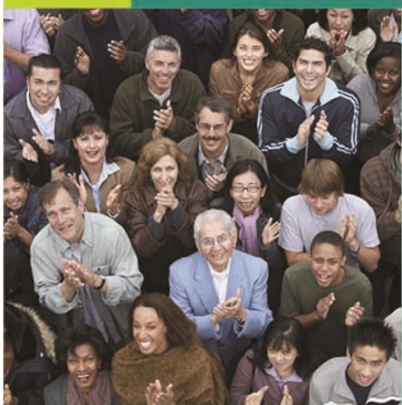
Appendix 1

Tor Bay Harbour Economic Impact Assessment Study

Final Report



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The following report has been written and prepared by ERS Ltd (www.ers.org.uk) for Torbay Development Company. We are grateful for the assistance of Tor Bay Harbour Authority, Torbay Development Company as well as those participating in consultation exercises.

1 EXECUTIVE SUMMARY

In March 2015, Torbay Development Agency commissioned ERS Ltd to undertake an independent assessment of the strategic and economic impacts associated with Tor Bay Harbour.

This study, primarily based on secondary research, finds Tor Bay to be an important asset to the local economy facilitating a variety of economic activity and supporting key strategic priorities.

The table below summarises these economic impacts[1] aggregating results to produce a total gross impact of 2,436 FTE and £89.8m GVA in the Torbay economy. **The total local net impact of the harbour is equal to 1,377 FTE and £50.9m GVA.**

Table 6.1: Summary of Harbour Economic Impacts		
Total Harbour Impacts	**FTE**	**GVA**
Direct	**1,869**	**£69.2m**
Indirect	**403**	**£14.6m**
Induced	**164**	**£6.0m**
Gross Total Impacts	**2,436**	**£89.8m**
Net Total Impacts	**1,377**	**£50.9m**
Operation and Maintenance Impacts	FTE	GVA
Direct	19.0	£1.2m
Indirect	6.3	£0.4m
Induced	2.8	£0.2m
Gross Total Impacts	28.0	£1.7m
Net Total Impacts	28.0	£1.7m
Tenant Impacts	FTE	GVA
Direct	635	£25.3m
Indirect	n/a	0.0
Induced	n/a	0.0
Gross Total Impacts	635	£25.3m
Net Total Impacts	299	£11.9m
Visitor Impacts	FTE	GVA
Direct	1,215	£42.8m
Indirect	397	£14.3m
Induced	161	£5.8m
Gross Total Impacts	1,773	£62.8m
Net Total Impacts	1,050	£37.2m

Given the total impacts above, it is estimated that for every £1 spent by Tor Bay Harbour Authority[2] £42 of Gross GVA / £24 of Net GVA is generated by the harbour in the local economy.

[1] Note GVA is expressed in 2015 prices. Given the ongoing operation of the harbour however, GVA and employment will be produced on an ongoing basis.

[2] This figure include Harbour Authority spend on a range of activities such as employees, maintenance, capital financing, support services and other costs. It should be noted however, that this is not an exhaustive figure relating to harbour related spend. For example, it does not include infrastructure spend or spend by the Local Authority relating to the harbour estate. Including this spend will see a fall in the ratio presented above.

2 INTRODUCTION

2.1 In March 2015, ERS was commissioned by Torbay Development Agency (TDA) on behalf of Tor Bay Harbour to produce an independent analysis capturing the strategic and economic impacts associated with the ongoing operations of Tor Bay Harbour.

2.2 Through assessing the strategic and economic importance of the harbour, this report presents analysis of relevance to the Fostering Long Term Initatives in Ports (FLIP), a European Union (EU) project to promote a sustainable cooperation between small and medium sized ports in the Channel area.

Tor Bay Harbour

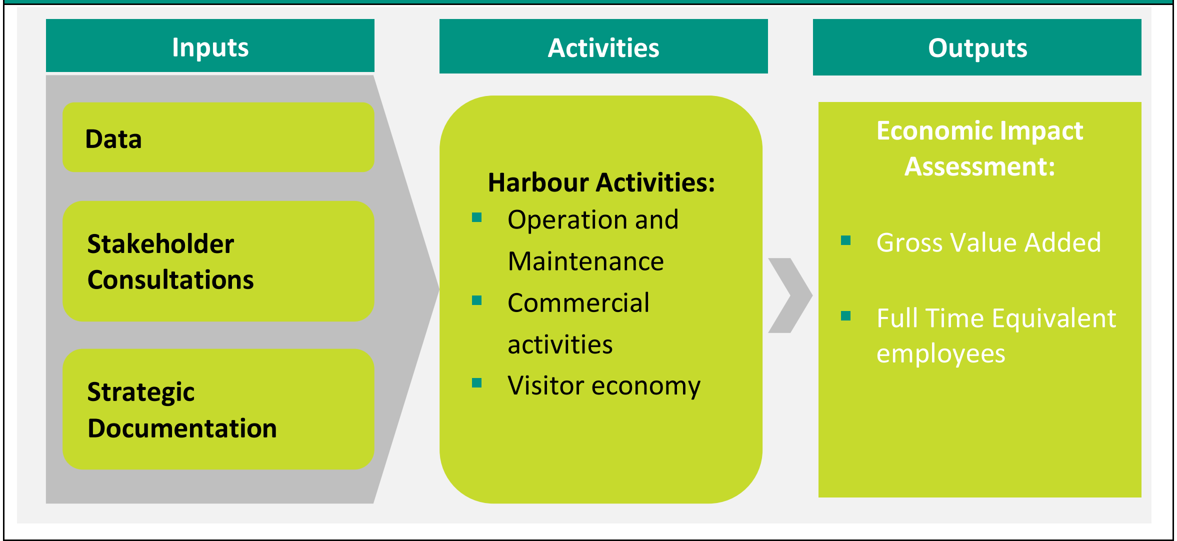
2.3 Established as a single entity in 1970, Tor Bay Harbour Estate houses a range of recreational and commercial organisations. Contained within the combined estate are individual municipal harbours at Brixham, Paignton and Torquay. The activities of these harbours are outlined in more detail below:

Table 2.1: Tor Bay Harbour Activities
Brixham
Brixham Harbour is primarily used for fishing with one of the largest fishing fleets in the UK, plus a thriving fish market to support it. In addition to these fishing activities, Brixham has a substantial marine facility. It also offers a range of tourist activities.
Paignton
Paignton is a harbour with a strong history of fishing. It is now primarily used as a leisure harbour.
Torquay
Torquay harbour is a busy port on the outskirts of Torquay town centre. Its many activities include those relating to an expanding marine leisure industry and in the summer months it hosts various maritime events. The harbour is regularly used by visiting yachts, pleasure boats, fishing vessels, HM Craft and other commercial workboats. The Quayside contains shops, cafes and ample space for trailers and a boat park area.

Approach to the Analysis

2.4 As demonstrated by the table above, the Tor Bay Harbour Estate facilitates a range of diverse commercial and leisure activity. In order to comprehensively capture the economic and strategic factors of this activity, the following analysis framework has been adopted for the study.

Figure 2.1: Tor Bay Harbour: Impact Assessment Framework



2.5 In presenting the results of this analysis, the report adopts the following structure:

- Section Three: Economic and Strategic Context
- Section Four: Economic Impact Assessment – Methodology
- Section Five: Economic Impact Assessment – Results
- Section Six : Conclusions
- Appendix One: Summary of Research Activities
- Appendix Two: Converting Floor Space to Economic Impacts
- Appendix Three: Visitor Economy Statistics

3 ECONOMIC AND STRATEGIC CONTEXT

Local Economy

3.1 With an estimated population of 133,000 in 2014[3], Torbay is one of the larger centres in the South West region. However, there are a number of challenges facing the local economy with the area lagging behind regional and national averages in key economic indicators. For example, in 2012 Torbay ranked 120th out of 140 unitary authority areas for GVA per head, with a figure of £13,080 compared to £19,023 for the South West and £21,295 in the UK[4].

3.2 However, though the recession had a noticeable impact on the economy with variables such as job creation[5], wage levels[6], and GDP all falling, recent bulletins for the wider Devon economy show signs of recovery, with GDP back to pre-crisis levels and positive growth forecasts for 2015 and beyond[7]. In addition, benefit claimant figures for Torbay reveal favourable trends in the labour market relative to LEP Partners.

