

The Conygar Investment Co. PLC

Proposed hotel on Land at Zone 1, Parc Cybi, Holyhead

(Draft) Economic Impact Study

June 2017

Draft for Consultation

LIVERPOOL Winslow House • Rumford Court • 16 Rumford Place • Liverpool L3 9DG

T: 0151 227 5563

LONDON 78 York Street • London W1H 1DP T: 0207 183 6790

www.amion.co.uk

AMION Consulting is the trading name of AMION Consulting Limited.


Registered Office: Langtons, The Plaza, 100 Old Hall Street, Liverpool L3 9QJ. Company No: 3909897

The Conygar Investment Co. PLC

Proposed hotel on Land at Zone 1, Parc Cybi, Holyhead

(Draft) Economic Impact Study

June 2017

Reviewed and approved by:	
Signature(s):	
Name(s):	Graham Russell
Job Title(s):	Chief Executive
Date:	June 2017

AMION Consulting is the trading name of AMION Consulting Limited
Registered Office: Langtons, The Plaza, 100 Old Hall Street, Liverpool L3 9QJ
Company No: 3909897
Tel: 0151 227 5563

This document including appendices contains 32 pages

Ref: K:\Clients\Axis\Premier Inn Hotel\Deliverables\Proposed hotel on Land at Zone 1, Parc Cybi,
Holyhead - Economic Impact Study May 2017 - 3.docx

Contents

Executive Summary	i
1 Introduction	1
1.1 Overview	1
1.2 Scope and nature of the study	1
1.3 Structure of the study report	2
2 The proposed development	3
2.1 Site location and description	3
2.2 Redevelopment proposals	6
3 Strategic policy context.....	7
3.1 Introduction	7
4 Baseline assessment	9
4.1 Introduction	9
4.2 Population and demographic trends	10
4.3 Economic growth	10
4.4 Employment.....	11
4.5 Local labour market	13
4.6 Visitor economy	15
4.1 Unemployment and economic inactivity.....	16
4.2 Deprivation	18
5 Economic and wider effects	19
5.1 Overview	19
5.2 Construction phase impacts.....	21
5.3 Operational phase impacts	22
5.4 Wider benefits	25
6 Conclusions	26

Executive Summary

Overview

AMION Consulting was appointed by Axis, on behalf of The Conygar Investment Co. PLC, to undertake an economic impact study of proposals for the erection of a hotel on land at Zone 1, Parc Cybi, Holyhead. The proposed development includes the construction and operation of an 80-bedroom Premier Inn hotel, together with associated access works, drainage, landscaping and utility infrastructure. Demand for the proposed development is expected to come from the anticipated increase in the number of business travelers and visitors as a result of local energy, marine and tourism developments. Moreover, it is hoped that the hotel's close proximity to Holyhead Port would attract ferry passengers as they travel to and from the island, in addition to encouraging more people to stay and explore the area rather than simply pass through.

Scope and nature of the study

The proposed development would result in socio-economic effects during both the construction and operational phases.

During the construction phase the proposed development would result in:

- an increase in short-term / temporary construction employment.

During the operational phase, the proposed development would result in:

- long-term employment and Gross Value Added as a result of the operation of the hotel, together with visitor expenditure impacts and other wider benefits.

Proposed development

The development site is located on Enterprise Zone 2 (Parc Cybi), Holyhead, Anglesey. Parc Cybi is a strategic 120-acre employment development facilitated by the Welsh Government on which a site-wide Outline Planning Permission was granted on 7th March 2005 by Isle of Anglesey Council for a mixed-use development comprising employment uses, a hotel, offices, leisure uses and industrial units, and the construction of new highway infrastructure, including connections to the A55 (ref. 19C842A/EIA).

The proposed development would be located on the Parc Cybi 'gateway plot' which is protected for employment purposes in both current and emerging policies.

It has been assumed that the hotel would be of a 'budget' type, with an estimated capital cost of £4 million for the proposed development.

Strategic policy context and baseline review

The proposed development is fully consistent with and demonstrates a high level of strategic fit with the following national, sub-national and local policy strategy and frameworks:

- Taking Wales Forward;
- Partnership for Growth: Welsh Government Strategy for tourism;
- Destination Anglesey Management Plan;

- The Energy Island Programme;
- Isle of Anglesey Single Integrated Plan;
- Anglesey County Council Corporate Plan; and
- Holyhead 2020 Realising Sustainable Community benefit (Strategic Outline Programme).

The proposed development would both complement and address a range of socio-economic issues within Holyhead and Anglesey that have been identified within the baseline assessment, these include:

- 6.6% increase in the working age population residing in Holyhead Town between 2005 and 2014;
- relatively low productivity levels in Anglesey (GVA per capita of £13,411 in 2015) with the GVA per capita gap widening between Anglesey and Wales;
- relatively low growth in the number of active enterprises in Anglesey compared to North Wales and Wales as a whole;
- relatively high economic activity rate in Anglesey compared to West Wales and the Valleys and Wales as a whole since 2009;
- Anglesey has a relatively high proportion of employment in the 'Accommodation and food services' sector (12.4% in 2014);
- relatively high proportion of Anglesey's residents employed within elementary occupations;
- gross full-time weekly wages in Anglesey have tended to lag behind the Wales average;
- Anglesey's tourism industry currently attracts 1.63 million visitors annually, with a total economic impact of £279 million in 2015. The money visitors spend helps to create 3,990 jobs and sustain a much wider range of shops, restaurants, suppliers, transport services and other amenities;
- the unemployment rate (as measured by the JSA claimant rate) has declined in Anglesey since 2012, in line with similar declines for Wales as a whole. However, the unemployment rate in Anglesey has consistently been higher than in Wales over the 2009-2016 period; and
- Holyhead is one of Wales' most deprived towns. Around 67% of all 9 LSOAs in Holyhead are amongst the 20% most deprived LSOAs in Wales.

Economic and wider effects

It is estimated that the total construction cost of the proposed development could amount to around £4 million, which would support 69 net additional person years of construction employment for Anglesey residents, equating to 7 full-time equivalent (FTE) temporary construction jobs. It is considered that any adverse effects on the public / other businesses during the construction phase would be minimal.

The operation of the hotel is expected to create 20 net additional FTE jobs at the Anglesey level, generating Gross Value Added (GVA) of around £465,000 per annum in the local economy.

Furthermore, visitors staying overnight in the hotel would have an additional impact on the local economy over and above the effects derived from the direct operation of the proposed development. Indicatively, around £1.5 million of annual visitor expenditure can be anticipated to support and sustain around 26 gross jobs within local industries in the leisure and tourism sector.

In addition to the above benefits, the proposed development would also lead to a number of wider, less easily quantifiable effects, such as increasing choice and competition and improving the image of the local area.

1 Introduction

1.1 Overview

AMION Consulting (“AMION”) was appointed by Axis, on behalf of The Conygar Investment Co. PLC (“the Applicant”), to undertake an economic impact study of proposals for the erection of a hotel on land at Zone 1, Parc Cybi, Holyhead (“the Site”). The proposals include construction and operation of an 80-bedroom Premier Inn hotel, together with associated access works, drainage, landscaping and utility infrastructure (proposed development). The study has focused on the possible economic and wider effects that may arise from the proposed development.

The Site is located on Enterprise Zone 2 (Parc Cybi), close to Holyhead Port on Anglesey and links directly via the A55. The Site is protected for employment purposes in both current and emerging policies and sits within an archaeologically sensitive area.

It is expected that the proposed development would lead to a range of benefits for Holyhead and the wider Anglesey area, where it is expected to create jobs both during the construction and operational phases. Demand for the proposed development is expected to come from the anticipated increase in the number of business travelers and visitors as a result of local energy, marine and tourism developments. Moreover, it is hoped that the hotel’s close proximity to Holyhead Port would attract ferry passengers as they travel to and from the island, in addition to encouraging more people to stay and explore the area rather than simply pass through. As such, the proposed development would be an important part of on-going efforts to boost tourism on Anglesey.

The Applicant is currently engaged in a range of development programmes in Anglesey. During 2016, the Applicant made two large acquisitions in the local area, one of them being the £3 million freehold purchase of a 203-acre former gas storage facility at Rhosgoch, near Anglesey. The Applicant has signed an option agreement with Horizon Nuclear Power for the whole site, which is one of several Horizon is considering for the temporary accommodation for construction workers at the Wylfa nuclear power station. The Applicant also has an option, running to 2022, with Horizon for a logistics centre on a 6.9 acre plot at Parc Cybi Business Park. A truck stop developed with a Fred Done business has now opened at Parc Cybi.

This report seeks to outline the economic case for the project proposals, with particular focus on the overall benefits to the local economy. It aims to provide an estimate of the project’s economic impact, specifically in terms of its contribution towards generating additional employment opportunities and economic activity. In establishing the economic justification, the report also sets out the policy and socio-economic context for the proposed development.

1.2 Scope and nature of the study

The economic impact study has been conducted based on HM Treasury Green Book guidance¹, together with additionality guidance² developed by AMION Consulting. It has comprised a review

¹ HM Treasury (2011) The Green Book: Appraisal and Evaluation in Central Government.

