Hafan y Môr
Economic Statement

Haven Leisure Ltd

October 2019

LICHFIELDS

LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

We've been helping create great places for over 50 years.

lichfields.uk

© 2019 Nathaniel Lichfield & Partners Ltd, trading as Lichfields. All Rights Reserved. Registered in England, no. 2778116. 14 Regent's Wharf, All Saints Street, London N1 9RL
Formatted for double sided printing.
Plans based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office.
© Crown Copyright reserved. Licence number AL50684A
01234/04/JCO/STi
17888814v2

Contents

Figures

Tables

1.0 Introduction

1.1 This report has been prepared by Lichfields on behalf of Haven Leisure Ltd ("Haven"), which is a subsidiary of Bourne Leisure Ltd. It accompanies a full planning application seeking approval of a long-term masterplan at Hafan y Môr Holiday Park ("the Park") and describes the potential economic impact of the scheme.

1.2 The application seeks full planning permission for:

"Proposed masterplan comprising the demolition of 56 apartments, creation of 165 bases for the siting of static caravans, staff accommodation (76 bedrooms), beach café including terrace and play area, new coastal defences, minor realignment of All Wales Coastal Path as well as associated landscaping, drainage and infrastructure works."

1.3 Haven estimates that 75% of the proposed new static caravan bases will form part of the rental fleet owned and operated by the Park and 25% will be sold to private owners. It has therefore been assumed that 124 of the proposed new static caravans will form part of the rental fleet and 68 will be privately-owned. The 56 apartments to be lost include 24 units currently used as staff accommodation and 32 that are rented out to visitors.

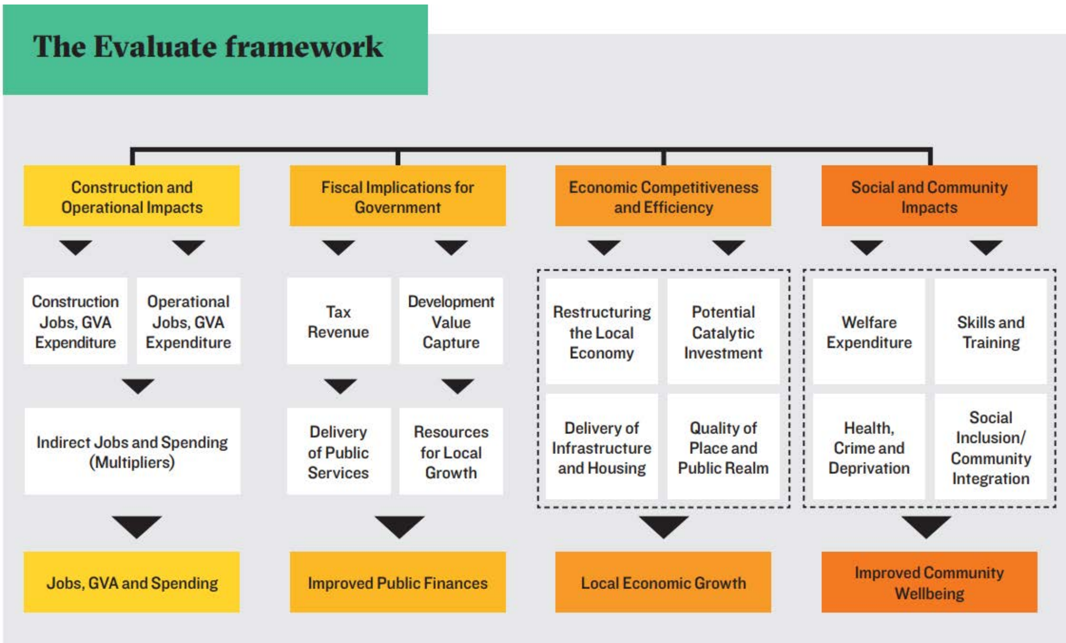
1.4 This report assesses the economic impacts of the proposed masterplan scheme, focusing on the following metrics:

1. Levels of investment and construction related employment;
2. Direct employment generated by the development;
3. Indirect jobs in the local area supported by the development; and,
4. Levels of expenditure attracted to the area.

Study Framework

1.5 The report draws on Lichfields' Evaluate methodology, which provides an analytical framework for assessing the economic benefits arising from new development (Figure 1).

Figure 1.1 The Evaluate framework



Source: Lichfields

1.6 The analysis focuses on the key quantifiable economic impacts of the proposed development during the construction phase and after completion. This assessment takes account of the context of the Park and the role of this type of leisure development in supporting economic growth.

1.7 For development schemes of this type, the scale and type of economic impacts are determined by:

1 The scale of capital investment associated with the development, including any significant infrastructure requirements, which generates employment and economic output at the construction phase; and,

2 The quantum and type of leisure accommodation units proposed, which lead to additional operational employment at the site, and generate additional expenditure from visitors or by Haven at the Park.

Structure of the Report

1.8 The report is structured as follows:

a Section 2 describes the site context of Hafan y Môr Holiday Park and the national and local tourism trends within the area;

b Section 3 reviews the headline demographic and economic context within Anglesey & Gwynedd;

c Section 4 describes the employment context of Hafan y Môr Holiday Park;

d Section 5 outlines the potential economic impacts generated during the construction of the development;

e Section 6 examines the potential expenditure impacts of the proposed development; and,

f Section 7 presents our overall conclusions.