Employment

3.3 Employment within Torbay remains concentrated in lower value industries and the public sector, with 'public administration, education and health' accounting for relatively high percentages of overall employment (30.5%). Furthermore, when compared with regional and national averages, distribution, hotels and restaurants has significantly higher representation equalling 26.6% of employment, over 7 percentage points higher than the South West average and over 8 percentage points higher than both the LEP and national rates.

3.4 Manufacturing is lower than the regional and national level, representing only 7.7% of employment compared to 9.3% at the LEP level, 9.5% at regional level and 9.6% nationally. A similar pattern is mirrored in 'banking, finance and insurance' and 'transport and communication', whereby employment in Torbay is lower than the regional and national counterparts.

[3] https://www.nomisweb.co.uk/reports/lmp/la/1946157356/report.aspx#tabrespop
[4] ONS Regional GVA NUTS3 1997-2013
[5] Torbay Local Plan Proposed Submission Plan 2014
[6] http://www.torquayheraldexpress.co.uk/New-figures-impact-recession-Torbay-workers/story-20383275-detail/story.html
[7] http://www.devonomics.info/sites/default/files/briefings/May%20economic%20bulletin.pdf

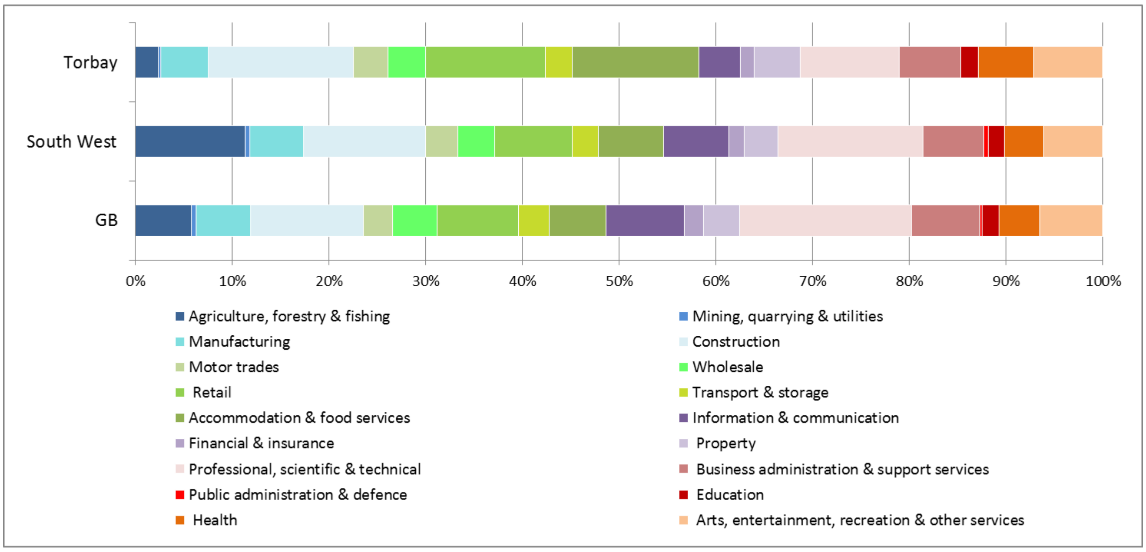
Table 3.1: Percentage of those employed working in each sector (SIC 2007)				
	Torbay	HotSW	SW	GB
Agriculture and fishing	0.7	2.8	1.7	1.1
Energy and water	0.7	1.7	1.8	1.8
Manufacturing	7.7	9.3	9.5	9.6
Construction	10.1	7.7	7.8	7.3
Distribution, hotels and restaurants	26.6	18.2	18.9	18.4
Transport and communications	5.7	6.7	7.7	8.8
Banking, finance and insurance	12.5	14.1	15.7	16.7
Public admin. education &health	30.5	32.5	30.5	29.8
Other services	5.1	6.2	5.7	5.9
Total services	80.5	77.6	78.6	79.6
Source: ONS Annual Population Survey				

Business Base

3.5 In 2014, there were 3,565 businesses in Torbay, which equals about 1.7% of the total number of businesses in the South West (approximately 207,000). The chart below illustrates the sectoral breakdown of businesses within the region compared to regional and national averages.

3.6 The figure highlights that Torbay has greater concentrations of businesses in construction (15%), retail (12%), and accommodation and food services (13%) than regional and national counterparts. It has significantly lower representations when compared to the South West and nationally in professional, scientific and technical (10%) and information, communication (4%) and agriculture, forestry and fishing (2%).

Figure 3.1: UK Business Count: Number of Enterprises by Industry



Torbay Community Plan

3.7 Torbay's Corporate Plan has been referred to as the 'umbrella' under which all other strategies and plans within Torbay sit. Outlining The Strategic Partnership's vision for a "healthy, prosperous and happy Bay", the document highlights the importance of harbour related industries (tourism and fishing) to the area and reveals four challenges that the area will have to address – specifically:

- Developing our economy, improving job prospects and responding to the recession;
- Opportunities for older people and the challenges of providing services for an ageing population;
- Climate change – reducing our carbon footprint and the increased risk of flooding; and
- Improving quality of life for the least well off in our society.

3.8 The role of the harbour in tackling the economic issues above, and supporting the vision for Torbay is considered through the following documents:

Torbay Economic Strategy

3.9 Torbay Economic Strategy 2013-2018 outlines the work required to boost the local economy. With an overall objective to "create full time and sustainable employment by encouraging the growth of existing businesses and the creation of new businesses and social enterprises", the strategy, in conjunction with the local plan, will aim to:

- Create 1,900 gross new jobs by 2015
- Develop Torbay as a vibrant economy with its Gross Value Added increasing faster than the regional average by 2020
- Raise residents wage rates to 90% of the South West average by 2020
- Sustain improvements in the skills attainment of local people
- Secure investment to support delivery of the strategy and its action plan

3.10 The strategy outlines four clear priorities, namely:

1. Driving Business Growth
2. Sustaining the Core Economy
3. Raising Skill levels and creating opportunities for all
4. Nurturing the knowledge economy

3.11 The strategy clearly shows the important role the harbour has to play in local economic development. For example, both tourism and fisheries are stated as being core sectors of the Torbay economy and a number of actions are listed in support of the sector. Activities, directly or indirectly, related to the harbour include:

- Creating a Northern Arm Breakwater in Brixham
- Development of a Fish Processing Park (FPP)
- Torquay Harbour Extension
- Torquay Pavilion & Marina Car Park
- Supporting and developing skills in marine sectors
- Maximise benefits of the Marine Energy Park and renewable energy opportunities
- Development of activity sports (rock climbing, coast steering etc.).
- English Riviera Tourism Academy
- Brixham Coastguard Station
- Marine sector development

Sector Strategies/Action Plans

3.12 The importance of the tourism and marine sectors to the development of the Torbay economy is demonstrated through the fact that a strategy document or action plan has been produced specifically for each sector.

Marine Economy

3.13 As noted in the economic strategy, the marine economy sector is growing across the South West and Torbay has a foundation that can be developed – particularly in marine leisure but also including engineering, science and aquaculture. A project to develop the marine sector is detailed in the strategy with an increase in marine economy businesses, employment and productivity likely outcomes for this work.

3.14 **The Marine Economy Action Plan** investigates in more depth the development potential of the local marine economy identifying opportunities and actions for outcomes linked to the above economic strategy document.

3.15 Adopting the same vision and the strategic objectives as those selected for the wider economy, the Action Plan finds considerable opportunities to develop the marine economy, boosting economic development and the wider strategic objectives of the council.

3.16 Three key principles are adopted to complement the wider strategic objectives identified for the economy. These principles are:

1. Capitalising on recent and planned investment
2. Cross sector development and collaboration for added value
3. Addressing specific sub-sectoral needs and opportunities.