² HCA (2014) Additionality Guide, Fourth Edition.

of the policy and socio-economic context to the proposed development, encompassing an analysis of strategic fit and the extent to which the local area suffers from problems of deprivation.

The proposed development would result in socio-economic effects during both the construction and operational phases. During the construction phase the proposed development will result in:

- an increase in short-term / temporary construction employment.

During the operational phase, the proposed development would result in:

- long-term employment and Gross Value Added (GVA)³ as a result of the operation of the hotel, together with visitor expenditure impacts.

In terms of employment, the study has sought to estimate both the gross and net additional impact of the project, in line with appraisal guidance. Consequently, consideration has been given to who is likely to secure the benefits generated, the level of activity that might be displaced by the scheme and the possible multiplier effects that could be realised.

1.3 Structure of the study report

The report continues in five further sections, as follows:

- *Section 2:* describes the proposed project and its location;
- *Section 3:* sets out the project's strategic contribution, identifying its fit with local, sub-national and national policy;
- *Section 4:* establishes the socio-economic context for the project, highlighting the socio-economic conditions prevalent within the local area;
- *Section 5:* presents the economic and wider benefits associated with the proposed development; and
- *Section 6:* sets out the conclusions of the economic impact study.

³ GVA is a measure of the economic value of goods and services produced in an area. It is defined by the Office for National Statistics (ONS) as "...the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production." As such, GVA is an important economic indicator of the level of economic activity and productivity within an area/sector.

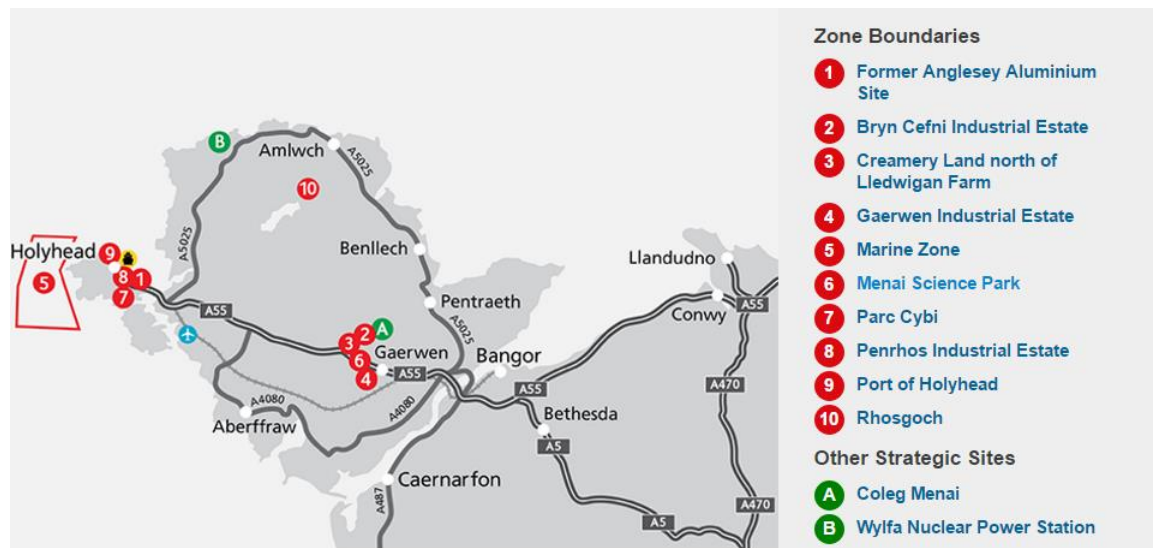
2 The proposed development

2.1 Site location and description

The Site is located on Enterprise Zone 2 (Parc Cybi), Holyhead, Anglesey. Parc Cybi is a strategic 120-acre employment development facilitated by the Welsh Government. The first phase has received full planning permission and will incorporate a 30,000 sq ft Gateway Office scheme, and 109,000 sq ft of high quality logistics / industrial units. Parc Cybi is located on the southern edge of Holyhead alongside the A55. The development benefits from a direct connection to the A55 via Junction 2. Parc Cybi is situated in an Area of Outstanding Natural Beauty (AONB) and seeks to integrate with its surrounding context and generate sustainable employment opportunities for the local area.

Parc Cybi has been designated as one of the sites within the Anglesey Enterprise Zone which will result in significant support for qualifying companies. Anglesey's Enterprise Zone status, alongside its Energy Island Programme, is driving the island's growth into a world-renowned centre of excellence in low carbon power generation. Figure 2.1 shows the zone boundaries within the Anglesey Enterprise Zone (Ref 7: Parc Cybi).

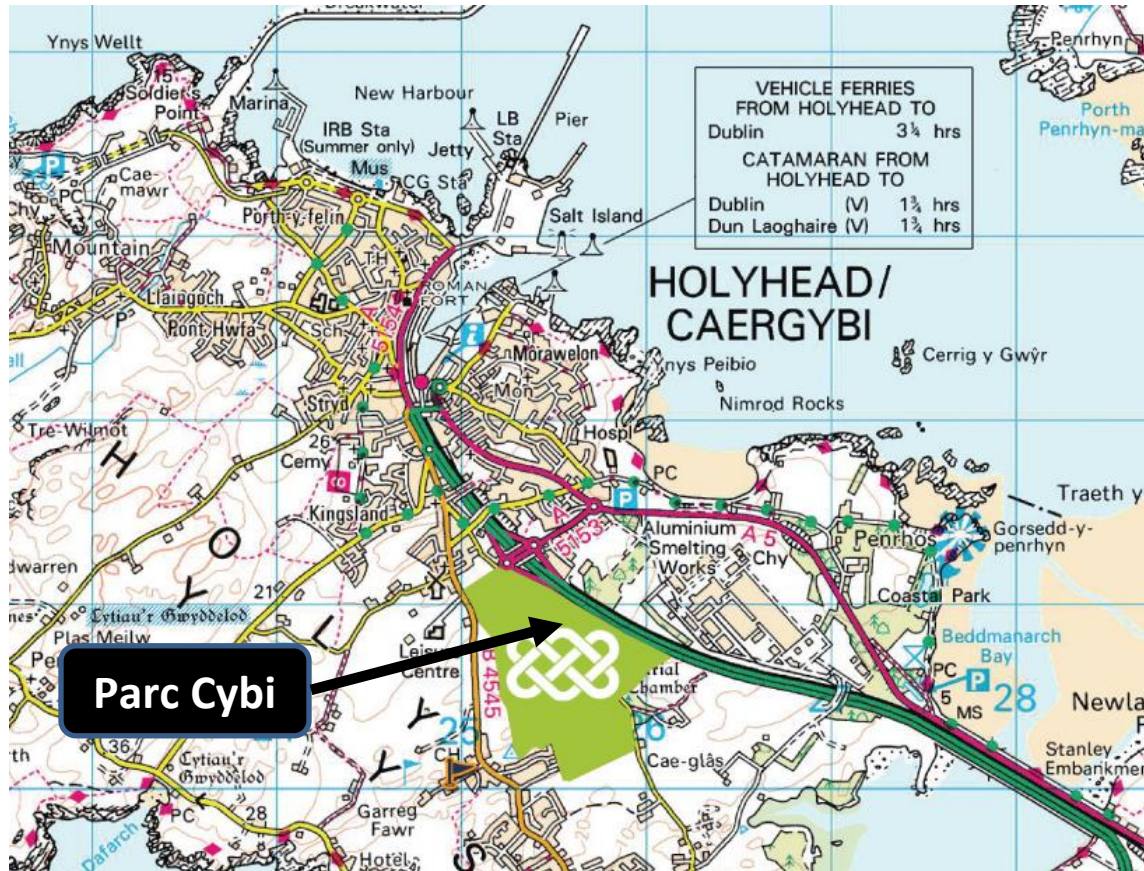
Figure 2.1: Anglesey Enterprise Zone



Source: Welsh Government

Figure 2.2 shows the location of Parc Cybi and its proximity to the Port of Holyhead.