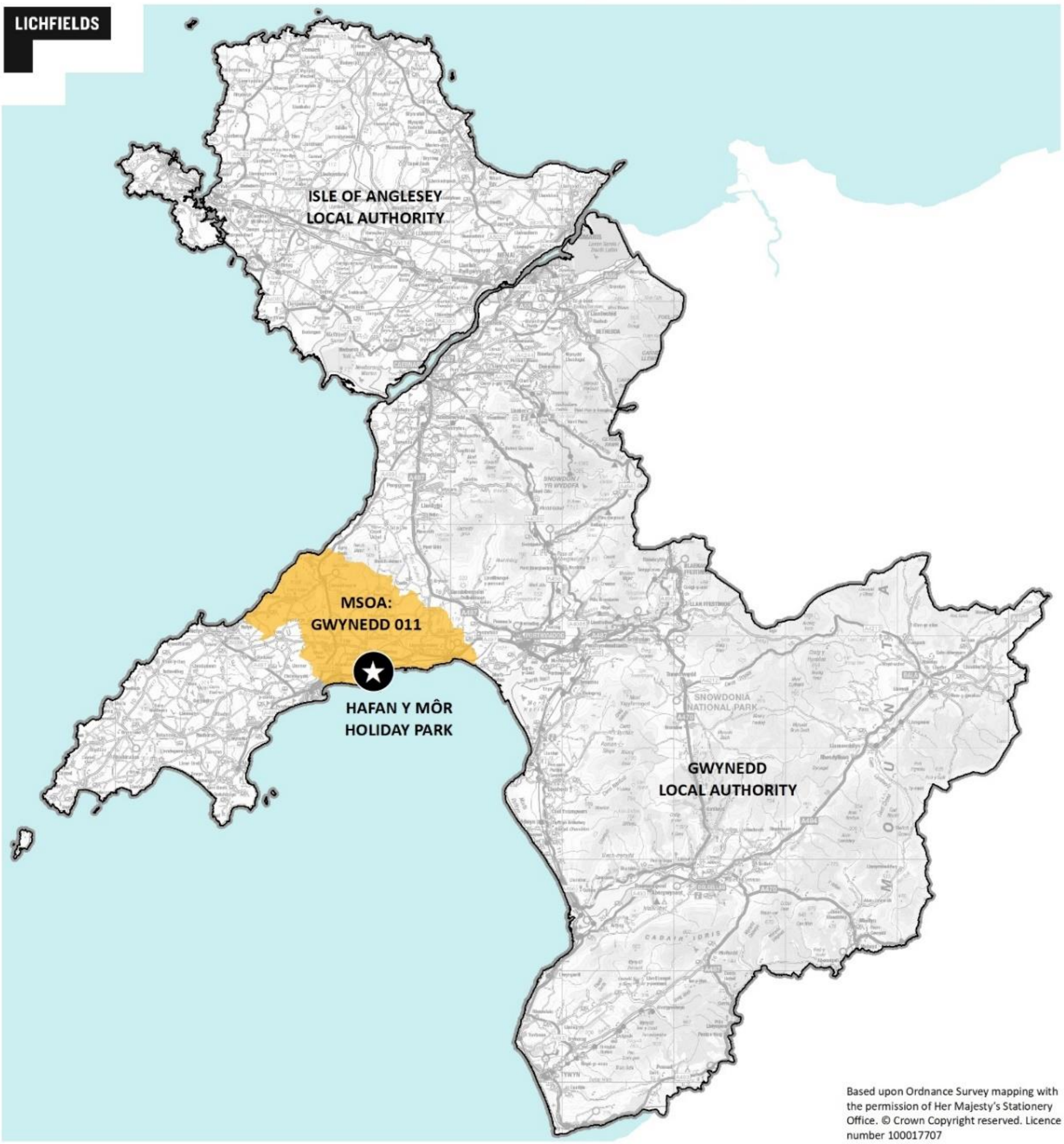
2.0 Hafan y Môr Holiday Park and Tourism Trends

Hafan y Môr Tourism Context

2.1 Hafan y Môr Holiday Park is a static and touring holiday park owned by Haven. The Park is located on the Llŷn Peninsula in Anglesey & Gwynedd, approximately 5km east of Pwllheli.

2.2 The Park is located within the Gwynedd 011 Middle Super Output Area (MSOA), as illustrated in Figure 2.1. This area includes Criccieth, which is identified as a Local Service Centre in the Anglesey & Gwynedd Joint Local Development Plan (LDP). This is in the third tier of the settlement hierarchy. It also includes the Service Villages of Chwilog and Y Ffôr (fourth tier).

Figure 2.1 Hafan y Môr Holiday Park: Geographical context



2.3 Hafan y Môr Holiday Park currently accommodates 1,079 static caravan plots, of which 310 (29%) are part of the Park's fleet and 769 (71%) are privately owned. There are also 240 apartments onsite, of which 50 (21%) are used as staff accommodation and 190 (79%) are rented by the Park. The site also includes 75 touring pitches.

2.4 Approximately 200,000 people stay in the static caravans, apartments and touring pitches that are owned/rented by Haven each year. The average occupancy of the static caravans in the rental fleet was 95% during the 2018 season. The season is typically from mid-March until early November for rented units and from early March until the end of November for privately-owned units.

2.5 The number of visitors that are renting from private owners is not known.

2.6 Visitors are attracted to the Park due to its location near beaches, historical sites, nature trails and local attractions. Guests staying at Hafan y Môr spend money within the local area, including in Pwllheli and Criccieth, thereby supporting the local economy.

2.7 Haven has observed an increasing demand for static caravan accommodation. The proposed development responds to this growing demand and is intended to create a higher quality environment, which will enable a longer tourist season. This will help Haven to maintain and increase its role in supporting the local economy.

Tourism Context

Tourism in Gwynedd

2.8 The adopted Anglesey & Gwynedd Joint LDP emphasises the importance of tourism to the local economy in providing income from visitor spending and supporting local business chains and wholesalers[1]. It also notes that static caravan and chalet sites are an important source of holiday accommodation within the plan area[2].

2.9 Based on average data from 2014 to 2016[3], Gwynedd is ranked as the fourth overall most visited local authority in Wales[4], with 8.1m visitors. As detailed in Table 3.1, compared with all Welsh local authorities, Gwynedd had:

1 The highest number of overnight visits by domestic tourists (1.74m) and the highest level of expenditure from these visitors (£337m);

2 The third highest number of overseas visitors (88,400), after Cardiff (339,900) and Pembrokeshire (89,500); and,

3 The fourth highest number of GB-based day visitors (6.23m), after Cardiff (14.51m), Swansea (8.30m) and Conwy (7.45m).

2.10 Gwynedd also attracted the second highest level of tourism spending amongst local authorities in Wales (£568.7m), after Cardiff (£1,178.4m). This expenditure provides a major source of income within the local economy and demonstrates the scale and significance of the tourism industry in Gwynedd.

2.11 Average expenditure per visitor to Gwynedd was £193.34 for GB-based overnight visitors, equivalent to £46.04 per night, compared to £32.74 spent by day visitors.

2.12 Expenditure from overnight visitors accounted for:

1 62.3% of spending in Gwynedd by GB-based visitors; and,

[1] Anglesey & Gwynedd Joint Local Development Plan paragraph 6.3.55
[2] Anglesey & Gwynedd Joint Local Development Plan paragraph 6.3.68
[3] Welsh Government Tourism Profile – Wales Local Authorities 2011-16 (August 2018)
[4] After Cardiff (16.0m visitors), Swansea (9.0m) and Conwy (8.5m)

2 64.1% of total tourism spending in Gwynedd.