3.17 The action plan discusses the business activities involved in the marine economy. Key sector points are summarised below:

Table 3.3: Marine Economy Sector Summary
Commercial Fishing (including Fish Farming)

The fishing sector in Brixham is one of the most important in the country producing a diverse and high value catch. However, there is recognition that more could be done to develop the sector with various opportunities relating to product development, added value processing and promotion.
Marine Engineering
The marine engineering sectors close ties to the marine leisure sector provide an important service to boat owners, marinas and fishing boats. Whilst the recession has impacted on the sector, demand for berthing within Torbay has remained strong and it is thought that an expansion of these facilities would have positive consequences for marine engineering services.
Marine Science
Though not an established sector in Torbay, there are thought to be opportunities to develop the Marine Science businesses in the area. The former presence of Astra Zenica, and the development of knowledge infrastructure may help facilitate this work. It is noted that significant public sector investment is likely to be needed to grow the sector in the short or medium terms.
Maritime Tourism and Leisure
The Tourism and Leisure sector is considered to have a number of strengths, not least the area's excellent natural resource and an established base (for example, a variety of enthusiastic businesses and clubs, good skills provision). Whilst there are areas where improvements can be made in order to increase the competitiveness of the tourism offer, it is thought that the sector has the potential to make a significant contribution to wider tourism and economic strategy objectives.
Renewable Energy
It is thought that there is limited opportunity to build the renewable energy sector in Tor Bay – natural resources are not ideally suited and there is no established business base. However, strengths in the advanced manufacturing and marine engineering sectors, as well as local deep water harbours, mean that the local economy may be well placed to benefit from supporting the Marine Energy Park based between Cornwall and Bristol.
Short Sea Shipping, Cruise Ships and Ferries
Torbay, whilst having only limited cargo and port facilities, does act as an important staging post for ships on the English Channel. This has important benefits for a range of local businesses. The proximity of Paignton to the rail network could lead to opportunities for cargo handling. Whilst fast ferry services could ease congestion, care should be taken to reduce any displacement of pleasure boat or cruise activities. Additionally investment in Torquay could lead to the attraction of more (or larger) cruise shops as well as improving other marine leisure facilities.

3.18 Though not highlighted as a stand-alone sector by the action plan, it should be noted that Torbay has a strong hi tech sector with a world-class Hi Tech Forum offering the potential for further specialization. Hi Tech companies are thought to offer the potential for future growth and the need/opportunity has been identified to encourage the Hi Tech sector to explore more opportunities within marine science. It is thought that there are good prospects for growth within the marine science sector (in terms of marine equipment and technology). Torbay's advanced manufacturing businesses could be alerted to this opportunity to diversify.

3.19 As stated above, Brixham has an important commercial fishing activities, but more could be done to develop the sector. Consultation with Brixham Trawler Agents (BTA) reveals further insight into the Fishing industry in the area. BTA is privately owned by boat owners and associated tradespeople, run on a model similar to a co-operative. It represents the interests of 98% of boats using the harbour.

3.20 BTA state that a key issue impacting on its work is how quickly fish can be transported to customers. Quite simply, the quicker the transport connections (which in practical terms means the better the road connections), the wider the market reach (given that sustaining the quality of the fish is key). December 2015 will see the opening of the A380 bypass which is expected to help significantly in this regard. As such, there is the potential to increase economic impact further.

3.21 BTA state that Quotas continue to pose a threat, but there is growing interest in Brixham from boats based in Plymouth and Newlyn and bigger piers in the harbour would help exploit such opportunities.

Tourism

3.22 As previously stated, Torbay's economy has long relied on the visitor economy with significant numbers of the local population engaged in tourism jobs. Yet a failure to recognise emerging visitor economy trends[8] has led to a gradual but persistent decline in visitor numbers and spend per head.

3.23 Recent years have seen the launch of Tourism Strategy **Turning the Tide for Tourism in Torbay 2012-2015** which clearly outlined that Torbay could no longer rely on traditional long stay tourism and would have to diversify to meet the needs of the modern holiday market. This strategy emphasises the importance of the harbour to the modern visitor economy by selecting 'maritime leisure' as one of five key opportunities for visitor economy growth[9].

[8] http://www.torbaydevelopmentagency.co.uk/dbimgs/efstrategy.pdf

[9] Alongside Agatha Christie legacy, Global Geopark Status events, festival and exhibitions and business tourism.

3.24 Consultation with **English Riviera Tourism Company** reveals further insight into the tourism economy. They note that there is thought to be an opportunity to diversity the offer and attract a broader (younger and wealthier) demographic to the area. This includes extending provision of services such as sailing, water skiing, jet skiing, kayak safari, snorkelling etc. Whilst some such services are available, there is believed to be scope for further development.

3.25 English Riviera feel that in a sense there is a 'Catch 22' situation – such visitors want to be able to access good quality leisure pursuits, bars and restaurants but service providers need to be confident that sufficient demand is in place to justify their investment in providing such services.

3.26 As a related point, it was noted by **Marine & Towage Services Group**, that the opportunities presented by visiting cruise ships (the numbers of which will rise in 2016) are not fully exploited. Specifically, when these ships arrive, usually between 8.00-9.00am, there are rarely cafes and/or shops open to greet visitors.

3.27 It was also noted that there was potential scope to increase the economic impact of Paignton Harbour through infrastructure repairs, the provision of different mooring types and the development of the hospitality and retail offer (potentially through the conversion/ redevelopment of existing industrial/storage units).

Tor Bay Harbour

3.28 The overall objective of Tor Bay Harbour is:

> To maintain, protect and enhance the harbour whilst at the same time deriving the full range of sustainable benefits (environmental, economic and social) as outlined in the Tor Bay Harbour Port Masterplan.

3.29 The working arrangements governing the harbour are outlined in the **Tor Bay Harbour Business Plan**. This document outlines the governance arrangements relating to the harbour, stating the strong commitment by the council to develop the Harbour's role in supporting the local economy and as a focus both for the local community and visitors to the Bay.

3.30 The document outlines the Harbour's range of customers and stakeholders showing these groups to include marine businesses, tourism organisations, public bodies, clubs, charities and religious organisations and the general public.

3.31 As noted in the business plan, the work of Tor Bay Harbour Authority has obvious links to the Council's overall vision for the area particularly themes of prosperity and happiness. With this in mind, the Harbour Authority objectives and priorities include reference to the economic agenda with shared objectives with the council including creating the right environment with inward investment and helping leisure, culture and tourism.

Developments at the Harbour

3.32 The Marine Economy Action Plan, acknowledging that certain infrastructure/investment proposals may compete with one another, states that a **Port Masterplan** is required to work through development issues.

3.33 Such a document was published in 2013, with three key purposes:

- To identify the port's own strategic planning for the medium to long term;
- Inform port employees, port users, local community and key stakeholders as to how they can expect to see the port develop over the coming years; and
- Assist regional and local planning bodies, and transport network providers, in reviewing and preparing their own development strategies in accordance with the port's future development.

3.34 This masterplan outlines that approximately £50m has been invested on core harbour infrastructure development over the last decade, supporting the local economy through creating jobs and growth.

3.35 The masterplan details the overarching strategy for Tor Bay Harbour, outlining various objectives it wishes to address. These objectives make various references to the local economy, such as:

- Develop robust partnerships with key maritime stakeholders to attract and deliver commercial port businesses contributing to job creation and the local economy
- Manage the harbour in a sustainable manner by supporting a variety of maritime activities including fishing, shipping, marine related businesses, heritage, eco-tourism and marine recreational facilities.
- Balance the responsible stewardship of the marine environment with appropriate socio-economic development and use of Tor Bay

3.36 In addition to this masterplan, investment in the harbour will also be informed by the 'local plan' for the area designed to guide the development of the area to 2032 and beyond. Whilst the plan is still undergoing consultation, early drafts of the document outline a broad strategy towards the harbour estate summarised in the Port Masterplan as:

- support for investment in marine-related development where this produces clear economic benefits to the area
- within seafront and harbour areas, development that helps create a vibrant, diverse evening and night time economy
- the retention, improvement and creation of new, high quality tourism and leisure attractions, facilities in the harbour, waterside and seafront areas of Torquay, Paignton and Brixham
- making a proactive use of the marine environment and maritime heritage for leisure, tourism and employment, and supporting existing visitor attractions
- the provision of facilities, such as new harbour/marina facilities and a new national visitor attraction
- providing improved maritime facilities as part of the regeneration of harbourside and waterfront areas

3.37 The Port Masterplan focuses upon the development of partnerships to attract commercial port businesses to contribute to job growth, with many of its proposals contained in the document relating to this objective. However, there is the recognition that the development of new marine infrastructure is expensive and some of the proposals may struggle to justify business plans based only on direct impacts. With this in mind, the Masterplan states that where project's wider economic impacts improve the amenities of the harbour, grant funding will be sought. Examples of these wider impacts include the provision of fishing vessel repair facilities, improved fish processing businesses which in turn improve the fishing industry which is vital to Brixham and the ability of harbour facilities to enhance the visitor economy.