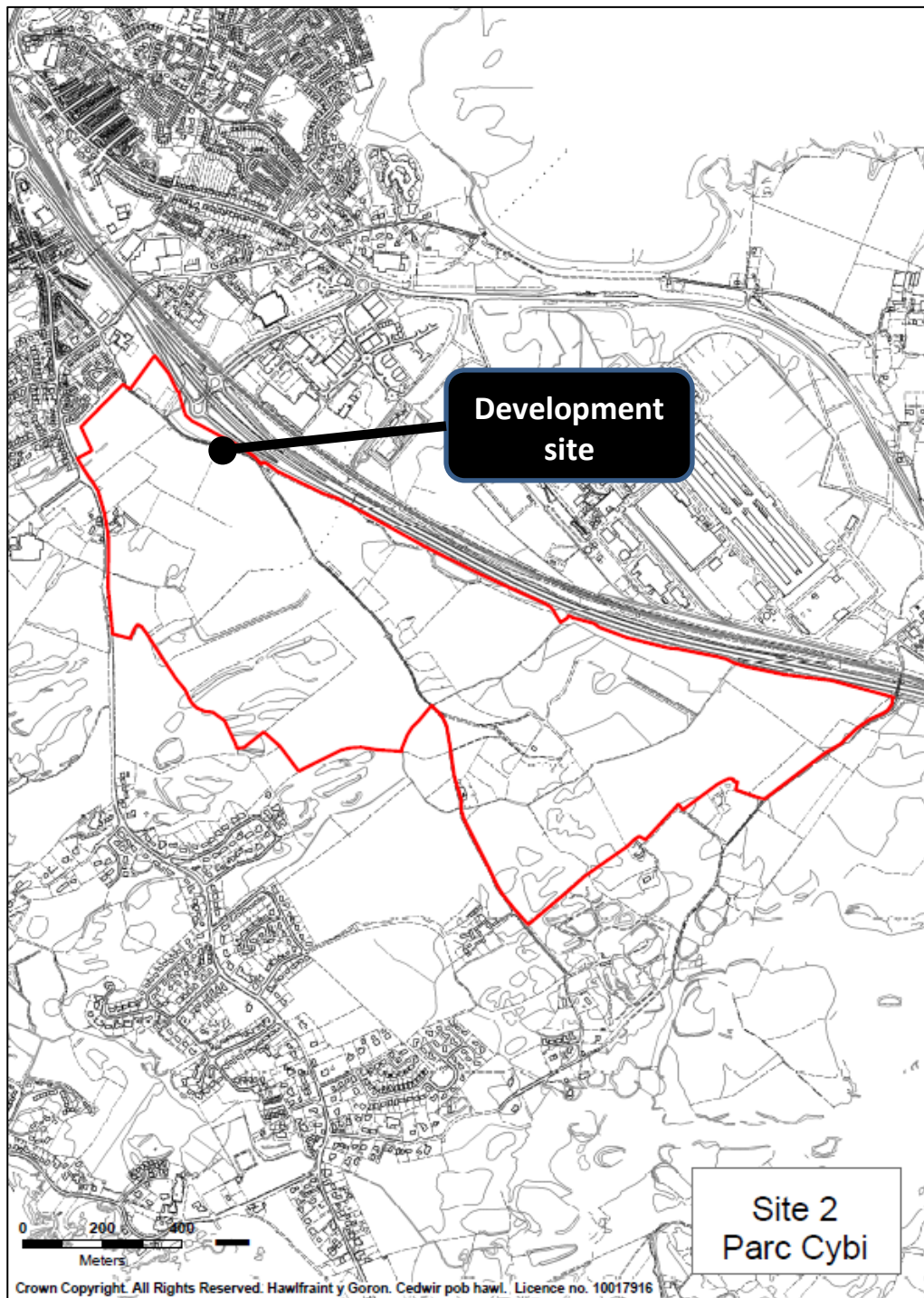
Figure 2.2: Location of Parc Cybi



Source: Parc Cybi

Figure 2.3 shows the location of the Site within the Parc Cybi boundary.

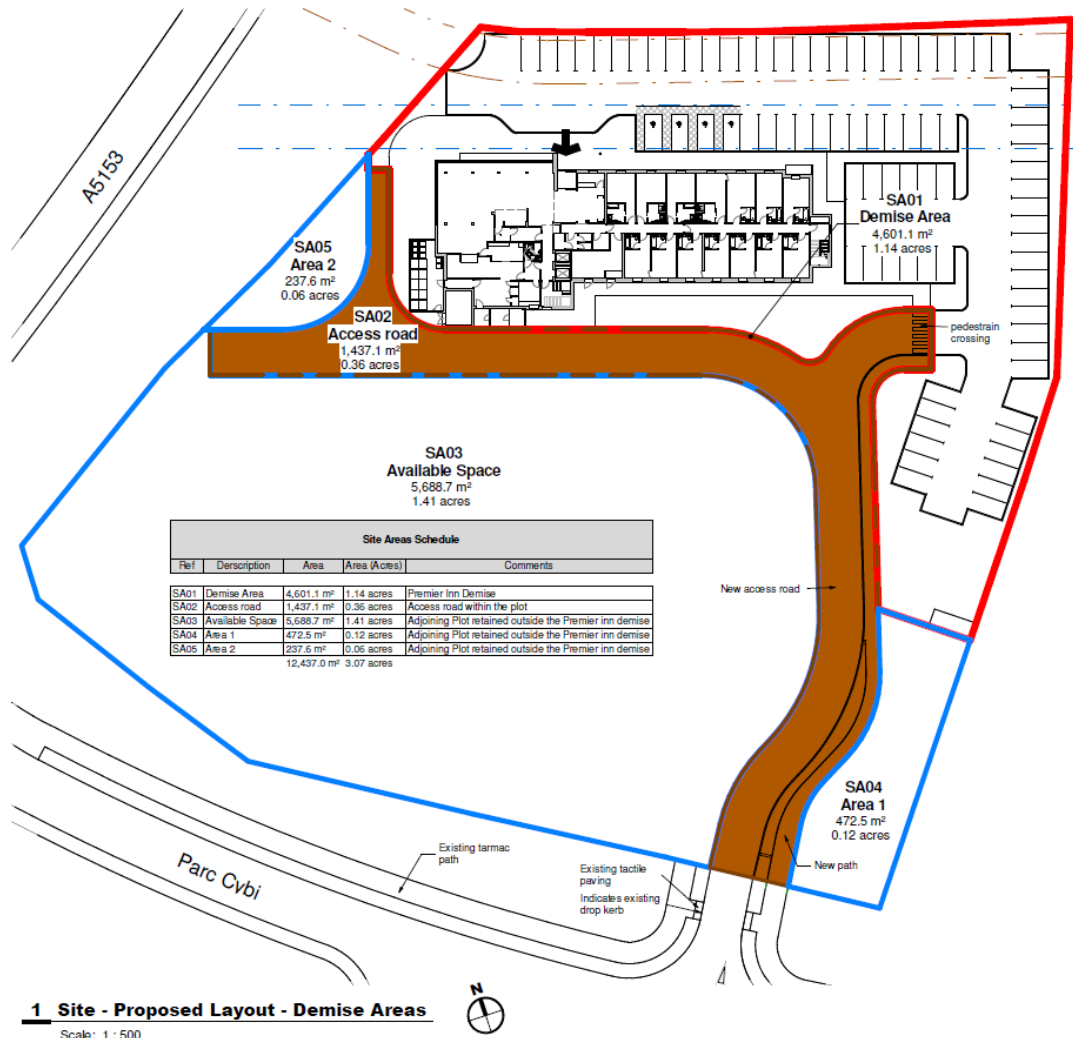
Figure 2.3: Parc Cybi boundary map



Source: Wales Government

The Site is located on the Parc Cybi 'gateway plot' with an overall plot area of 12,437 sq m. Within the gateway plot, the Hotel demise covers an area of 4,601 sq m and the associated Access Road covers an area of 1,437 sq m, as shown in Figure 2.4.

Figure 2.4: Site location within the Parc Cybi 'Gateway plot'



1 Site - Proposed Layout - Demise Areas
Scale: 1 : 500

Source: C4 Consulting

2.2 Redevelopment proposals

The proposed development includes the construction and operation of an 80-bedroom hotel (3,200 sq m floorspace), together with associated access works, drainage, landscaping and utility infrastructure.

It has been assumed that the hotel will be of a 'budget' type, with an estimated capital cost of £4 million⁴ for the proposed development.

⁴ Source: Axis

3 Strategic policy context

3.1 Introduction

A review of the relevant policy context has been undertaken in order to assess the strategic contribution that the proposed development would make towards new and existing national, sub-national and local policy strategies and frameworks. This has been summarised in Table 3.1.

Table 3.1: Strategic contribution	
Strategy / plan	Strategic fit
National	
Taking Wales Forward (2016-2021)	Taking Wales Forward is the Welsh Government's programme for the 2016-2021 period. It sets out the government's key priorities to drive improvement in the Welsh economy and public services. The proposed development will contribute to the key aim within the programme of supporting the development of the country's successful tourism businesses.
Partnership for Growth: Welsh Government Strategy for tourism (2013-2020)	The Strategy sets the vision for the Government and industry to work in partnership to increase visitor spend in Wales. The Strategy focuses on five key themes: promoting the brand; product development; people development; profitable performance; and place building. Under the product development theme, the Strategy recognises that <i>"There is clear evidence to show that investment in better quality visitor facilities, particularly accommodation, supports higher performance and drives profitability"</i> . In this respect, the proposed development will help to achieve the aim of a having a <i>"range of quality accommodation"</i> .
Sub-national / local	
Destination Anglesey Management Plan (2016-2020)	The latest Destination Management Plan for Anglesey seeks to promote and develop the Isle of Anglesey as a place to visit, live, work and invest; and to become an island that cares for its natural assets and welcomes visitors. The proposed development is strategically aligned to the Plan, which includes the key priority of providing more, good quality accommodation. Furthermore, the new hotel will contribute to Strategic Objective 7 (International Visitor Gateway) by helping to <i>"capitalise on Holyhead as a major gateway for tourists, travellers and passengers which pass through on an annual basis."</i>
The Energy Island Programme	The Energy Island Programme aims to establish Anglesey as a centre for excellence for producing and servicing low carbon energy. The programme has the potential to bring in more than £2.3 billion to Anglesey and North West Wales over the next 15 years through a range of energy related projects. The proposed development could potentially offer capacity (as one element of the overall accommodation mix) to meet the accommodation needs of construction workers associated with these projects.