This analysis highlights the particular significance of overnight tourism to the local economy and underlines the need to ensure that Gwynedd continues to attract overnight visitors. It is therefore important that Gwynedd continues to offer a range of high-quality holiday accommodation that is appropriately varied in terms of type, location and price-point in order to meet the range of demands from overnight visitors.

Table 2.1 Gwynedd key tourism data: Annual averages 2014-16

	Visits			Nights			Expenditure			Expenditure per visitor	
	Gwynedd		Wales	Gwynedd		Wales	Gwynedd		Wales	Gwynedd	Wales
	Visitors (m)	Rank (out of 22)	Visitors (m)	Nights (m)	Rank (out of 22)	Nights (m)	Expenditure (£m)	Rank (out of 22)	Expenditure (£m)	Expenditure per visitor (£)	Expenditure per visitor (£)
GB based day visitors	6.23	4	97.00	-	-	-	£204.0	5	£3,432	£32.74	£35.38
GB based overnight visitors	1.74	1	9.92	7.32	1	34.75	£337.0	1	£1,800	£193.34	£181.47
Overseas visitors*	0.09	3	0.99	-	-	-	£27.7	3	£407	£313.35	£410.28
All visitors	8.06	4	107.91	-	-	-	£568.7	2	£5,639	£70.55	£52.26

* International visitors – no data available on number of nights

Source: Welsh Government Tourism Profile – Wales Local Authorities 2011-16

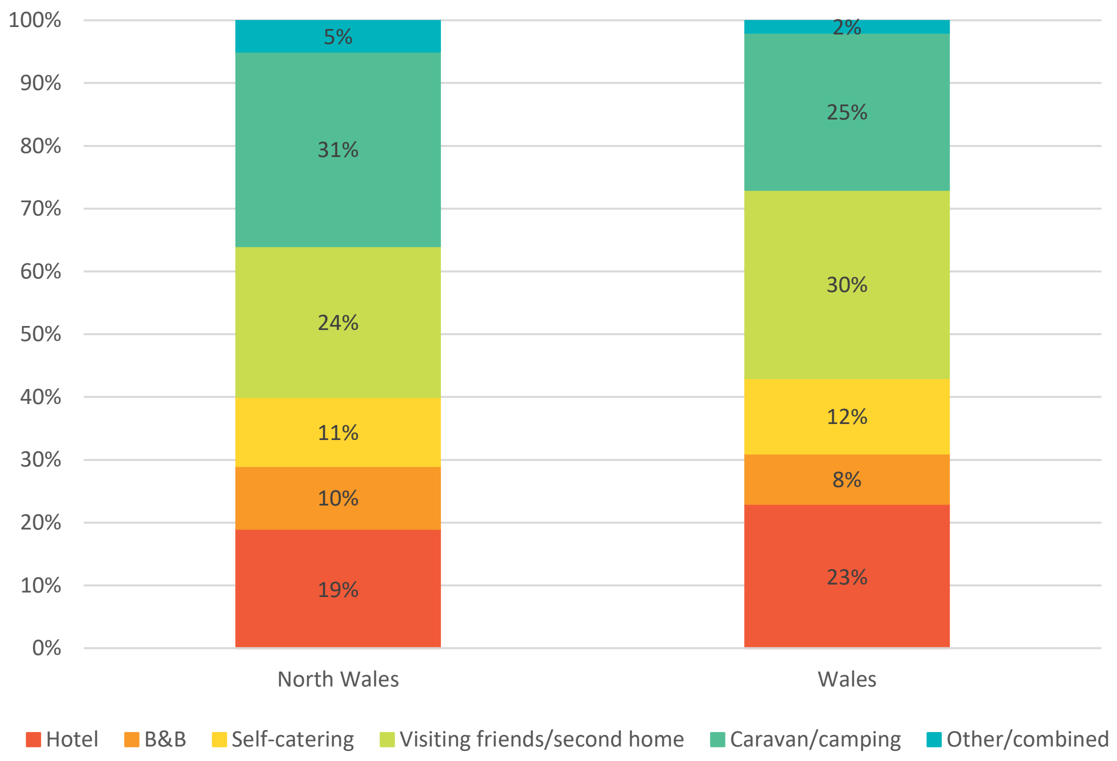
2.13 Holidaymaking was the most popular reason for visiting North Wales between 2014 and 2016; it was the purpose for 69% of overnight trips by visitors from Great Britain and 50% of all international visits[5].

2.14 Of those British visitors coming to Gwynedd for an overnight holiday between 2014 and 2016, the average number of nights per trip was 4.2, whilst the Wales average was 3.5. This indicates that Gwynedd is more popular as a destination for longer breaks than Wales as a whole. The average level of expenditure per British staying visitor in Gwynedd is 6.5% higher than the average for Wales (£193 in Gwynedd, compared to £181 in Wales)[6]. This demonstrates that British visitors to Gwynedd stay longer and spend slightly more than the all-Wales average

Accommodation types

2.15 Caravan/camping was the most popular accommodation option for GB-based overnight visitors to North Wales between 2014 and 2016, accounting for 31% of all trips. By comparison, caravan/camping accounted for 25% of these trips in Wales as a whole, where visiting friends/staying in a second home was the most popular accommodation type.

Figure 2.2 Overnight trips by GB-based visitors by accommodation type



Source: Welsh Government Local Authority Tourism Profiles 2014-16: North Wales (August 2018)

Holiday Park Context in Wales

2.16 Research commissioned by the UK Caravan & Camping Alliance (February 2019)[7] indicates that domestic visitors to holiday parks in Wales stayed for an average of 4.9 days per trip in 2018.

[5] Welsh Government Local Authority Tourism Profiles 2014-16: North Wales (August 2018)
[6] Welsh Government Local Authority Tourism Profiles 2014-16: North Wales (August 2018)
[7] UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019)

The average length of stay ranged between 4.7 days for visitors staying in rented or touring accommodation and 6.2 days for those staying in owned accommodation.