3.38 Two recent proposed developments have been identified as particularly relevant to the economic contribution of the harbour are Brixham Fish Processing Park (FPP) and the Northern Arm Breakwater. These developments, and their implications for the local economy, are discussed below:

Brixham Fish Processing Park

3.39 The 'Fish Processing Park Business Development Plan' developed for Torbay Development Agency outlines the business case for developing fish processing facilities.

3.40 This report finds that Torbay is an important area of fish processing contributing £50m to the economy and representing 11% of the industry's direct GVA at UK level, and 50% of direct GVA in the South West. Brixham in particular is commented as having a particularly important fish processing industry, ranking amongst the UK's leading fish brands (alongside Grimsby and Fleetwood). There are limited secondary fish processors within Torbay and the development of a fish processing facility will provide the opportunity to generate local economic growth and capitalise on the Brixham brand.

Proposed Northern Arm Breakwater, Brixham

3.41 A 2013 document produced for Tor Bay Harbour Authority outlines a business case for a proposed the Northern Arm Breakwater development. This project aimed to provide calmer wave conditions in the harbour to protect existing commercial and leisure activities, facilitate development of leisure uses, specifically to include the substantial expansion of marina facilities and to respond to the aspirations of the local community to provide a properly enclosed and safe harbour in all weather conditions.

3.42 The report concludes that the project was not affordable as the unlocked marina's value would be far from sufficient to justify the borrowing required to meet the estimated funding gap on an affordable/commercial basis. Given this finding there would have to be considerable variation, relating to costs, funding or income generation, for the Breakwater to represent a business case viable on commercial terms.

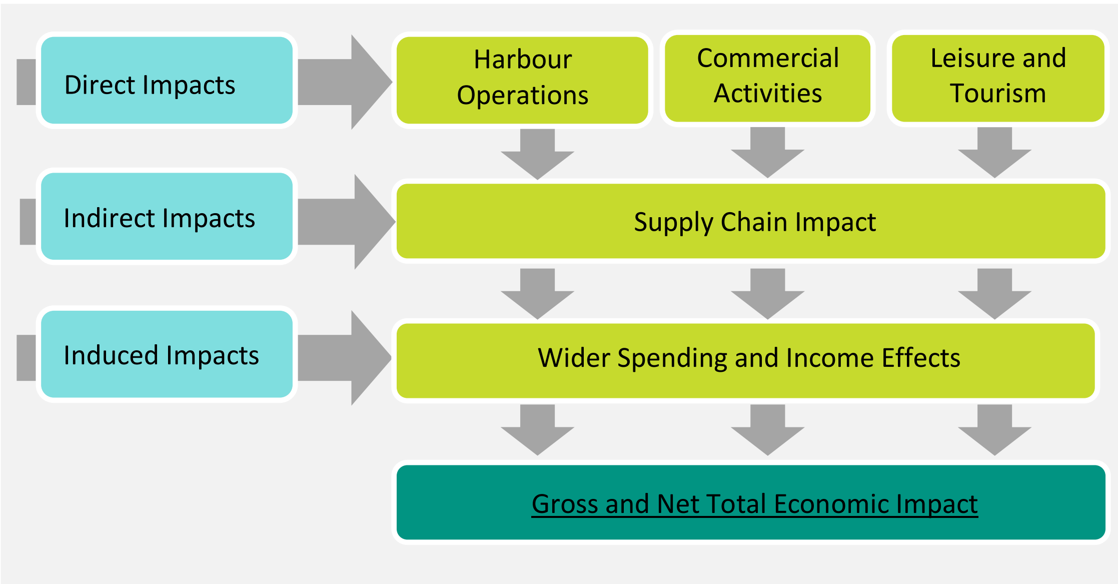
4 ECONOMIC IMPACT ASSESSMENT - METHODOLOGY

4.1 This section benchmarks the economic impacts currently being generated by the harbour estate. By capturing, and commenting on, impacts associated both directly with harbour operations and those occurring in the wider economy, this report provides a benchmark to influence development plans and assess future impacts.

Overview

4.2 Given the variety of harbour users and stakeholders, it is important to ensure that any impact assessment comprehensively captures the variety of activities supported by the harbour estate. The figure below outlines the broad direct, indirect and induced impacts that will be covered in the analysis.

Figure 4.1: Economic Impact Framework



4.4 Economic impacts are presented in terms of Gross Value Added (GVA) and Full Time Equivalent (FTE) employment.

- GVA represents the value of goods and services produced in an area, industry or sector of an economy. ONS regards GVA as one of the most important indicators of regional economic performance[10] and it is regularly used to demonstrate the economic activity of organisations.
- FTE Employment: An indicator capturing employment in a manner which accounts for differences in working hours.

4.5 Government guidance[11] and good practice requires that 'additionality' be considered so that net (as opposed to gross) impacts can be presented. Simply stated, 'additionality' is the proportion of economic impacts which occur that would not happen in the absence of an organisation/activity. To capture additionality the following formula is used:

[10] Regional Economic Indicators, March 2013.
[11] Such as that issued by HM Treasury, English Partnerships and DG Regio.

Net Impacts = Gross Direct Impacts*(1-Deadweight)*(1-Leakage)*(1-Displacement)*Multiplier

- Deadweight – impacts that would have been generated in the absence of the development;
- Displacement – any other economic activities that did not take place because of the development;
- Leakage – economic benefits that accrue outside the study area; and
- Multiplier – further economic activity associated with additional supply chain and income purchases (i.e. the indirect and induced impacts)

4.6 The analysis presented in this report provides a benchmark of the harbour's activities. Unless otherwise stated these impacts apply to the latest financial year. Impacts are presented at a 'local' (i.e. South Torbay area).

Approach to study

4.7 As outlined in the framework above, there are three broad categories of impact that are measured in this report (specifically, harbour operations, commercial activities and leisure and tourism).

4.8 Following discussion with the client, it was decided that the economic impact assessment be based primarily on secondary research. Whilst the exact approach taken to capture the various economic activities is outlined in more depth throughout the following chapter, key data used is summarised below:

Table 4.1: Summary of Key Data used in Report
Direct Impacts
Harbour Authority Business Plan Harbour Estate Floor Plans Homes and Communities Agency (HCA) Employment Densities Guide Regional ONS data The Economic Impact of Devon's Visitor Economy 2013
Indirect and Induced Impacts
Scottish Government Multipliers (modified based on literature review – see below) The South West Tourism Alliance - Value of Tourism 2008
Additionality Factors
Assumptions informed by a literature review of similar reports and government guidance

Literature Review

4.9 In order to guide the analysis, a number of similar studies, published for a range of ports throughout the UK, were used. Whilst only a limited number of reports were publically available, information included in these reports was useful in helping shape the analysis contained in this document. Documents of particular use included:

- Economic impact of Aberdeen Harbour Nigg Bay Development (2013)
- Port of Falmouth Masterplan: Economic impact assessment of Masterplan options and the Masterplan (2011)
- Economic Impact of the Port of Southampton (2011)

Indirect and Induced Impacts

4.10 Indirect and Induced Impacts are captured using multipliers identified through secondary research. In the case of the harbour operations and commercial activities, sector specific multipliers published by the Scottish Government were used. These multipliers, constructed for the Scottish economy (i.e. a NUTS 1 regional area) were adapted for local use using information identified through a literature review of similar studies. This process is outlined in more depth when looking at the economic impacts of the harbour's commercial activities.