Table 3.1: Strategic contribution	
Strategy / plan	Strategic fit
Isle of Anglesey Single Integrated Plan (2013-2025)	The aim of the Plan is to improve the quality of life of local people and communities by enhancing the islands economic, social and environmental well-being over the next 12 years. Tourism is identified as a major contributor to the island's economy and the Plan seeks to make the most of opportunities to develop the tourism industry and maximise the island's potential. The proposed development will help deliver on the identified 'measure of success': to provide an <i>"increase in quality tourist accommodation."</i>
Anglesey County Council Corporate Plan (2013-2017)	The Plan recognises tourism as a key driver of the Island's economy and the proposed development will serve to both support and develop the sector. The Plan also recognises the opportunities created through the Energy Island Programme and the Island's designated Enterprise Zone, which include new jobs as a result of the planned investment and growth potential of the low carbon energy sector. Here the proposed development will help the Council achieve its aims of increasing employment opportunities for young people and improving Infrastructure.
Holyhead 2020 Realising Sustainable Community benefit (Strategic Outline Programme)	The proposed Programme is based on tackling the need and opportunity under three themes that reflect Welsh Government priorities, namely: Homes, Places, and People. The proposed development is strategically aligned to the Programme as it will address the identified need to improve the provision of quality visitor accommodation in the town. Furthermore, the proposed development will provide a number of local benefits, which will help to satisfy a key commitment of the Programme to ensure that the local community fully benefits from major economic opportunities expected to be generated by large development schemes such as Parc Cybi.

4 Baseline assessment

4.1 Introduction

In order to provide a baseline assessment, this section sets out an analysis of a range of relevant indicators to explore the socio-economic conditions within Holyhead and Anglesey compared to wider geographies.

For some indicators, the Isle of Anglesey 003 Middle Layer Super Output Area (MSOA) has been assessed as it covers most the built-up area in and around Holyhead, together with the development site, as shown in Figure 4.1.

Figure 4.1: Isle of Anglesey 003 MSOA



Source: OpenStreetMap

4.2 Population and demographic trends

The total population of Holyhead town stood at 1,268 in June 2015, an increase of 5.5% since June 2010. In contrast over the same period, increases in the total population were observed for the Isle of Anglesey 003 MSOA (1.5%), the Isle of Anglesey as a whole (0.2%) and Wales (1.6%).

Table 4.1 shows the percentage change of the school age (0-15), working age (16-64), retirement age (65+) and total population for Holyhead Town, the Isle of Anglesey 003 MSOA, the Isle of Anglesey as a whole and Wales between June 2010 and June 2015.

Table 4.1: Change in population (June 2005 – June 2014)				
	Age 0-15	Age 16-64	Age 65+	Total population
Holyhead Town	6.3%	6.6%	-1.2%	5.5%
Isle of Anglesey 003 MSOA	5.1%	-1.6%	9.0%	1.5%
Isle of Anglesey	0.3%	-4.1%	11.9%	0.2%
Wales	0.1%	-1.0%	12.1%	1.6%

Source: StatsWales

While the working age population in Holyhead Town has increased by 6.6% between June 2005 and June 2014, it has declined in all comparator areas over the same period.

Table 4.2 shows that the total population of the Isle of Anglesey is projected to decline by -1.7% between 2017 and 2037, whereas an increase in total population is expected in North Wales (3.8%) and Wales as a whole (4.9%). A significant decline in the working age population (16-64) is projected for the Isle of Anglesey (-13.4%) compared to more modest declines for North Wales (-6.6%) and Wales (-4.9%).

Table 4.2: Projected change in key population groups (2017-2037)				
	Age 0-15	Age 16-64	Age 65+	Total population
Isle of Anglesey	-4.1%	-13.4%	26.6%	-1.7%
North Wales	0.6%	-6.6%	33.4%	3.8%
Wales	2.2%	-4.9%	36.3%	4.9%

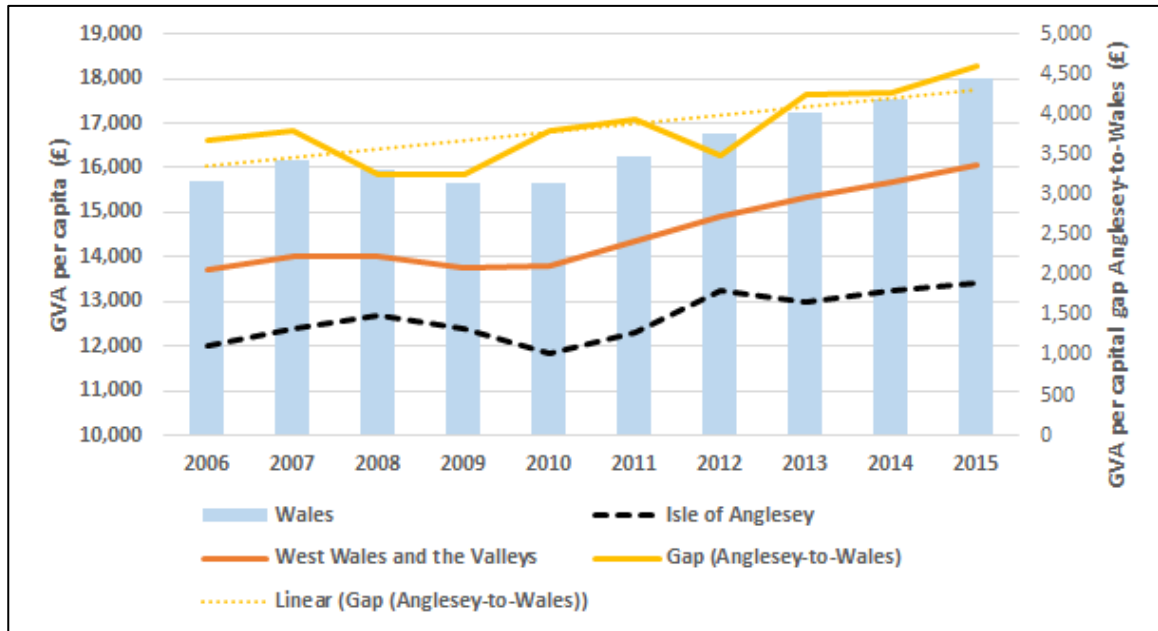
Source: Experian (March 2017)

4.3 Economic growth

4.3.1 GVA per capita

In 2015, GVA per capita in the Isle of Anglesey stood at £13,411, compared to a West Wales and the Valleys average of £16,059 and £18,002 for Wales as a whole. The relatively low GVA per capita in the Isle of Anglesey has persisted over the 2006-2015 period, Table 4.2 shows that the GVA per capita gap between the Isle of Anglesey and Wales has increased over this period.

Figure 4.2: GVA per capita between 2006 and 2015



Source: StatsWales

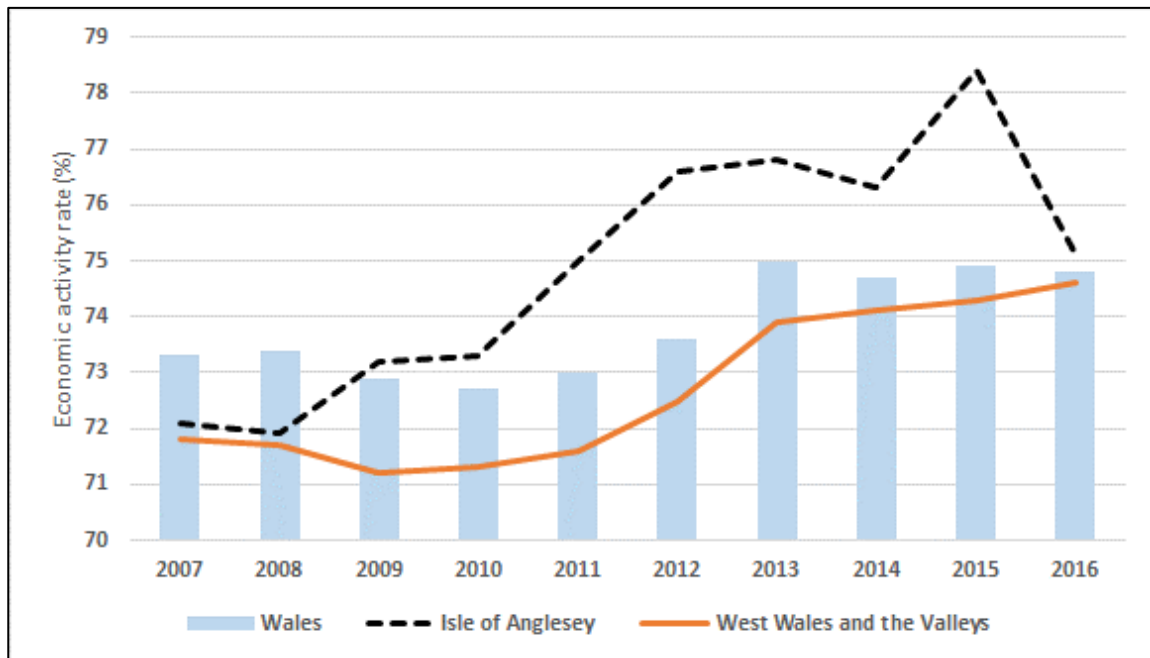
4.3.2 Active enterprises

Between 2006 and 2015, the total stock of active enterprises in the Isle of Anglesey grew from 2,202 to 2,045 – an increase of 1.2%. This compares to an increase of 5.8% in North Wales and 7.0% across Wales over the same period. However, the number of active enterprises within Anglesey as a proportion of its overall population (2.9%) is broadly comparable to that of Wales as a whole (3.1%) (Source: StatsWales).