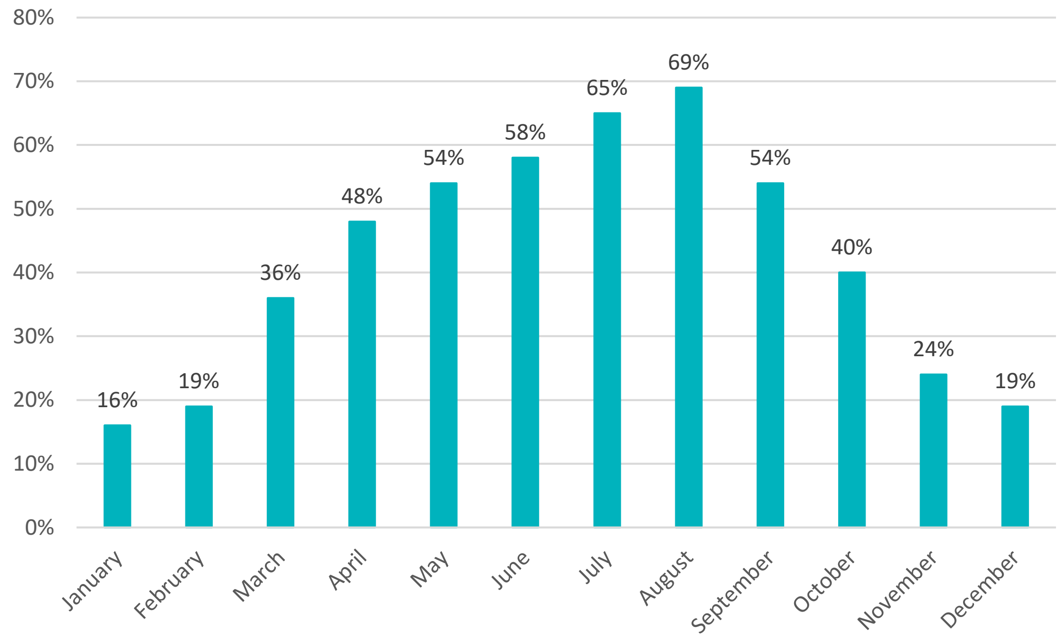
2.17 The proposed development at Hafan y Môr Holiday Park will include static caravan units both for ownership and rent. The provision of these units will support longer stays and attract valuable expenditure benefits to the local economy.

Occupancy

2.18 According to the UK Caravan & Camping Alliance report, approximately 65% of holiday parks and campsites in Wales (which would include Hafan y Môr) operate seasonally, with the majority being open from late March until the end of October. Approximately a third of parks are open all year round.

2.19 The highest occupancy rate was achieved in August (70%) and the lowest rate in January (11%). The estimated occupancy rate for rental units at Hafan y Môr (95%) is therefore well above average – albeit this figure does not include privately-owned units and touring pitches, which are likely to have lower occupancy rates.

Figure 2.3 Average occupancy rates on holiday parks/campsites



Source: UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019) (Figure 3.5)

3.0 Demographic and Economic Context

3.1 This Section establishes the baseline socio-economic context for the proposed development at Hafan y Môr Holiday Park. It highlights key demographic, economic and labour market trends. These indicators have been derived from published data and other information available at a local authority and Middle Super Output Area (MSOA) level.

Demographic Context

3.2 The Gwynedd 011 MSOA, which includes Hafan y Môr Holiday Park, had a resident population of 6,987 in 2017. The local population had increased by 3.0% since 2002. The population of Gwynedd was 123,742 in 2017 and had increased by 5.5% since 2002.

3.3 The MSOA experienced an increase of 13.4% in the number of young people, aged 0 to 15, between 2002 and 2017, whilst the Gwynedd local authority area saw a reduction of 6.9% in this cohort over the same period. The MSOA experienced a very minimal increase in the number of people aged 16 to 64 (0.5%) between 2002 and 2017, whilst the local authority saw an increase of 3.3%.

3.4 The MSOA experienced a 20.3% reduction in the number of people aged 65+ between 2002 and 2017, whilst this cohort increased by 24.7% in Gwynedd. However, the proportion of the population aged 65+ was similar in both areas in 2017, with 21.8% in this age group in the MSOA and 22.6% in the local authority area.

3.5 This analysis indicates that the local population within the vicinity of the Park is slightly younger than the local authority average but that the area has experienced a negligible increase in the number of working age people in recent years.

Table 3.1 Demographic change: Gwynedd 011 MSOA and Gwynedd local authority area

<table>
<tr><th></th><th>2002</th><th>2017</th><th>Change (2002-2017)</th><th>% change</th><th>Projected future change (%) (2017-2039)</th></tr>
<tr><td colspan="6">Gwynedd 011 MSOA</td></tr>
<tr><td>Age 0-15</td><td>1,145</td><td>1,298</td><td>+153</td><td>+13.4%</td><td rowspan="4">(Data not available)</td></tr>
<tr><td>Age 16-64</td><td>3,982</td><td>4,003</td><td>+21</td><td>+0.5%</td></tr>
<tr><td>Age 65+</td><td>1,860</td><td>1,482</td><td>-378</td><td>-20.3%</td></tr>
<tr><td>Total population</td><td>6,987</td><td>6,783</td><td>-204</td><td>-2.9%</td></tr>
<tr><td colspan="6">Gwynedd local authority area</td></tr>
<tr><td>Age 0-15</td><td>22,361</td><td>20,820</td><td>-1,541</td><td>-6.9%</td><td>+9.0%</td></tr>
<tr><td>Age 16-64</td><td>72,544</td><td>74,951</td><td>+2,407</td><td>+3.3%</td><td>-0.6%</td></tr>
<tr><td>Age 65+</td><td>22,439</td><td>27,971</td><td>+5,532</td><td>+24.7%</td><td>+26.5%</td></tr>
<tr><td>Total population</td><td>117,344</td><td>123,742</td><td>+6,398</td><td>+5.5%</td><td>+7.1%</td></tr>
</table>

Source: ONS Mid-Year Estimates (2002 and 2017 figures) / Welsh Government 2014-based sub-national population projections (2039 figures)

3.6 Whilst population projections data is not available at the MSOA level, the Welsh Government 2014-based population projections anticipate that the population of Gwynedd will increase by 7.1% to 132,585 by 2039[8]. The number of residents aged 65 and over is projected to increase by 26.5%, such that by 2039 persons aged 65 years and older will account for 26.7% of the total

[8] Welsh Government 2014-based population projections

population in Gwynedd, compared to 22.6% in 2017. There is expected to be a 0.6% decrease in the number of people aged 16 to 64 over the same period.

3.7 By comparison, the total population of Wales is expected to increase by just 4.3% between 2017 and 2039, although the number of residents aged 65 and over is expected to increase by 38.1%[9]. By 2039, the number of persons aged 65 years and older is projected to account for 27.3% of the total population in Wales, compared to 20.6% in 2017.