4.11 In addition, interviews with key stakeholders also influenced the selection application of multipliers.

Internal Economy

4.12 An interesting aspect of this impact assessment is that the subject of the analysis (Tor Bay Harbour) is not one company but rather a host of diverse companies who operate within a defined geographic area. This set up suggests the presence of an 'internal economy'.

4.13 Simply stated, an internal economy exists when the subject of an economic impact assessment procures goods and services from other organisations who are also the subject of the same analysis (an example could include a sailing company buying supplies from a chandler). The implications of such a transaction are that the same economic activity (i.e. the procurement of supplies) is counted as both an indirect impact associated with purchaser (the sailing company), and also a direct impact associated with the supply company (the chandler).

4.14 As the total impact of Tor Bay Harbour is calculated by aggregating the direct, indirect and induced impacts of individual businesses, the presence of an internal economy therefore leads to the possibility of double counting and the artificial inflation of the harbour's economy impact.

4.15 A review of similar impact studies reveals different approaches are taken to the internal economy. For example, in order to avoid double counting, the Port of Falmouth study chooses to discount all local spend when calculating multiplier impacts. A study of Aberdeen Harbour notes that indirect impacts are likely to be captured through direct employment and GVA and therefore does include these jobs and output in the analysis. A study of the Port of Southampton meanwhile, makes no reference to the internal economy. A study of the maritime sector on Merseyside makes reference to the fact that there will be "some overlap" between the direct and indirect impacts of the sector but makes no attempt to address this issue.

4.16 Issues relating to the internal economy are discussed in the following chapter.

5 ECONOMIC IMPACT ASSESSMENT - RESULTS

5.1 The following section details the results of analysis conducted using the methodology outlined in the prior section.

Harbour Operations

5.2 As outlined previously in the report, Tor Bay Harbour is a complex facility supporting a range of leisure and commercial activities. Such a complex body of economic activity is supported through management and maintenance activities delivered by the Harbour Authority. These activities, in addition to facilitating tenant organisations, generate economic impact in their own right.

5.3 Harbour Authority documentation shows the organisation to employ 20 full time staff. Taking account of seasonal employment patterns, it is estimated that this employment equals a direct employment of 19 FTE staff.

5.4 A range of options are available when calculating the GVA of an organisation. One common approach, is based on aggregating operating profit and employee costs. Given Tor Bay Harbour Authority is not a commercial organisation and acts in a similar manner to an internally commissioned council service, the concept of operating profit may not be appropriate for this type of organisation. Therefore, another approach, using the Tor Bay Harbour Business Plan projected 2015/16 income and expenditure, is used namely: GVA = Turnover - Procurement Costs. This producing a direct GVA of £1.2m.

5.5 As outlined above, modified Scottish Government multipliers[12] are used to calculate the local indirect and induced impacts associated with these activities. Applying these multipliers produces a total gross impact of 28 FTE and £1.7m GVA.

5.6 When calculating the total impacts of the harbour tenants it is important to consider the additionality factors associated with the economic activity. These factors, and the percentages applied in this analysis, are detailed below.

5.7 Given the public sector nature of Tor Bay Harbour Authority, a 0% level of **Deadweight** is assumed i.e. in the counterfactual scenario of the harbour not being present, there would be no Harbour Authority employment of output.

5.8 **Displacement** is assumed to also be equal to 0% i.e. the operation of the harbour authority does not take a significant proportion of market share, labour, or capital from private sector businesses.

5.9 **Leakage** is also assumed to be 0%. This is based on the fact that multipliers have been modified to capture only local impacts, and that all employees are from the local area (in this instance South Devon).

[12] Specifically, 'Support Services for Transport'

5.10 Given these assumptions, there is no difference in the gross and net levels of FTE employment and GVA associated with the operation and maintenance of the harbour. These impacts are shown in Table 5:1 below.

Table 5.1: Harbour Operation and Maintenance: Economic Impact Summary		
	FTE	GVA
Direct	19	£1.2m
Indirect	6	£0.4m
Induced	3	£0.2m
Gross	28	£1.7m
Net	28	£1.7m

Commercial activities

5.11 Given the number of tenants based at the harbour and the inherent difficulties present in surveying organisations for employment and financial data, it was decided that the number and size of organisations would be captured through data provided directly by the harbour authority. Specifically, floorplans for all three harbours were provided detailing the size and nature of each tenant organisation.

5.12 An exception to this approach is fishing industry figures. These employment figures are taken from stakeholder consultation which estimated between 275 and 300 were employed on the boats. Given that no information was provided as to the working patterns of those positions, it was assumed that they were all Full Time Equivalent (FTE).

5.13 One drawback of using floorplans to capture economic activity is that certain activities (such as berthing facilities) are unable to be captured in the analysis (other than through any offices that are associated with the facilities).

Gross Direct Impacts

5.14 Floorplan data provided by the harbour authority was converted into FTE employment using employment density benchmarks produced by the Homes and Communities Agency (HCA). This process is outlined in more detail in Appendix Two.

5.15 The process approximates a gross direct employment of 635 FTE positions. The GVA impact associated with these positions is calculated using regional sector GVA figures with a gross direct impact of £25.3m estimated. Table 5.2 below breaks down these impacts by harbour.

Table 5.2: Summary of Individual Harbour Gross Direct Impacts		
	FTE	GVA
Brixham	419	£18.4m
Torquay	85	£3.3m
Paignton	130	£3.6m
Gross	635	£25.3m

Indirect and Induced Impacts

5.16 As with harbour authority impacts above, Scottish Government multipliers are used to capture the indirect and induced impacts associated arising from direct economic activity. These multipliers are based on the activity of each of the premises.

5.17 Again, due to multipliers being calculated at a regional level, a degree of discounting has to be applied in order to ensure that only local impacts are considered. In order to assess what level of discounting is appropriate, secondary research was undertaken.

5.18 Research undertaken to assess the economic impacts of the Port of Falmouth found that approximately 7% of supply chain spend is at a local level, with 32% of spend elsewhere in Cornwall and 10% elsewhere in the South West (with the remainder at a national or international level). These figures suggest that a regional multiplier should be weighted to just 17% of its original form – i.e. 7% / 42% = 17%).

5.19 Elsewhere, research assessing the Economic Impact of the Port of Southampton finds that port businesses spend 50% of expenditure in the Solent (with 20% of spend elsewhere in the region, 20% in the rest of the UK and 10% international). This study therefore discounts regional multipliers to approximately 70% (- i.e. 50%/70% = 71%).

5.20 A study exploring the economic impacts of the Maritime Sector in Liverpool meanwhile refers to English Partnership guidance[13] research which shows the relationship between local and regional multipliers for a range of property types to be between 55% and 68%.

Table 5.3: Type of Organisation:			
	Local	Regional	Weighting
B1 Office	1.29	1.44	66%
B2 Industrial / B8	1.29	1.44	66%
Recreation	1.38	1.56	68%
Retailing	1.21	1.38	55%
Source: English Partnership Additionality Guide.			

5.21 Given that Torbay is a larger economic area than Falmouth, though smaller than The Solent and some of the areas that may be captured in the English Partnership research above, it is thought that a weighting somewhere between these two is most appropriate.

[13] English Partnerships. Additionality Guide.

5.22 Therefore, it is assumed that regional multipliers be adopted to 50% of their original size to account for spending patterns. This assumption is the equivalent of saying 50% of harbour estate tenant's supply chain spend and income effect remains within the Torbay area. The amended multipliers used in this research, are outlined Appendix Two.

Exploring the Internal Economy

5.23 Applying these modified multipliers to the direct GVA and FTE outlined above produces a total of 123 FTE Gross positions created through multiplier impacts, this compares to a gross direct of 758 FTE. These figures demonstrate the maximum potential size of the possible double counting due to internal linkages between harbour organisations (i.e. 16% of total gross FTE will be indirect or induced).