4.4 Employment

Figure 4.3 shows that the economic activity rate for the Isle of Anglesey has increased from 72.1% in 2007 to 75.1% in 2016, an increase of 4.2%. This compares with an increase of 3.9% for West Wales and the Valleys and 2.0% for Wales as a whole over the same period.

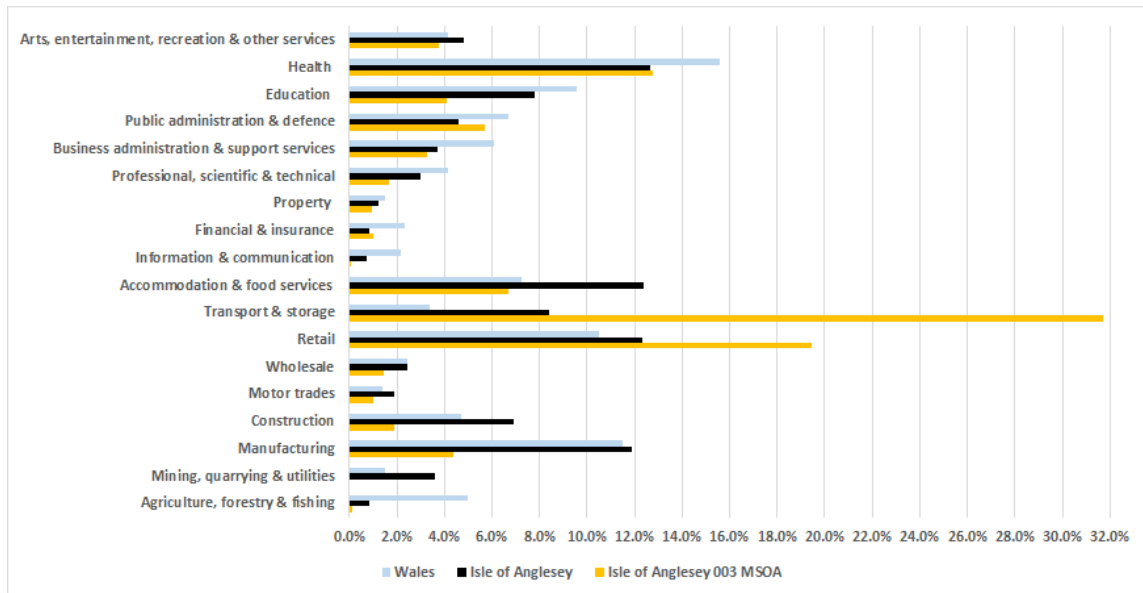
Figure 4.3: Economic activity rate (2007-2016)



Source: StatsWales

Figure 4.4 shows that, in 2014, the Isle of Anglesey 003 MSOA area demonstrated a relatively high proportion of people employed in the 'Transport and storage' (31.7%) and 'Retail' sectors (19.5%). This is to be expected with the concentration of port-related activity in this area. The Isle of Anglesey as a whole has relatively high proportions of employment in the 'Accommodation and food services' (12.4%), 'Retail' (12.3%) sectors compared to the Wales average.

Figure 4.4: Sectoral employment as a percentage of total employment (2014)

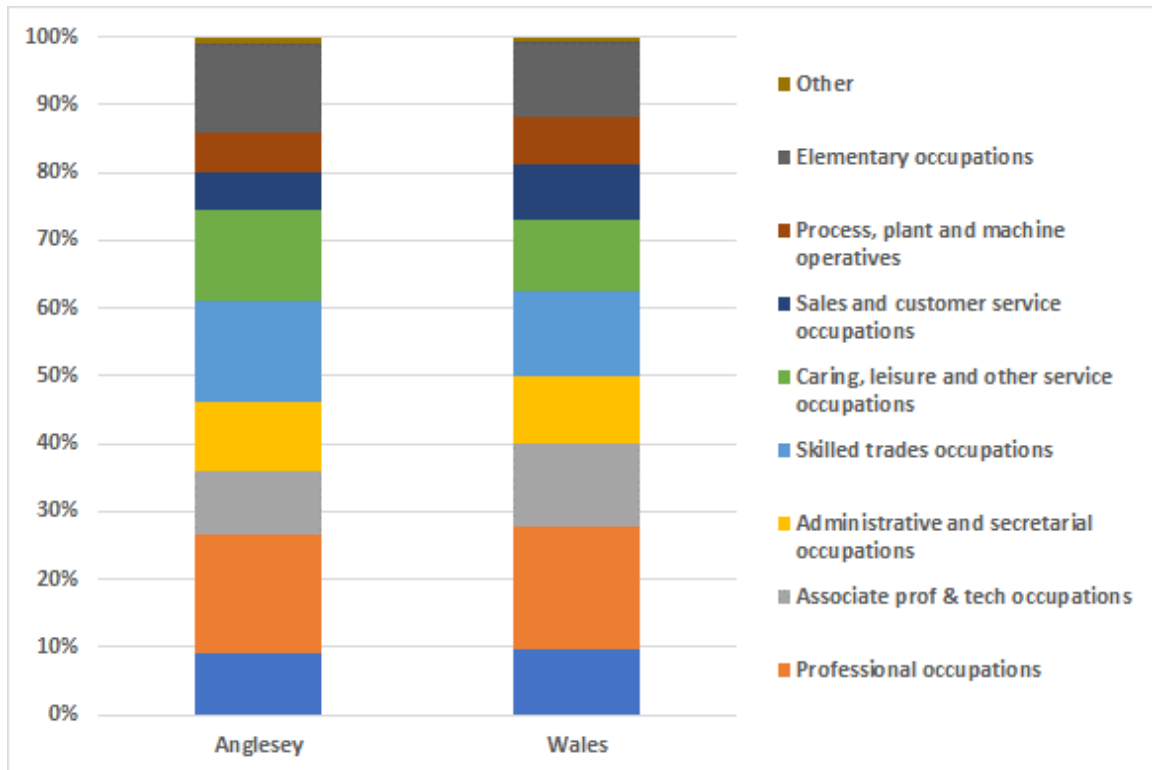


Source: ONS, Business Register and Employment Survey (BRES)

4.5 Local labour market

In 2016 the proportion of Anglesey's residents employed within elementary occupations was 12.9% - higher than the Wales average (11.0%). By contrast, a slightly lower percentage of Anglesey residents are employed in managerial and professional occupations (26.6%) compared to Wales (27.8%), as shown in Figure 4.5.

Figure 4.5: Resident employment by occupation (2016)



Source: Annual Population Survey

Despite some volatility in resident income levels in Anglesey between 2011 and 2016, gross full-time weekly wages have generally tended to lag behind the Wales average, as shown in Table 4.3. In 2016, median earnings in Anglesey were £469.0 per week compared to £498.3 across Wales as a whole.

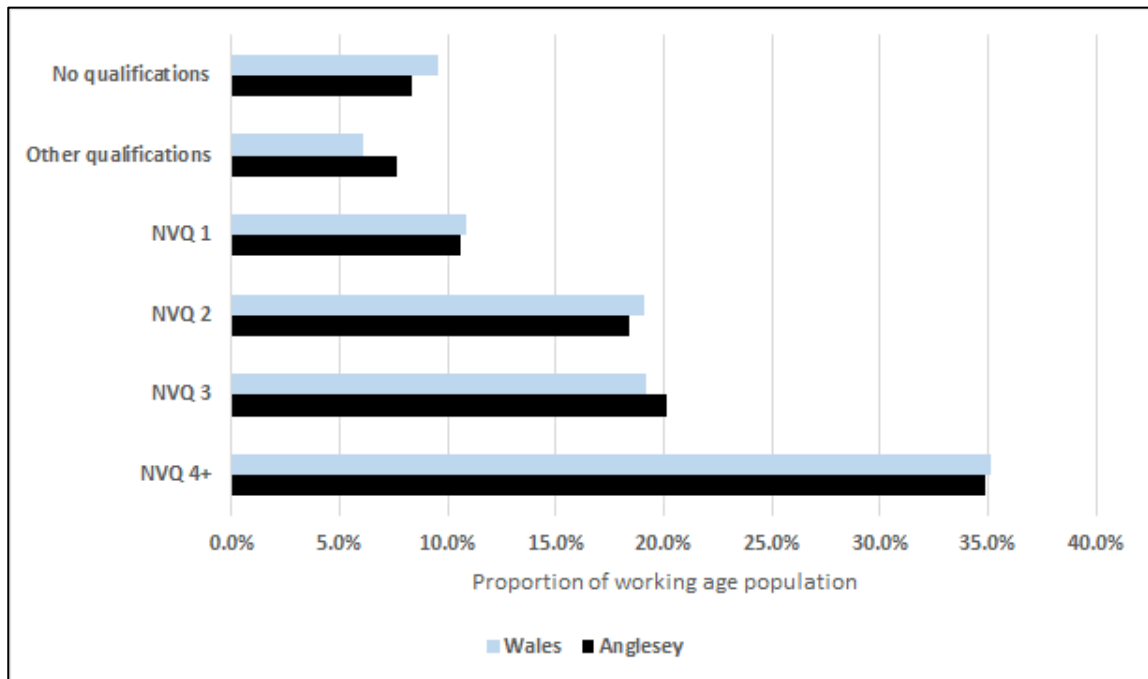
The analysis also shows that average lower quartile wages in Anglesey have been broadly consistent with the Wales average over the 2011-2016 period.