3.8 These demographic patterns will have implications for the future economic well-being of the area and point toward the need for additional employment to attract and retain working age people in Gwynedd and throughout Wales. This will also be necessary to ensure that adequate services and amenities can be supported and retained within the area surrounding the Park.

Economic and Labour Market

3.9 Between April 2018 and March 2019 total employment for residents in Gwynedd aged 16+ was 53,300, having increased by 7.7% since 2009. A total of 59.9% of individuals aged 16+ were economically active, which was slightly lower than the average for Wales (60.1%)[10].

3.10 In Gwynedd, 12.0% of those that were economically inactive in 2019 were in early retirement, compared to 14.7% in Wales. 35.1% of the economically inactive in Gwynedd were students, compared to 25.1% across Wales[11]. This higher proportion of students likely reflects the presence of Bangor University in Gwynedd, which in 2017/18 enrolled approximately 11,000 students[12].

3.11 Between April 2018 and March 2019, the model-based unemployment rate[13] for those aged 16 and over in Gwynedd was 4.2%. This equated to 2,500 people and was slightly lower than the unemployment rate for Wales (4.5%). Among the 440 claimant unemployed in Gwynedd in August 2019, 56.8% (250 job seekers) were seeking positions in "sales and customer service occupations" and 13.6% (60 job seekers) were seeking "elementary" occupations[14]. The tourism sector is a key employer for sales and customer service and elementary occupations. The creation of new jobs as part of the proposed development at Hafan y Môr Holiday Park will therefore play an important role in contributing towards alleviating unemployment within Gwynedd by focusing on those sectors within which there is the greatest need.

3.12 The tourism sector is highly seasonal and also tends to employ a large proportion of staff on a part-time basis. These characteristics mean that the tourism industry can offer important employment opportunities for students and those with family responsibilities. Part-time working patterns are more common in Gwynedd than in Wales as a whole. A total of 32.2% of those aged 16 to 64 in employment were working part time in 2019, compared to 26.1% in Wales[15].

3.13 According to BRES data, 60,000 people were employed in Gwynedd in 2018. Over 58% of jobs in the local economy were contained in the following key sectors:

[9] Welsh Government 2014-based population projections (2039 figures) / ONS Mid-Year Estimates (2017 figures)
[10] ONS Annual Population Survey (April 2018 – March 2019)
[11] ONS Annual Population Survey (October 2017 - September 2018)
[12] Higher Education Statistics Agency (2017/18)
[13] The ONS model-based unemployment statistics are the official unemployment figures for local authorities, which take account of both the results of the ONS Annual Population Survey and the claimant count.
[14] ONS Jobseekers Allowance by Occupation (August 2019)
[15] ONS Annual Population Survey (October 2017 – September 2018)

Table 3.2 Employment by key sector in Gwynedd and Wales (2018)

Sector	No. jobs in Gwynedd	% total jobs in Gwynedd	% total jobs in Wales
Health	11,000	18.3%	15.9%
Accommodation & food services	7,000	11.7%	7.9%
Education	6,000	10.0%	8.4%
Retail	6,000	10.0%	9.8%
Agriculture, forestry & fishing	5,000	8.3%	4.3%
	35,000	58.3%	46.3%

Source: ONS Business Register and Employment Survey (2018)

3.14 This evidence highlights the importance of the accommodation and food services sector in Gwynedd, which is one of the key sectors relating to tourism activities. The accommodation and food services sector accounted for 11.7% of all jobs in Gwynedd in 2018, compared to an average of 7.9% of jobs in Wales.

3.15 The tourism ratio measures the economic importance of the tourism sector within regions[16]. It highlights the proportion of total economic output in a region that is attributable to tourism expenditure. The latest available data from ONS indicates that the tourism ratio for the West Wales and the Valleys region (one of two defined regions in Wales) was 5.7% in 2013[17]. By comparison, the Wales average tourism ratio was 4.9%. This indicates that the tourism industry in the West Wales and the Valleys region played a larger role in the economy than the Wales average.

[16] Tourism ratio data is not available at the local authority level.

[17] Regional value of tourism estimates for NUTS 1 and NUTS 2 areas (2013)

4.0 Economic Context at Hafan y Môr

Employment at Hafan y Môr Holiday Park

4.1 The types of employment provided at the Park are varied, including maintenance, sales, administration, catering, sports and leisure, and cleaning jobs. As of August 2019, Hafan y Môr Holiday Park employs a total of 100 permanent staff all year round, all of which are full time, and approx. 400 seasonal staff, of which 280 are full-time and 120 part-time[18]. The Park increased the size of its workforce in 2018 to reflect the growth of the business and the recent £13.5 million investment in its facilities.

4.2 The Park provides a mix of full and part-time jobs of varied types, which will suit workers in different personal circumstances. In particular, seasonal jobs in the summer will provide valuable work experience opportunities for students and young people.

4.3 The existing direct employment at the Park will also generate "indirect" employment in the surrounding area through spending in local supply chains. It will also support "induced" jobs as staff spend wages nearby. Based on standard multipliers in the HCA Additionality Guide[19], it is estimated that the Park supports a total of 56 permanent full-time indirect and induced jobs, of which 38 are in the local area. In addition, it is estimated that the seasonal direct employment at the Park supports a total of 190 FTE (full-time equivalent) indirect and induced jobs, of which 129 are in the local area.

Table 4.1 Existing employment impacts of Hafan y Môr Holiday Park: Total jobs

<table>
<tr><th rowspan="3"></th><th colspan="2">Direct jobs</th><th colspan="4">Indirect/induced jobs</th></tr>
<tr><th colspan="2">Hafan y Môr</th><th colspan="2">Wales</th><th colspan="2">Local area (included in the region total)</th></tr>
<tr><th>Jobs</th><th>FTE</th><th>Jobs</th><th>FTE</th><th>Jobs</th><th>FTE</th></tr>
<tr><td>Permanent (full-time)</td><td>100</td><td>100</td><td>56</td><td>65</td><td>38</td><td>38</td></tr>
<tr><td>Seasonal (full-time)</td><td>280</td><td rowspan="2">340</td><td>157</td><td rowspan="2">190</td><td>106</td><td rowspan="2">129</td></tr>
<tr><td>Seasonal (part-time)</td><td>120</td><td>67</td><td>46</td></tr>
</table>

Source: Haven Leisure Ltd. / HCA Additionality Guide, Fourth Edition 2014 / Lichfields analysis

4.4 Haven estimates that 200 of staff (including both permanent and seasonal staff) live at the Park, whilst of the remaining 300 total staff the majority reside locally, and mainly in the LL53 and LL54 post codes areas, i.e. within a maximum distance of approximately 20 miles from the Park. It is therefore likely that the majority of new employment positions that will be created at the Park in the future will similarly be filled by people living locally.