5.24 One approach to assessing double counting is to consider in more depth the types of organisation that are producing the economic impacts of the harbour. The types of activity producing three quarters of the indirect and induced impacts stated below: Figures show that 79% of these jobs are created by the following four sections:

Organisation	Total Multiplier Impacts (FTE)	% of Multiplier Impacts
Fishing	38	30%
Food Processing	26	20%
Restaurants	20	16%
Food Retail / Wholesale	13	10%

5.25 As can be seen fishing is the industry contributing the most amount of multiplier impacts (30%). It is thought that a large amount of this spend will be on fuel (which is sourced from BTA) or boat equipment /supplies which may well be sourced from the shops of the estate.

5.26 In addition, Food Processing – which anecdotal evidence suggests to be related to sorting and icing fish – is also likely to have a large proportion of its supply chain related to the fishing. This again suggests the potential for double counting.

5.27 Likewise the remaining two sectors contributing to 79% of multiplier impacts - Restaurants and Food Retail / Wholesale – also suggest the potential for internal economics within the harbour.

5.28 Other types of organisation accommodated within the estate may also have significant ties with other harbour tenants (for example, organisations based in harbour offices may offer services in support of fishing or leisure activities).

5.29 Whilst there are undoubtedly aspects of the supply and income effects which are valid and boost the local economy (not least the income effect of employment which will pass through to various parts of the economy), the type of activities generating the most significant aspects of multiplier impacts tend to suggest the presence of noticeable internal economies. Therefore, in order to err on the side of caution, it is thought prudent to exclude multiplier impacts from this analysis.

5.30 This approach is in line with that seen for other impacts – specifically, that of Falmouth (which excluded local spend), and Aberdeen (which assumed indirect impacts were assessed via Direct employment and GVA).

5.31 Therefore, the net impacts considered below are based on direct impacts only.

Additionality

5.32 In order to convert these gross impacts to their net equivalents, a range of additionality factors are considered. In the absence of primary data upon which to construct these benchmarks, secondary research was used to inform a series of assumptions relating to each factor.

5.33 **Deadweight:** A review of similar reports reveals limited mention of deadweight. Specifically, studies of facilities in Aberdeen, Southampton and Merseyside make no mention of this factor. The Falmouth Study uses a survey of businesses[14] to reveal a deadweight of 47.7%. In the absence of further information, this level of deadweight is applied to the gross impacts above.

5.34 **Displacement:** Again, there is limited information relating to Displacement, with both Southampton and Merseyside studies failing to mention this additionality factor. The Aberdeen study does account for displacement, but only in the context of new development work. A 10% level is adopted for the activities of on-site operations at the level of Aberdeen City and Shire. The Falmouth study is the only report to include displacement when looking at the baseline of port activities. This report analyses Falmouth Port investigating whether activity on the site could displace work at other ports in Cornwall and Devon. A 10% discount rate is applied in this study to certain Falmouth activities, which equates to an overall rate of 2%. Based on the information contained within these reports a low level of displacement is adopted for Tor Bay Harbour activities, specifically 10%.

5.35 **Leakage:** It is assumed that Leakage relating to multiplier impacts is accounted for through the modification of regional multipliers to their local equivalents (see above for more information). Another aspect of Leakage occurs when direct jobs are taken from those outside the local area. In the absence of information relating to employee home location, it is noted that the Port of Falmouth economic impact study finds 5% of employees to be located outside the study area (Cornwall). It should be noted that Torbay is a smaller geographic area that Cornwall and has a smaller population so it may be that leakage is higher for Tor Bay Harbour.

5.36 Another source of Leakage – namely Travel to Work Data (2011) shows that for the local economy as a whole (21%) of workers are from outside the Torbay area. Taking into account these pieces of information, a Leakage rate of 20% is selected for Harbour. These figures are therefore discounted from the analysis. This Leakage rate is already applied to the direct gross impacts and therefore does not need to be further considered in the additionality questions.

5.37 Applying these additionality weights to the gross impacts generates net impacts of 299 FTE and £11.9m.

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[14] Specifically, businesses were asked what percentage of turnover would survive in the absence of the Docks.

Table 5.4: Summary of Commercial Activities Economic Impacts		
	FTE	**GVA**
Direct	635	£25.3m
Indirect	n/a	n/a
Induced	n/a	n/a
Gross	635	£25.3m
Net	299	£11.9m

Visitor Economy

5.39 As previously stated, tourism is of key importance to the local economy. Given the important role the harbour plays in attracting visitors to the area it is appropriate to include visitor economy impacts as part of this impact study.

5.40 Note that a review of other studies shows visitor economy analysis is limited to tourists arriving via cruise ships. Whilst this approach does have some merit (for example, it helps ensure that impacts are closely related to the port), it is not thought appropriate for this study. Specifically, Tor Bay Harbour Estate is acknowledged as being an important tourism asset in its own right, with maritime leisure identified[15] as one of five key opportunities for visitor economy growth. It was therefore decided that the harbour's role in the visitor economy be considered, not only in terms of cruise visitors, but in terms its wider role in attracting visitors to the area.

5.41 Tourism can be a difficult concept to capture given that it does not relate to clearly defined sectors or the types of goods produced, but rather to the type of spending that occurs – i.e. that by visitors to the area. The following section draws upon secondary research to construct assumptions that can be used to capture how the harbour impacts on the visitor economy. Given difficulties inherent in this analysis, the figures produced are for illustrative purposes and are perhaps best interpreted with a degree of caution.

The Size of the Local Visitor Economy

5.42 As perhaps reflects tourism's importance in the area, there is already a considerable amount of research conducted into the size of the visitor economy in Torbay (the in-depth findings of which are listed in Appendix Three). Key findings of this research show that in 2014 over 3.6 trips to Torbay generated £433m spend in the local Economy creating 8,504 FTE jobs.

The Role of the Harbour in the Visitor Economy

5.43 Obviously the tourism figures above refer to Torbay as a whole, not just the harbour. Two key issues have to be addressed in order to isolate the harbour visitor economy impacts, namely:

1. Isolating Harbour Visitor Spend
2. Ensuring that visitor economy impacts are not simply a double counting of those captured through the activities of harbour tenants.

1. Isolating Harbour Visitor Spend

[15] See 'Turning the Tide for Tourism in Torbay 2012-2015'

5.44 Figures taken from the English Riviera Visitor Survey (2012/13) show the local harbour's to be an important part of visitor's trip to the area. This is shown in the table below:

Table 5.5: Places of visitor interest			
Resort	Day Visitors	Staying Visitors	All visitors
Torquay seafront	74%	49%	83%
Torbay Harbour	53%	83%	75%
Torquay shopping centre	41%	78%	69%
Brixham harbour	29%	72%	61%
Paignton seafront	48%	66%	61%
Paignton town centre	34%	55%	49%
Babbacombe Downs	34%	42%	40%

5.56 As can be seen, three quarters of visitors (75%) stated they had either visited Torquay Harbour, or intended to, on their trip. The popularity of Brixham Harbour (61% visitors) and the seafronts of Torquay (83%) and Paignton (61%) further emphasise the importance of the marine offer to tourism in the area.

5.57 Further demonstrating the importance of the harbour is that when asked the types of attractions that visitors would like to attend, 67% of all visitors stated their intention to visit harbours, as well as other assets within the harbour estate (marinas, piers, boat trips).

Table 5.6: Types of attractions			
Resort	**Day Visitors**	**Staying Visitors**	**All visitors**
Shops	64%	87%	**81%**
Cafes	63%	83%	**78%**
Harbours	43%	76%	**67%**
Restaurants	37%	64%	**57%**
Beaches	42%	50%	**48%**
Marinas	24%	49%	**43%**
Piers	39%	45%	**43%**
Bars	18%	39%	**33%**
Coastal Path	16%	28%	**25%**
Boat trips	11%	30%	**25%**
Family attractions	25%	20%	**21%**
Gardens	9%	19%	**16%**
Historic houses	8%	14%	**12%**
Museums	6%	12%	**10%**
Historical Sites	6%	11%	**9%**

5.58 **Day Visitors**: Given the percentages in the above table total 411% it is clear that many of the day visitors had numerous motivations for visiting the area. However, given that many of these activities are related to the harbour estate, it is assumed that those day trippers who do visit the harbour (43%) spend all day on the estate. It follows that these visitors, therefore, made the trip for the purpose of visiting the harbour. The spend resulting from these trips can therefore be entirely attributed to the harbour.