Table 4.3: Gross full-time weekly wage								
	2011	2012	2013	2014	2015	2016	Change (2011-2016)	Average (2011-2016)
Median earnings (£ per week)								
Anglesey	431.7	453.2	446.7	445.9	481.9	469.0	8.6%	454.7
Wales	455.1	454.9	475.3	480.0	487.6	498.3	9.5%	475.2
Lower quartile earnings (£ per week)								
Anglesey	338.7	343.0	352.2	337.7	362.3	348.2	2.8%	347.0
Wales	333.4	337.4	344.2	347.8	354.0	367.8	10.3%	347.4

Source: Average Survey of Hours and Earnings

In terms of qualifications, Figure 4.6 shows that 8.4% of Anglesey's working age resident population have no qualification. In addition, while 34.9% are qualified to degree level or higher, this is similar to 35.1% for Wales as a whole.

Figure 4.6: Qualifications (2016)



Source: Annual population survey

4.6 Visitor economy

4.6.1 North Wales

Anglesey is located within the wider North Wales tourism region. North Wales is an area where tourism plays a significant role in the local economy, particularly in coastal areas. This is reflected both in employment and bedstock figures, and also in the fact that 37% of all domestic overnight visits to Wales, and 28% of day visits to Wales, are to this region. The North-West/ Merseyside region of England provides many visitors to North Wales, with 40% of domestic overnight visits and 29% of day trips to North Wales originating here.

Since the years 2006-2008, domestic overnight visits to North Wales have been increasing with the annual average for the years 2012-2014 standing at 3.66 million trips per year. More overnight trips are made to North Wales than to any other part of Wales, with 37% of overnight trips to Wales in the years 2012-2014 made to North Wales.

Spend on domestic overnight visits to North Wales has also been increasing, from an annual average of £492 million in 2006-2008, to £591 million per year in the years 2012-2014. The amount spent on overnight trips to North Wales in the years 2012-2014 was 36% of all money spent on trips to Wales as a whole.

Employment in tourism in the North Wales area has risen over the last ten years, from 24,500 in 2005 to 27,700 in 2014. Employment in tourism has also risen as a proportion of total employment, from 8.2% to 9.4%. (Source: Welsh Government, Regional Tourism Profiles 2014: North Wales).

4.6.2 Anglesey

Anglesey's tourism industry currently attracts 1.63 million visitors annually, with a total economic impact of £279 million in 2015. The money visitors spend helps to create 3,990 jobs and sustain a much wider range of shops, restaurants, suppliers, transport services and other amenities. Tourism is now one of Anglesey's largest industries.

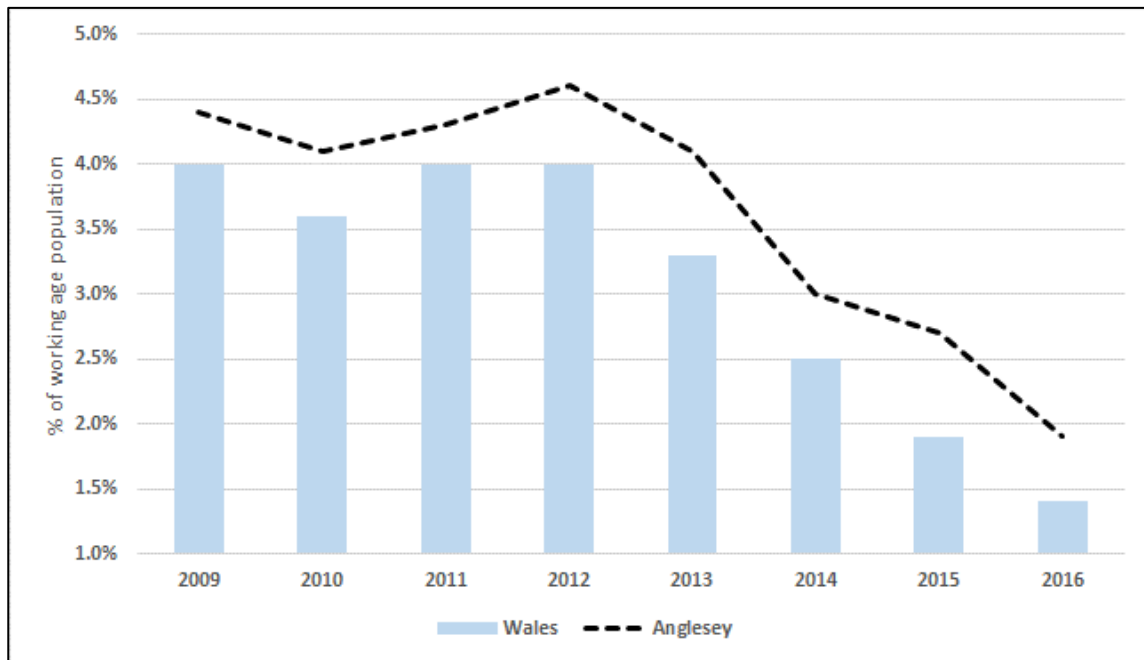
Anglesey is also home to the second busiest port in the UK behind Dover, catering for approximately 2 million transient visitors annually travelling between the UK and the republic of Ireland, along with hosting a growing number of international cruise ships.

Tourism contributes to local prosperity and quality of life in Anglesey. It supports cross-cutting services and infrastructure which benefit local people, for example transport links, the range of shops and services and cultural facilities. Furthermore, it helps promote a positive image of the Island to the outside world which, in turn, can attract investment and make people feel better about the place in which they live. (Source: Isle of Anglesey County Council 'Destination Anglesey Management Plan 2016-2020').

4.1 Unemployment and economic inactivity

Figure 4.7 sets out the unemployment trends for Anglesey and Wales, as measured by the JSA claimant rate. It shows that recent unemployment trends within Anglesey have broadly been in line with those for Wales, with significant declines in unemployment observed since 2012. However, the unemployment rate in Anglesey has consistently been higher than in Wales over the 2009-2016 period. In 2016, the unemployment rate in Anglesey stood at 1.9%, compared to 1.4% in Wales.

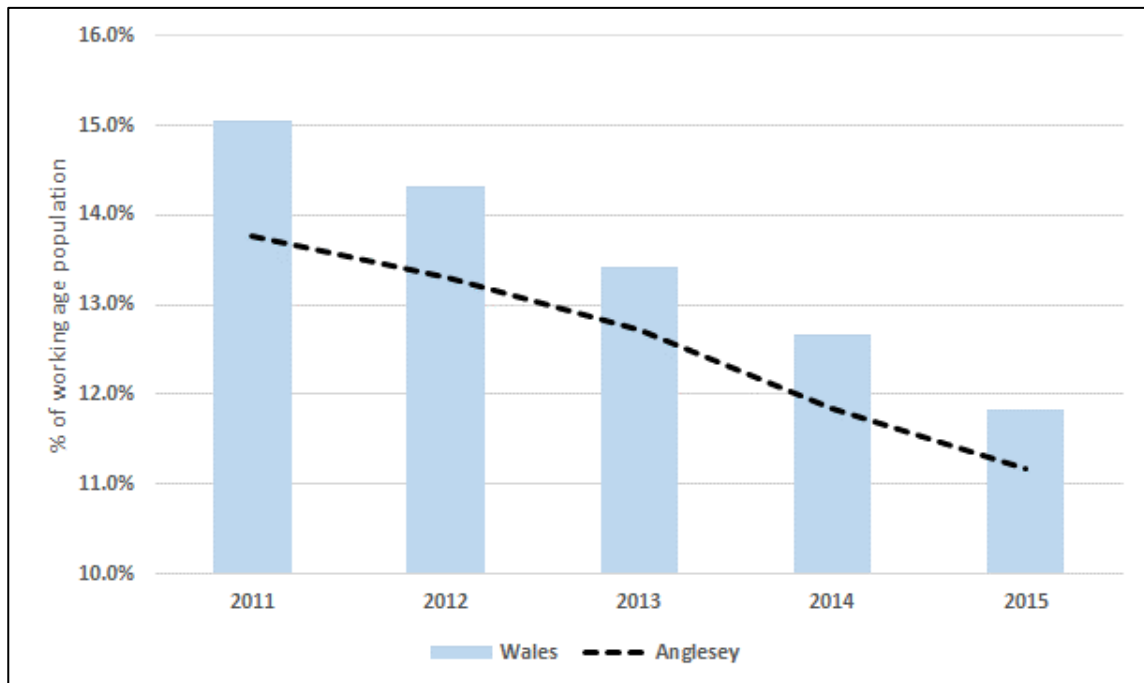
Figure 4.7: Unemployment trends as measured by JSA claimant rate (2009-2016)



Source: Jobseekers Allowance with rates and proportions

Figure 4.8 highlights the overall trends in worklessness within Anglesey, as compared to Wales. The worklessness rate (reflecting the proportion of the working age population claiming Job-Seekers Allowance, ESA or incapacity benefit, lone parent allowance and other income related benefits) for Anglesey was 11.2% in 2015. This compares with rates of 11.8% for Wales in the same year.