4.5 Hafan y Môr offers a range of training and development opportunities for staff, ranging from in-house service-based training to nationally recognised courses, including:

1 Apprenticeships (formerly NVQs) in hospitality-specific subjects and general management and leadership skills, from Level 2 to HND and degree level;

2 The Bourne Degree Apprenticeship, which offers a BA (Hons) degree in Management Practice in partnership with the Open University;

[18] Source: Haven Leisure Ltd.
[19] Fourth Edition 2014

3 A clear route for progression into management, including through bespoke leadership development programmes at Team Leader, Head of Department, and General Manager levels;

4 Formal role-specific qualifications in most areas (Lifeguards, Chefs, Grounds & Maintenance etc.); and,

5 Departmental job skills training in all departments.

4.6 These opportunities represent additional economic benefits for staff members, the vast majority of whom live in the local area. Those staff in temporary roles are able to develop transferable skills which will help them progress in their careers.

Hafan y Môr Expenditure

4.7 Hafan y Môr Holiday Park attracts and contributes a significant level of expenditure to the local economy through the spending patterns of visitors, as well as expenditure by the Park itself. This expenditure can be estimated based on the number of current units at the Park and average levels of spending per unit.

4.8 There are currently 1,079 static caravan pitches on-site at Hafan y Môr Holiday Park, 310 of which are rented out by Haven and 769 of which are privately-owned, although a number of these owners will rent out their caravans privately. The Park also accommodates 240 apartments, 190 of which are rented out by Haven (with the remaining 50 used as staff accommodation) and 75 touring pitches.

Visitor expenditure

4.9 The average level of visitor expenditure per unit both on and off-site has been estimated based on research commissioned by the UK Caravan & Camping Alliance (February 2019), which provides specific expenditure figures for the North Wales region alongside the total number of units of each type in the area. Indirect and induced expenditure has also been calculated based on the results of this study, which provides estimates of average indirect and induced expenditure in supply chains and from staff expenditure in the local area.

4.10 It has also been possible to calculate the level of employment supported by each unit within the economy in the local area. The UK Caravan & Camping Alliance cites a study commissioned by VisitBritain (November 2013), which states that one full-time equivalent (FTE) job will be created for every £54,000 in total visitor expenditure[20].

4.11 Table 4.2 summarises the total visitor expenditure and employment-generating impact of each type of accommodation unit at the Park.

Table 4.2 Visitor expenditure by accommodation type per unit per annum in North Wales

	Visitor expenditure per unit				Employment supported
	On-site	Off-site	Indirect and induced*	Total**	FTE jobs
Owned static unit	£8,467	£5,268	£6,455	£20,190	0.37
Rented static unit	£8,922	£6,904	£7,435	£23,261	0.43
Apartments (rented)	£8,795	£6,840	£7,492	£23,127	0.43
Touring pitches	£8,929	£6,891	£7,429	£23,249	0.43

[20] VisitBritain, Tourism: Jobs and Growth - The economic contribution of the tourism economy (November 2013)

*Indirect expenditure comprises the resulting expenditure in supply chains as visitors spend money in the local economy; induced expenditure refers to expenditure from staff employed as a result of visitor expenditure.

** Figures set out to nearest pound.

Source: UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019) / Lichfields analysis

4.12 This analysis indicates that each owned static caravan unit will attract £20,190 in total visitor expenditure, including pitch fees, and will support 0.37 FTE jobs. Each rented static unit will attract a £23,261 in total visitor expenditure and will support 0.43 FTE jobs.

4.13 Rented static units and touring pitches tend to attract higher levels of visitor expenditure than owned units. Reasons for this difference include the shorter typical length of stay (see paragraph 2.20). These visitors may be more likely to "make the most" of their holidays by drinking or eating out and visiting attractions more often than those that own their caravans. Also, for rented static caravans, occupancy rates are typically higher than for owned units.

4.14 The average level of visitor expenditure for rented apartments in North Wales is similar to that for rented static caravan units. However, the ability to attract visitors to this type of accommodation will depend on the quality of this accommodation. Older, unmodernised apartment buildings such as some of those currently at Hafan y Môr will be less likely to attract guests and unlikely to therefore support the same levels of spending.

4.15 Based on this research, the level of current annual visitor expenditure and the number of supported FTE jobs has been estimated below based on the existing number of caravans on-site, as detailed in Table 4.3.

Table 4.3 Annual visitor expenditure at Hafan y Môr Holiday Park

	Total no. of existing units on-site	Annual visitor expenditure per unit*	Total annual visitor expenditure**	FTE jobs supported
Owned static unit	769	£20,190	£15,526,191	287.5
Rented static unit	310	£23,261	£7,210,834	133.5
Apartments (rented only)	190	£23,127	£4,394,137	81.4
Touring pitches	75	£23,249	£1,743,647	32.3
Total			**£28,874,809**	**534.7**

* Figures set out to nearest pound

** Numbers may not sum due to rounding

Source: UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019) / Lichfields analysis

4.16 This analysis indicates that Hafan y Môr Holiday Park generates an annual visitor expenditure of approximately £28.9 million and supports a total of 535 FTE jobs within the local economy (both on and off the Park).

Maintenance expenditure

4.17 In addition to visitor expenditure, holiday parks also support expenditure by private owners of static caravan units and tourers on maintenance, which is not included in the visitor expenditure figures above. The UK Camping & Caravanning Alliance research found that, on average, owners of static caravans in Wales spent £1,477 and owners of tourers spent £919 on maintenance per annum.

4.18 There will also be expenditure by the Park itself on maintaining and managing its rental fleet, including marketing, cleaning, additional maintenance and more frequent replacement of units than owned units. The UK Camping & Caravanning Alliance research found that, on average, each holiday park/campsite in Wales spent £555,000 per annum on capital expenditure, operating expenditure, wages and salaries for the last financial year (2017/18). However, this research does not provide a breakdown of expenditure relating to each type of holiday accommodation. In order to provide an approximate estimate of this expenditure, the average levels of expenditure by private owners has been applied for static caravans and apartments owned and managed by the Park. However, it is noted that there are likely to be economies of scale for this type of expenditure by holiday parks.