5.59 **Staying Visitors:** As with day visitors, research shows numerous motivations for staying visitors coming to Torbay (the percentages in the above table total 627%). That there are numerous reasons for visiting the area is perhaps not surprising given the average length of stay equals 3.9 nights per trip. Nevertheless, the harbour estate once again appears to be an important part of visitors' motivations in coming to the area.

5.60 In the absence of more detailed information outlining the tourism industry, the crude assumption that half of the 76% of staying visitors visiting the harbour came to the area for that very reason – i.e. 38% of staying visitors spend can be attributed to the presence of the harbour estate.

2. Double Counting

5.61 Tourists coming to the area to visit the harbour will spend money at businesses within the harbour estate. Given that the employment and GVA associated with this spend have been captured in the 'tenant activities' above, it is therefore necessary to discount visitor spend in order to prevent double counting.

5.62 Identifying the exact level to which tourism spend should be discounted is a complex process that would ideally utilise detailed spending pattern data. Given such data is unavailable, and that consultation with visitors is beyond the scope of this report, assumptions (informed by secondary research) are instead applied to address this issue.

5.63 **Day Visitor Spend:** Given that only day visitors visiting the area for the harbour are included in the analysis, it follows that their spend will be almost exclusively focused on goods and services sold by organisations on the harbour estate. Whist there may be spend in the wider Torbay economy (e.g. travel costs), to err on the side of caution, all day visitor spend is excluded from further calculations (i.e. it is assumed that the impacts of day visitor spend have already been captured through the tenant analysis above).

5.64 **Staying Visitor Spend:** Data shows that UK visitors tend to the stay in the area for 3.6 nights, with visits from abroad lasting for 5.4 nights. Given the lengths of these visits, it is likely that visitor spend impact on the wider economy, not just the harbour estate.

5.65 Research into the Torbay visitor economy shows five broad spending categories (accommodation, shopping, food & drink, attractions/entertainment). For both foreign and domestic visitors accommodation is the category with the highest level of expenditure. Given there are no hotels on the harbour estate, it follows that 100% of accommodation spend is within the wider economy. Likewise, travel expenditure is also assumed to exclusively relate to the wider economy. The remaining categories (i.e. shopping, food and drink, attractions) relate to goods and services which may be purchased on the harbour estate or further afield. In the absence of more detailed data, it is assumed that 50% of this spend is on the harbour estate (and so is excluded from tourism impact calculations), with 50% considered to be additional to the harbour (and therefore, included in the tourism impact calculations)[16].

[16] It should also be noted that visitor spend, even if not on the harbour estate, may have multiplier impacts already accounted for by the Harbour analysis above. Isolating and discounting these impacts is beyond the

5.66 Another category of expenditure 'Other non-trip related expenditure' is excluded from calculations. This spend is that includes various factors such as ongoing expenditure on accommodation (e.g. second home or boat maintenance) or additional spending by non-visitors (e.g. friends and relatives with whom the tourist is staying). This expenditure will either be captured in the Harbour estate impacts already (i.e. boat maintenance), likely to displace other expenditure (i.e. spending by non-visitors) or difficult to attribute to the harbour (e.g. spending on second homes).

5.67 The table below summarises these assumptions:

Table 5.7: Visitor Economy Assumptions
Day Visitors:
43% of day visitors considered to be additional to the area due to the Harbour. However, the impacts arising from the spend associated with these visits is assumed to have been covered by tenant organisations above.
Staying Visitors:
Half of the staying visitors visiting the harbour came to the area for that very reason. Spend included: • 100% accommodation • 100% travel spend • 50% shopping • 50% food and drink • 50% attraction spend • 0% Other non-trip related expenditure

Gross Direct Impacts

5.68 Research published by the Devon Tourism Partnership shows that spend from staying visitors created 4,378 direct jobs. Applying the above assumptions gives a total gross direct impact of 1,215 positions associated with the harbour attracting visitors to Torbay. A total GVA impact of £42.8m is associated with these jobs.

Indirect and Induced Impacts [17]

5.69 The South West Research Company figures also capture indirect and induced impacts. Applying the assumptions above to these figures produces a total Gross FTE employment of 1,773 FTE with GVA £62.8m[18].

Additionality

5.70 **Deadweight** (or what would happen in the absence of the harbour) is accounted for by the assumptions above – i.e. only those visiting the region because of the harbour are considered.

scope of this analysis. However, by assuming a relatively high level of spend (50%) is on the estate, it is hoped any double counting is avoided.

[17] Multipliers are based on purchases of supplies and services by businesses in receipt of visitor spending and the result of the spending of wages by direct and indirect employees. These multipliers limit impacts to those occurring locally.

[18] Using CPI annual rates to inflate value to 2015 prices.

5.71 **Displacement** associated with these activities is assumed to be 25%. This is considered to be a 'low level' of displacement according to English Partnership's Additionality Guide. This reflects that the industry activity is long established, but struggling, within the area and is not likely to take land, labour or capital from other industries.

5.72 **Leakage** is assumed to be 21%. This is in line with Travel to Work Data (21% in 2011).

5.73 Applying these additionality factors gives a **total net tourism impact of 1,050 FTE positions and £37.2m GVA.**

Visitor Economy Impacts: Summary		
	FTE	GVA
Direct	1,215	£42.8m
Indirect	397	£14.3m
Induced	161	£5.8m
Gross	1,773	£62.8m
Net	1,050	£37.2m

6 CONCLUSIONS

6.1 Tor Bay Harbour Estate is of key economic and strategic importance. This report assesses the FTE employment and GVA arising from operation of the harbour, the commercial activities it facilitates and its role in the visitor economy.

6.2 The table below summarises these economic impacts[19] aggregating results to produce a total gross impact of 2,436 FTE and £89.8m GVA in the Torbay economy. **The total local net impact of the harbour is equal to 1,377 FTE and £50.9m GVA.**

Table 6.1: Summary of Harbour Economic Impacts		
Total Harbour Impacts	**FTE**	**GVA**
Direct	**1,869**	**£69.2m**
Indirect	**403**	**£14.6m**
Induced	**164**	**£6.0m**
Gross Total Impacts	**2,436**	**£89.8m**
Net Total Impacts	**1,377**	**£50.9m**
Operation and Maintenance Impacts	FTE	GVA
Direct	19.0	£1.2m
Indirect	6.3	£0.4m
Induced	2.8	£0.2m
Gross Total Impacts	28.0	£1.7m
Net Total Impacts	28.0	£1.7m
Tenant Impacts	FTE	GVA
Direct	635	25.3
Indirect	n/a	0.0
Induced	n/a	0.0
Gross Total Impacts	635	25.3
Net Total Impacts	299	11.9
Visitor Impacts	FTE	GVA
Direct	1,215	42.8
Indirect	397	14.3
Induced	161	5.8
Gross Total Impacts	1,773	62.8
Net Total Impacts	1,050	37.2

6.3 Given the total impacts above, it is estimated that for every £1 spent by Tor Bay Harbour Authority[20] £42 of Gross GVA / £24 of Net GVA is generated by the harbour in the local economy.

[19] Note GVA is expressed in 2015 prices. Given the ongoing operation of the harbour however, GVA will be produced on an ongoing basis.

[20] This figure include Harbour Authority spend on a range of activities such as employees, maintenance, capital financing, support services and other costs. It should be noted however, that this is not an exhaustive figure relating to harbour related spend. For example, it does not include infrastructure spend or spend by the Local Authority relating to the harbour estate. Including this spend will see a fall in the ratio presented above.

APPENDIX 1: SUMMARY OF RESEARCH ACTIVITIES

The following lists the main research activities that were undertaken as part of this research. These activities were supplemented by In addition to these documents, interviews and data sources, statistics such as those published by ONS were used in the delivering of this work.