Figure 4.8: Worklessness rate (2011-2015)



Source: DWP benefit claimants

4.2 Deprivation

Holyhead is one of Wales' most deprived towns. An analysis of deprivation has been conducted using the Welsh Index of Multiple Deprivation 2014 (WIMD 2014). As shown in Table 4.4, around 67% of all 9 Lower Layer Super Output Areas (LSOAs) in Holyhead are amongst the 30% most deprived LSOAs in Wales. 18% of the 44 LSOAs in the Isle of Anglesey are amongst the 30% most deprived in Wales.

Table 4.4: Deprivation (WIMD 2014)				
	Holyhead (Total of 9 LSOAs)		Anglesey (Total of 44 LSOAs)	
	No of LSOAs	% of all Holyhead LSOAs	No of LSOAs	% of all Anglesey LSOAs
Most deprived 10% in Wales	1	11%	1	2%
Most deprived 20% in Wales	6	67%	7	16%
Most deprived 30% in Wales	6	67%	8	18%

Source: WIMD 2014

5 Economic and wider effects

5.1 Overview

The proposed development would result in a range of benefits for the local community and within the wider economy. This chapter has sought to quantify the economic benefits of the proposals, focusing on the scale of the effect at the Anglesey level.

The key benefits are expected to include:

- the generation of short-term / temporary construction employment; and
- long-term employment and GVA as a result of the operation of the hotel, together with visitor expenditure impacts.

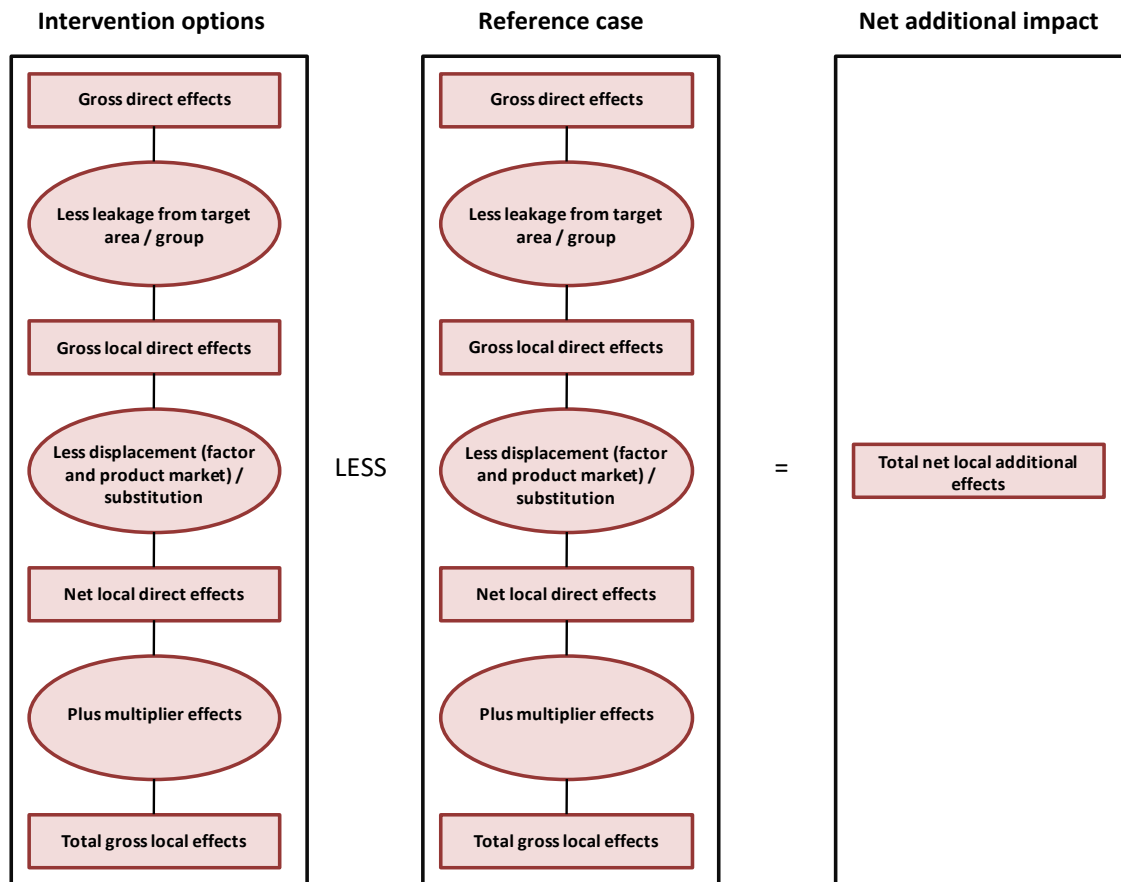
In addition to the above benefits, the proposed development would also lead to a number of wider, less easily quantifiable effects, such as increasing choice and competition and improving the image of the local area.

In assessing the economic impacts of a project, a critical issue is the extent of additional activity generated within the local area compared with what would be expected to happen anyway.

In determining the net additional impact of the proposed development, the key issue to be addressed is the additionality of the scheme – the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention.

The approach to assessing the net additional impact of the proposed development is shown diagrammatically in Figure 5.1.

Figure 5.1: Net additional impact



In order to assess the additional impact of the proposed development, the following factors need to be considered:

- **leakage** – the proportion of outputs that benefit those outside of the target area;
- **displacement** – the proportion of the development’s outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets;
- **multiplier effects** – further economic activity associated with additional local income and local supplier purchases; and
- **deadweight** – outputs which would have occurred without the proposed development.

The assessment of additionality has been undertaken at the Anglesey level, having been informed by best practice guidance produced by Homes and Communities Agency (HCA) and the Department for Business, Innovation and Skills (BIS)⁵.

⁵ HCA (2014), Additionality Guide & BIS (2009), Research to improve the assessment of additionality.

5.2 Construction phase impacts

5.2.1 Gross construction jobs

The proposed development is expected to involve some £4 million of construction expenditure.

Based upon the expected level of construction expenditure, the number of total gross jobs supported during the construction phase has been estimated. The analysis draws upon labour coefficients (in 2017 prices) sourced from guidance (HCA Cost Per Job Guidance, 2015) produced by the HCA relating to construction spend per worker.

In total, it is estimated that construction expenditure would support 62 person years of employment. On the basis of the convention that ten person years of employment is approximate to one permanent job, it is estimated that the overall construction phase would result in the creation of 6 full-time equivalent (FTE) gross jobs.

5.2.2 Net additional construction jobs

In determining the net additional jobs generated through the construction phase, each of the additionality factors has been assessed.

- **leakage** – Whilst specialist labour may be brought in from outside of the area, Anglesey does have a pool of local labour with relevant construction and related skills. In order to estimate the levels of leakage, reference has been made to 2011 Census UK travel to work flows. Around 85% of people working in Anglesey reside in Anglesey. Based on this, a leakage rate of 15% has been assumed;
- **displacement** – in order to derive an estimate of the potential level of displacement, consideration has been given to the required level of construction employment and potential available workforce within Anglesey and the surrounding area. Given the performance of the construction sector and the uncertain economic prospects, displacement is unlikely to be a significant issue. On this basis, a very low displacement rate of 5% has been applied at the Anglesey level;
- **multiplier effects** – the expected multiplier effects have been estimated by reference to benchmarks set out within the Department for Business Innovation and Skills' (BIS) guidance on assessing additionality. A composite multiplier of 1.38 has been applied at the Anglesey level, in line with BIS guidance for physical regeneration projects; and
- **deadweight** – this is the level of additional temporary construction jobs created under the reference case (assumed to be zero).

Overall, it is estimated that the redevelopment proposals would create 69 net additional person years of construction employment (7 FTE net additional jobs) at the Anglesey level, as shown in Table 5.1.