4.19 It is noted that a proportion of this expenditure will be focused outside of the local area, particularly for touring units, as owners will typically maintain their vehicles near their home address. No jobs have been calculated as relating specifically to this expenditure, as some of these will already be present at the holiday park.

4.20 The level of total current maintenance expenditure supported by Hafan y Môr Holiday Park has been calculated in Table 4.4.

Table 4.4 Annual maintenance/management expenditure at Hafan y Môr Holiday Park

	Total no. of existing units on-site	Annual maintenance expenditure per unit*	Total maintenance expenditure per annum
Owned static unit	769	£1,477	£1,135,813
Rented static unit	310	£1,477	£457,870
Apartments (rented)	190	£1,477	£280,630
Touring pitches	75	£919	£68,925
Total			**£1,943,238**

* It has been assumed that the annual maintenance expenditure per apartment is equal to that for a static caravan unit

Source: UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019) / Lichfields analysis

4.21 This assessment indicates that the existing accommodation at Hafan y Môr Holiday Park will attract total maintenance/management expenditure of approx. £1.9 million per annum, some of which will be spent in the local area.

5.0 Construction Impacts

5.1 This section considers the economic impacts that will arise from the construction of the proposed development. The impacts of additional visitor spending and local employment that will be supported once the development is complete are detailed in Sections 6 and 7.

Direct Employment

5.2 It is estimated that the total construction cost of the proposed development will be £13.1 million and that each element of the scheme will be built over two separate 5-month periods during the off-season in 2020/21 and 2021/22. This can be used as the basis to estimate the level of construction employment to be generated by the scheme.

5.3 Using labour coefficients from the HCA Calculating Cost per Job Best Practice Note (2015), it is possible to calculate the number of direct construction jobs supported by the proposed development during the construction phase. Based on this data, it is estimated that the construction of the proposed development will support 190 FTE person-years of construction employment. This equates to the proposed development supporting 158 FTE construction jobs during the total 10-month build period.

5.4 Given that construction is made up of many discrete elements of work undertaken by specialists (e.g. bricklaying, carpentry, plumbing, electrics etc.) many more construction workers may be employed on the site for shorter periods at any given point.

5.5 The proposed pattern of construction work during the winter months will provide additional benefits to the local area, in providing employment opportunities outside of the peak tourism season. It will also avoid adverse impact on tourism in the peak season.

Indirect and Induced Employment

5.6 Construction activity also involves purchases from a range of suppliers who, in turn, make purchases via the supply chain. The relationship between the initial direct spending and total economic impacts is known as the “multiplier effect”, which demonstrates that an initial investment can have much larger economic benefits as this expenditure is diffused through the economy.

5.7 It is expected that firms within Gwynedd will benefit from trade linkages established during the construction phase of the development scheme. As a result, further indirect jobs would be supported within the economy through the suppliers of construction materials and equipment.

5.8 In addition, businesses would also be expected to benefit to some degree from temporary growth in expenditure linked to the direct and indirect employment effects of the construction phase. It would be expected that the economy would gain a significant temporary boost from the wage expenditure of workers in shops, bars and restaurants, and other services and facilities. Such effects are typically referred to as “induced effects”.

5.9 Research undertaken on behalf of the National Housing Federation indicates the construction industry has an indirect and induced employment multiplier of 1.51[21]. Applying this employment multiplier to the 158 FTE direct construction jobs indicates that an additional 240 FTE jobs could be supported in related sectors and as a result of expenditure by construction workers during the build period.

[21] National Housing Federation, 2013; an employment multiplier of 2.51 implies that for every 1 direct job a further 1.51 indirect and induced jobs are supported in the supply chain.

Economic Output

5.10 The construction phase of the development will also make a major contribution to local economic output, as measured by Gross Value Added (GVA).

5.11 Based on March 2019 Experian data, the construction sector generates an average GVA per FTE worker of £61,769 in Wales[22]. Applying this to the employment impact of the scheme (as derived above), it is estimated that the proposed scheme could generate £9.75 million of direct GVA.

5.12 Based on an indirect GVA multiplier of 1.41 from CEBR National Housing Federation 2013 research, it is estimated that a further £13.7 million of indirect/induced GVA would be generated.

5.13 This equates to a total economic output of £23.5 million in GVA. It should be noted not all of this will be retained locally.

[22] Experian (March 2019)/ Lichfields analysis

6.0 Operational Impacts

6.1 The proposed development will support the creation of new jobs at the Holiday Park in order to serve new visitors and maintain site premises. These jobs will all be additional.

Direct Employment

6.2 Haven has estimated that the Park will take on an additional 10 full-time staff in the grounds and maintenance team and an additional 30 part-time cleaning staff. In addition, a total of 45 new direct jobs will be created at the Park, mainly based at the beach café but also taking into account the additional requirements for maintenance. This equates to a total of 57.7 additional FTE jobs.

Indirect and Induced Employment

6.3 Indirect jobs will be supported through expenditure on goods, supplies and services in the surrounding area. The spending of wages by both employees of the employment generating facilities and of the local firms supplying goods and services to these facilities will also support induced employment in other local shops, services and firms.

6.4 Based upon multipliers from the HCA Additionality Guide, it is estimated that the new jobs at the proposed development will generate an additional 48 indirect and induced jobs (32.3 FTE) in Wales, of which 32 jobs (21.9 FTE) will be based in Gwynedd.

Economic Output

6.5 As with the construction phase of the development, the operational phase will also make a significant contribution to local economic output and GVA by supporting the creation of new employment.

6.6 It is estimated that the direct FTE jobs supported by the proposed development would contribute an additional £1.8 million in GVA to the regional economy[23].

6.7 In addition, it is estimated that the indirect and induced jobs will contribute an additional £1.0 million in GVA.

6.8 Therefore, the total GVA produced would be £2.8 million.

[23] Based on Experian (March 2019) data/Lichfields analysis, which indicates that 1FTE job supports £30,873 in GVA

7.0 Expenditure Impacts

Visitor expenditure

7.1 The proposed development provides an opportunity to increase expenditure in the local area. The scale of these benefits will be determined by the spending patterns of visitors, as well as expenditure by the Park itself.