List of Tor Bay Harbour Operational Information

- Tor Bay Harbour Floor Plan

List of Strategic Documentation reviewed:

- Tor Bay Harbour - Business Plan 2015/16. Tor Bay Harbour Authority
- Torbay Economic Strategy 2013-18. Torbay Council
- Marine Economy Action Plan. Torbay Development Agency
- Port Masterplan. Tor Bay Harbour Authority
- Northern Arm Breakwater Brixham Business Case. Tor Bay Harbour Authority
- Fish Processing Park Business Development Plan. Torbay Development Agency

List of Economic Impact Assessments consulted:

- The Maritime Sector on Merseyside: Economic Impact Study (Fisher Associates
- Economic Impact of Aberdeen Harbour (BiGGAR Economics)
- Economic Impact of the Port of Southampton (Atkins)
- Port of Falmouth Masterplan: Economic impact assessment of Masterplan options and the Masterplan (Roger Tym and Partners)

List of Tourism Documents Consulted

- The Economic Impact of Devon's Visitor Economy – Torbay 2013
- The Year in Context – The South West Region 2013
- Torbay Official Statistics - 2013

List of Stakeholders consulted:

- Dartside Quay & Brixham Marina
- English Riviera Tourism Company
- Marine & Towage Services Group
- Brixham Trawler Agents (BTA)

APPENDIX 2: CAPTURING TENANT ECONOMIC IMPACTS-

Converting Floor Space Charts to Full Time Equivalent (FTE) Employment

Floor plans provided by the client provide a list of tenants complete with floor size - measured in terms of Gross External Area (GEA). To convert this data into economic outputs Homes and Communities Agency (HCA) guidance (specifically the Employment Densities Guide - 2010) was used.

This guidance provides benchmarks to assist appraisers in estimating the employment created by property development. Specifically, a series of 'employment density' ratios are provided, showing the area per FTE employee by a series of building use types.

In order to tailor the analysis to the types of economic activity generated at the harbour, each unit was allocated an employment density benchmark based on the nature of the occupier.

It should be noted that this report produces only a small number of benchmarks based on five groups of building usage (industrial, warehouse & distribution, office, retail, leisure & visitor attractions). Working within these limitations, premises with no obvious relevance to the categories of usage were allocated to General Industrial usage.

Given that these ready reckoners are generally provided in terms of Net Internal Space (NIA). GIA figures provided in the floor space had to be converted to NIA in a two stage process:

1. Converting GEA to GIA
2. Converting GIA to NIA

Scottish Government research states that a factor of 0.95 is applied to convert GEA into GIA. The research notes that the factor is not without limitation and could be significantly different depending on the building in question. Nevertheless the research states that through discussions with surveyors it was established to be a fairly accurate assumption in the majority of cases. This factor is adopted for this research.

The HCA Employment densities guide contains guidance as to how to convert GIA to NIA. Based on this guidance, it was assumed that the GIA area was 17.5% higher than the NIA.

Converting employment to Gross Value Added

The GVA impacts associated with Direct Employment is captured using industrial group regional GVA figures published by ONS. These figures were converted to a per FTE figure using employment in each sector. Figures were adjusted for FTE employment and inflation. All GVA figures are in 2015 prices.

Capturing Indirect and Induced Impacts

As discussed in the main body of the report, Scottish Government multipliers are converted to capture local impacts. These multipliers, in both original and modified forms, are shown in the table overleaf.

Scottish Government GVA and Employment multipliers - Original and Amended Values								
	Employment				Gross Value Added			
	Original Value		Amended Value		Original Value		Amended Value	
Sector	Type 1	Type 2	Type 1	Type 2	Type 1	Type 2	Type 1	Type 2
Retail - excl vehicles	1.2	1.3	1.1	1.2	1.3	1.5	1.1	1.3
Food & beverage services	1.2	1.3	1.1	1.1	1.3	1.5	1.1	1.3
Cultural services	1.2	1.4	1.1	1.2	1.3	1.7	1.2	1.3
Sports & recreation	1.2	1.4	1.1	1.2	1.4	1.7	1.2	1.4
Membership organisations	1.4	1.8	1.2	1.4	1.4	1.7	1.2	1.4
Fish & fruit processing	2.0	2.3	1.5	1.6	2.2	2.8	1.6	1.9
Rental and leasing services	1.3	1.4	1.1	1.2	1.2	1.3	1.1	1.2
Office	1.4	1.5	1.2	1.3	1.4	1.6	1.2	1.3
wholesale and retail - vehicles	1.2	1.2	1.1	1.1	1.4	1.5	1.2	1.3
fishing	1.2	1.3	1.1	1.2	1.5	1.7	1.2	1.3
Wholesale – excl. vehicles	1.6	1.9	1.3	1.5	1.6	1.9	1.3	1.4
Architectural services etc.	1.6	1.9	1.3	1.5	1.5	1.8	1.2	1.4
public administration and defence	1.5	1.9	1.2	1.4	1.3	1.7	1.2	1.3
Repair & maintenance	1.7	2.1	1.4	1.5	1.4	1.7	1.2	1.3
Warehousing and support services for transportation	1.7	2.0	1.3	1.5	1.6	2.0	1.3	1.5
* In the absence of information outlining exactly what an office space was used for, this multiplier was applied (this is constructed as an average of multipliers related to professional and administration activities).								

APPENDIX 3: VISITOR ECONOMY STATISTICS

The table below outlines key facts demonstrating the size of the local visitor economy.

Torbay Tourism Key Facts (2014)	
Category	**Figure**
Staying visitor trips	1,148,200
Staying visitor nights	4,331,200
Staying visitor spend	£298,856,000
Day Visits	3,461,000
Day visitor spend	£124,725,000
Direct visitor spend	£423,581,000
Other related spend	£9,892,000
Total Visitor related spend	£433,473,000
Estimated actual employment	11,627
FTE employment	8,504
Proportion of all employment	21%

Torbay relies on tourism with over 3 million visitors to the Bay every year generating around £450 million pounds spend in the local economy[21]. Much of Torbay's sectors of employment rely significant on predominately low paid, low skill jobs within the tourism sector, in which 1 in 6 residents currently work[22].

The Tourism Offer

The English Riviera Visitor Survey (2012/13) conducted 1,013 face to face interviews with tourists gathering information on visitor profiles, reason for visit and length of stay. According to the survey, roughly three quarters of visitors stayed overnight on the English Riviera, with 97% of visitors being from the UK and 66% being from outside of the South West region. Just over half of visitors (53%) were staying overnight in Torquay and average length of stay was 5.4 nights. For many visitors, this trip was a repeat visit to the area (85%); nearly two thirds of visitors (56%) had visited in the last 12 months.

Visitors were asked what locations they planned to visit and what attractions they had or planned to do during their trip. Torquay seafront and Torbay Harbour were ranked top visitor locations (83% and 75% respectively). Interestingly, day visitors were more likely to visit the Torquay seafront (74%) compared to Torbay Harbour (53%); this was the opposite for staying visitors.

[21] https://www.countryside-trust.org.uk/tcct-what-we-do/sustainable-tourism
[22] http://www.torbay.gov.uk/tdaeconomicstrategysummary.pdf

Places of visitor interest			
Resort	Day Visitors	Staying Visitors	All visitors
Torquay seafront	74%	49%	83%
Torbay Harbour	53%	83%	75%
Torquay shopping centre	41%	78%	69%
Brixham harbour	29%	72%	61%
Paignton seafront	48%	66%	61%
Paignton town centre	34%	55%	49%
Babbacombe Downs	34%	42%	40%

The main attractions visitors planned to take in whilst visiting included shops (91%), cafes (78%), harbours (67%), restaurants (57%) and beaches (48%). Other activities visitors had or were intending to take part in during their visit to the resort included eating and drinking (89%), shopping (80%), short walk up to 2 miles (72%), long walk more than 2 miles (28%) and spending half a day or more on the beach (28%).

Types of attractions			
Resort	**Day Visitors**	**Staying Visitors**	**All visitors**
Shops	64%	87%	**81%**
Cafes	63%	83%	**78%**
Harbours	43%	76%	**67%**
Restaurants	37%	64%	**57%**
Beaches	42%	50%	**48%**
Marinas	24%	49%	**43%**
Piers	39%	45%	**43%**
Bars	18%	39%	**33%**
Coastal Path	16%	28%	**25%**
Boat trips	11%	30%	**25%**
Family attractions	25%	20%	**21%**
Gardens	9%	19%	**16%**
Historic houses	8%	14%	**12%**
Museums	6%	12%	**10%**
Historical Sites	6%	11%	**9%**