Table 5.1: Net additional construction jobs (person years)

	Gross direct	Less leakage	Gross local direct	Less displacement	Net local direct	Multiplier	Total local direct	Less deadweight	Total net local additional
Anglesey	62	9	52	3	50	19	69	0	69

Note: subject to rounding

It is considered that the adverse effects on the public / other businesses during the construction phase will be minimal. The Site is located within the wider Parc Cybi development which has successfully managed adverse effects during site works within the business park since it was established. Parc Cybi has been designed to allow incremental development activity to be brought forward in a managed way that minimises disruption to existing businesses located in or near to the Business Park. As the Site is located on the gateway plot (as shown in Figure 2.3) which is in close proximity to the A55, this will enable construction vehicle movements to avoid other parts of Parc Cybi and Holyhead Town, further minimising disruption to the public / other businesses during the construction phase.

Premier Inn has a successful track record of minimising adverse effects on a range of receptors during the construction phase of similar hotels.

5.3 Operational phase impacts

5.3.1 Gross operational employment

It is anticipated that the new hotel would generate additional employment opportunities, directly by those employed by the hotel and indirectly within the supply chain, together with associated induced expenditure.

It has been assumed that the hotel would employ 15 full-time staff and 15 part-time staff. On the convention that a part-time job is approximately equivalent to half of a full-time job, it is estimated that the proposed development would generate 22.5 FTE jobs. This is consistent with standard employment densities for a budget hotel (use class C1 Hotels) used within guidance produced for the HCA.

In terms of the employment to be created, this would be wide-ranging and would include both skilled and non-skilled jobs, including front-of-house, kitchen, technical and management positions. There would be opportunities for flexible working, shifts and part-time work.

Whitbread PLC, which owns Premier Inn, has an excellent reputation as a major national employer. Indeed, Whitbread is ranked at No. 8 in the Sunday Times "Best Big Companies to Work For" 2017 list.

Whitbread places strong emphasis on staff training and strives to ensure that employees can build long-lasting and successful careers within the firm. In particular, Apprenticeship programmes and management training are offered to members of staff (both new and existing)

to encourage career progression and personal development. As a result, Premier Inn establishments are able to recruit at least 80 percent of its management roles internally.

Whitbread's approach is to fully involve Job Centre Plus in its recruitment drives, so as to target job opportunities at unemployed local residents. Indeed, Premier Inn has a target of 50 percent of its new jobs to be taken by those not in employment, education or training (NEETs) aged 16 – 24 years old. Thus, 11 of the new FTE jobs on-site would be offered directly to NEETs. This initiative is complemented by Premier Inn's extensive work placement programme, which provides additional work experience opportunities to young people who are struggling to find a foot on the employment ladder.

5.3.2 Net additional operational employment

In order to calculate the number of net additional permanent jobs created, adjustments have been made in relation to leakage, displacement, multiplier effects and deadweight. The analysis of the net additional employment impact has been conducted again at the Anglesey level. The following adjustments have been applied in relation to each additionality factor:

- **leakage** - a leakage rate of 15% has been assumed at the Anglesey level, based on 2011 Census data (as per Section 5.2);
- **displacement** – it is recognised that, with the exception of the Travelodge (1 mile from the Site) near Holyhead Town Centre, there is a lack of large hotel providers in the area. On the basis that the proposed energy, marine and tourism developments near to the Site are expected to result in a significant increase in demand for accommodation for both long and short-term stays, an allowance has been made for 25% displacement at the Anglesey level - the low-level rate identified in the HCA's Additionality Guide;
- **multiplier effects** - a composite multiplier of 1.38 has been applied at the Anglesey level, in line with the benchmarks set out in the BIS guidance for physical regeneration projects; and
- **deadweight** – this is the level of additional permanent jobs created under the reference case (assumed to be zero).

It is estimated that the redevelopment proposals would create 20 net additional jobs at the Anglesey level, as shown in Table 5.2.

Table 5.2: Net additional jobs									
	Gross direct	Less leakage	Gross local direct	Less displacement	Net local direct	Multiplier	Total local direct	Less deadweight	Total net local additional
Anglesey	22.5	3.4	19.1	4.8	14.3	5.5	19.8	0.0	19.8

Note: subject to rounding

In order to assess the benefits of the proposed development to the Anglesey economy, consideration has been given to the expected levels of GVA that will be generated by the proposed development. An assessment has been undertaken of the net additional GVA impact

of the proposed development based on the profile of net additional employment assumptions, reflecting the following assumptions:

- the net additional FTE job estimates have been adjusted to no longer account for leakage, as GVA is a work-place based measure; and
- an average GVA per employee figure of £19,968 has been applied to adjusted estimates of net additional employment based on 2016 GVA and employee estimates for the Accommodation and Food Services sector in Anglesey from Experian (March 2017 release).

Overall, it is estimated that the proposed development would, once occupied, generate GVA of around £465,000 per annum within the local Anglesey economy through the operation of the hotel.

5.3.3 *Indicative gross visitor expenditure impacts*

Visitors staying overnight in the proposed development would have an additional impact on the local economy over and above the effects derived from the direct operation of the proposed development. Aside from expenditure on accommodation, which is assumed to support the operation of the proposed development, visitors will generate additional economic impacts through their expenditure on wider leisure and tourism activities, in local shops, and on transport.

The proposed development would generate additional overnight visitor capacity within Holyhead and the wider Anglesey area, with 80 additional hotel rooms expected to accommodate circa 19,856 overnight stays in the local area on an annual basis, based on the average occupancy rate of 68% seen in the North Wales region during the 12 months to December 2016 (Source: Wales Accommodation Occupancy Survey 2016).

Evidence from the Isle of Anglesey Steam Report 2012 indicates that the average spend per trip is £187 per person (2012 prices), with an average visitor staying for 1.75 nights. This generates an average spend per night of £115, having adjusted for inflation to 2017 prices. The GB Tourist Statistics 2015 indicate that 34% of all overnight tourism expenditure in Wales is spent on accommodation. Therefore, this indicates an approximate spend per night of £75, excluding accommodation. Based on the estimated additional capacity generated by the proposed development, visitors could spend approximately £1.5 million annually in the local economy.

Indicatively, the £1.5 million of annual visitor expenditure expected to be generated during the operation of the proposed development is anticipated to support and sustain around 26 gross jobs⁶ within local industries in the leisure and tourism sector, including food and drink; recreation; shopping; and transport. This would help to support the growth of the local economy of Holyhead and wider Anglesey.

⁶ Based on non-accommodation tourism expenditure – adjusted for inflation to 2017 prices (Source: Isle of Anglesey Steam Report 2012)

5.4 Wider benefits

In addition to the above benefits, the proposed development would also lead to a number of wider, less easily quantifiable effects, such as increasing choice and competition and improving the image of the local area.

The new hotel would increase the choice of accommodation for both business travellers and visitors to Holyhead, together with increasing competition between existing serviced accommodation providers.

Hotel development can bring benefits for the local community and support amenities and activities for residents and tourists. The importance of serviced accommodation to coastal resorts is highlighted by the Coastal Tourism Strategy (WAG 2008) which states that:

“A broader range of serviced accommodation would allow more choice for the visitor and appeal to the growing short break market. Similarly, high quality accommodation, in all sectors, will attract visitors with a higher purchasing power. Consumer expectations are rising, making it imperative to invest in the quality of accommodation in order to attract and retain visitors to the coast.”

With the Site’s ‘gateway’ location, the proposed development would also help to continue to improve the image of the local area and would be designed to complement the existing developments at Parc Cybi. It is anticipated that the hotel’s design would incorporate timber cladding and natural stone / slate, set within a landscaped plot.

6 Conclusions

The proposed development includes the construction and operation of an 80-bedroom Premier Inn hotel, together with associated access works, drainage, landscaping and utility infrastructure. Demand for the proposed development is expected to come from the anticipated increase in the number of business travelers and visitors as a result of local energy, marine and tourism developments. Moreover, it is hoped that the hotel's close proximity to Holyhead Port would attract ferry passengers as they travel to and from the island, in addition to encouraging more people to stay and explore the area rather than simply pass through.

The economic impact study has highlighted that the proposed development at the Parc Cybi 'gateway' site would lead to a number of benefits for Holyhead and the wider Isle of Anglesey. Not only would the scheme provide additional capacity to accommodate business travelers and visitors, it is fully consistent with and demonstrates a high level of strategic fit with national, sub-national and local policy strategy and frameworks. Furthermore, the scheme would also result in increased economic activity in Anglesey, whilst increasing the choice of and competition for serviced accommodation. The proposed development is seen as an important part of ongoing efforts to boost tourism on Anglesey.

It is estimated that the total construction cost of the proposed development could amount to around £4 million, which would support 69 net additional person years of construction employment for Anglesey residents, equating to 7 full-time equivalent (FTE) temporary construction jobs. It is considered that any adverse effects on the public / other businesses during the construction phase would be minimal.

The operation of the hotel is expected to create 20 net additional FTE jobs at the Anglesey level, generating Gross Value Added (GVA) of around £465,000 per annum in the local economy. Furthermore, visitors staying overnight in the hotel would have an additional impact on the local economy over and above the effects derived from the direct operation of the proposed development. Indicatively, around £1.5 million of annual visitor expenditure can be anticipated to support and sustain around 26 gross jobs within local industries in the leisure and tourism sector.

In addition to the above benefits, the proposed development would also lead to a number of wider, less easily quantifiable effects, such as increasing choice and competition and improving the image of the local area.