7.2 Haven Leisure estimates that 75% of the proposed new static caravan bases will form part of the rental fleet owned and operated by the Park and 25% will be sold to private owners. It has therefore been assumed that, of the 165 proposed new static caravan units, 124 will form part of the rental fleet and 68 will be privately-owned. However, as noted in Section 4, it is likely that some of the owned units will be rented out privately, thereby attracting the higher levels of expenditure associated with rented units.

7.3 Of the 56 apartments to be demolished, 32 are currently rented out whilst 24 are used as staff accommodation. Therefore, for the purposes of this assessment we have assumed that the 24 staff apartments do not currently attract any expenditure and therefore that the loss of these apartments would not result in a reduction in visitor expenditure.

7.4 Based on the average expenditure figures for the Wales region identified in Section 4, the proposed development would generate an additional £2.25 million of expenditure per annum and would support approximately 42 FTE jobs in the local economy, as shown in Table 7.1.

Table 7.1 Visitor expenditure impacts

	Change in static caravan pitches	Annual visitor expenditure/unit*	Total annual visitor expenditure**	FTE jobs supported
Owned static unit	+124	£20,190	+£2,503,573	+46.36
Rented static unit	+21	£23,261	+£488,476	+9.05
Apartments (rented)	-32	£23,127	-£740,065	-13.70
Total			**+£2,251,984**	**+41.70**

* Figures set out to nearest pound.

** Numbers may not sum due to rounding

Source: Haven Leisure Ltd / UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019) / Haven Leisure information on pitch numbers / Lichfields analysis

Maintenance expenditure

7.5 The proposed development will also attract additional maintenance expenditure of approx. £167,000 per annum as detailed in Table 7.2, some of which will be retained within the local economy.

Table 7.2 Maintenance expenditure impacts

	Change in static caravan pitches	Maintenance expenditure per unit	Total maintenance expenditure
Owned static unit	+124	£1,477	£183,148
Rented static unit	+21	£1,477	£31,017
Apartments (rented)	-32	£1,477	-£47,264
Total			**£166,901**

Source: Haven Leisure Ltd / UK Caravan & Camping Alliance, Pitching the Value: 2019 Economic Benefit Report: Holiday Parks and Campsites Wales (February 2019) / Haven Leisure information on pitch numbers / Lichfields analysis

8.0 Conclusion

8.1 The economic impact of the proposed development at Hafan y Môr Holiday Park should be seen in the context of the tourism, demographic and economic background of the local area. This background is summarised below.

Tourism Context

8.2 Based on the level of employment in the accommodation and food sector, the tourism industry in Gwynedd plays a larger role in the economy than the national average. Overnight tourism by domestic visitors is particularly important to the local economy in Gwynedd, attracting a total of £337 million per annum.

8.3 Holiday parks represent a substantive part of the accommodation sector within North Wales, with caravan/camping accommodation as the most popular accommodation option for GB-based overnight visitors to the region between 2014 and 2016. It is therefore important to ensure the availability of an appropriate mix of holiday accommodation, including at holiday parks, to meet a range of demands within Gwynedd to attract overnight visitors.

Demographic Context

8.4 The population of Gwynedd is ageing, and there is a need for additional employment to attract and retain working age people and support the local economy. This will also help to ensure that adequate services and amenities can be supported and retained, which is of importance for the older population. The proposed development will provide additional employment opportunities which will help to address this issue.

Economic and Labour Context

8.5 The tourism sector is a key provider of employment in Gwynedd. The accommodation and food services sector, which relates to the tourism industry, accounts for 11.7% of employment in Gwynedd, which is higher than the Wales average of 7.9%.

8.6 Among the claimant unemployed in Gwynedd in August 2019, 56.8% were seeking positions in "sales and customer service occupations" and 13.6% were seeking "elementary" occupations[24]. The provision of additional jobs at Hafan y Môr could provide a good "fit" for some of these individuals and could therefore help to reduce unemployment.

8.7 Hafan y Môr Holiday Park currently contributes visitor expenditure of approximately £28.9 million and supports a total of 535 FTE jobs within the local economy (both on and off the Park).

Summary of Economic Impacts

8.8 The proposed development represents a significant capital investment of approx. £13.1 million into the local economy.

8.9 It is proposed that each element of the scheme will be built over two separate 5-month periods during the off-season in 2020/21 and 2021/22.

8.10 The key quantifiable economic impacts of the proposed development at construction stage are:

[24] ONS Jobseekers Allowance by Occupation (August 2019)

1 Attracting £13.1 million of total private sector investment into the local economy in Gwynedd;

2 Creating 190 FTE person-years of temporary construction work, which is equivalent to 158 FTE jobs during the build period;

3 Supporting an additional 119 indirect and induced FTE jobs during the build period in services and other businesses from supplier sourcing and the wage spending of construction workers; and,

4 Generating £9.75 million of direct GVA and a further £13.8 million of indirect GVA from the construction phase of the scheme, equating to a total economic output of £23.5 million in GVA.

8.11 Once complete, the proposed development will support:

1 57.7 direct FTE jobs at the Park, plus 32.3 indirect/induced FTE jobs across Wales, of which 21.9 FTE jobs are likely to be located in Gwynedd; and,

2 £1.8 million in direct GVA and a further £1.0 million in indirect/induced GVA, equating to a total economic output of £2.8 million in GVA.

8.12 The provision of new holiday accommodation at the Park will generate:

1 Total direct and indirect/induced visitor expenditure of £2.25 million, which will support 42 FTE jobs in the local economy; and,

2 Additional maintenance expenditure of approximately £167,000 per annum.

8.13 The above economic benefits will help to support economic prosperity throughout Gwynedd as a result of investment and the provision of local jobs. The proposed development is appropriate for the area in that it will provide a range of employment opportunities that will help to attract and retain working age people.

8.14 The proposed development will also help to ensure that Gwynedd continues to offer a range of high quality holiday accommodation in order to attract expenditure from overnight visitors, which is of key importance to the local economy.

Birmingham
0121 713 1530
birmingham@lichfields.uk

Bristol
0117 403 1980
bristol@lichfields.uk

Cardiff
029 2043 5880
cardiff@lichfields.uk

Edinburgh
0131 285 0670
edinburgh@lichfields.uk

Leeds
0113 397 1397
leeds@lichfields.uk

London
020 7837 4477
london@lichfields.uk

Manchester
0161 837 6130
manchester@lichfields.uk

Newcastle
0191 261 5685
newcastle@lichfields.uk

Thames Valley
0118 334 1920
thamesvalley@lichfields.uk