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Economic Impact Evaluation
The Village - Guildford

(PRIME Model)

Prepared for: Guildford Borough Council

September 2017

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INTRODUCTION

This report, commissioned by Guildford Borough Council, examines the economic impact of The Village's activity on the local and wider economies.

This report makes use of the PRIME Economic Impact Model to assess the economic value and related employment generated by the The Village's activity.

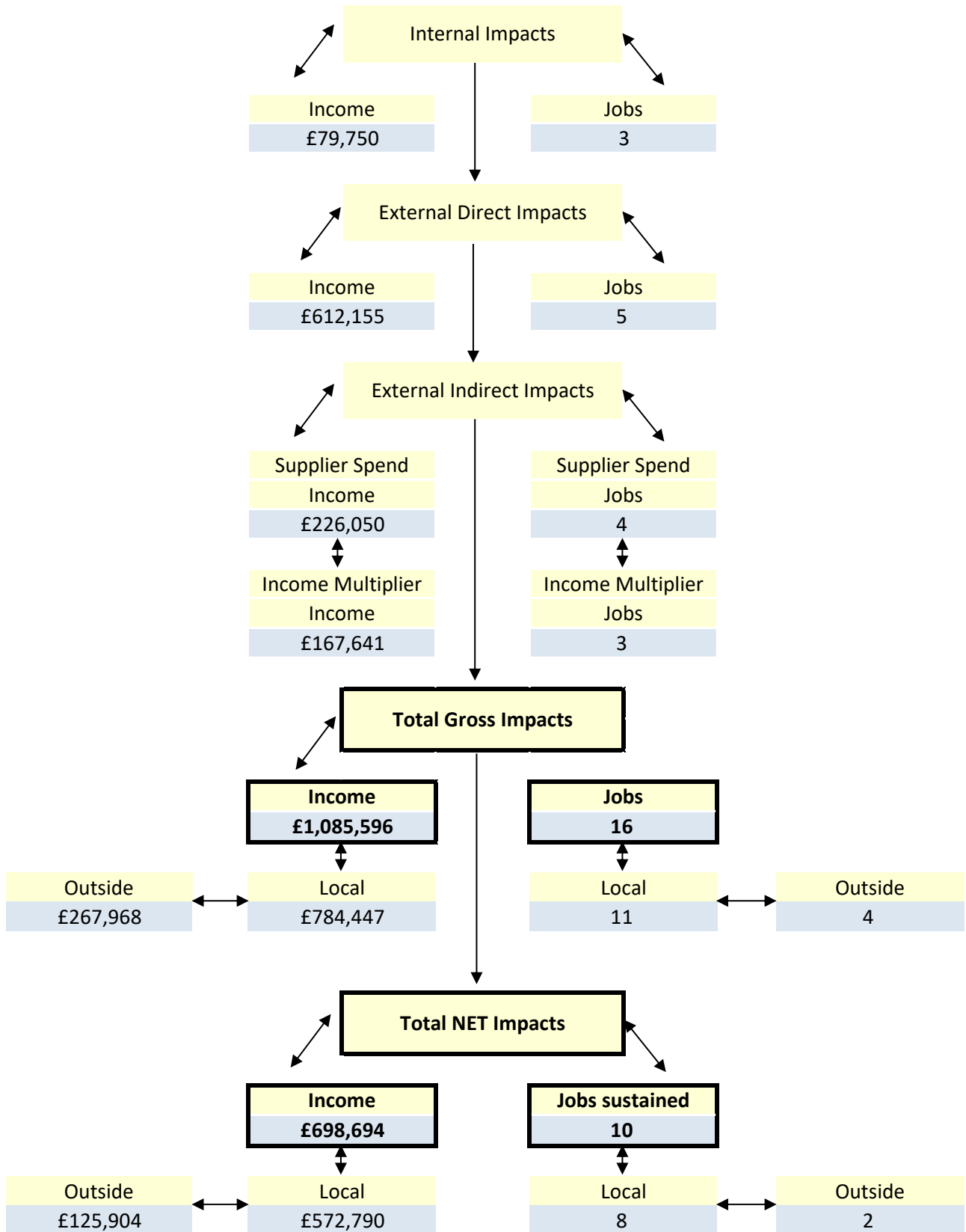
The model is computer-based and provides a standard approach to appraising the direct and indirect impacts of the venue. It uses key tourism data from a number of national tourism surveys including the UK Tourism Survey (GBTS) for overnight visitors and the GB Day Visits Survey (GBDVS) for day trips to given areas. The model has also been modified to reflect local and regional expenditure levels. For example, based on the latest information available from the GB Day Visits Survey, the model assumes that day visitors spend an average of £30.70 per person, although this amount varies depending on the purpose of the visit. For example, 'special' shopping trips and going to events incur higher expenditure levels than general leisure days out or day visits to friends and relatives.

The model employs standard formulas calculated from previous research and uses inputs provided by the client (such as visitor numbers and turnover). The resulting estimates indicate the levels of employment and expenditure likely to occur both as a direct and an indirect result of the Village's activity on a local and regional levels.

This report will first explain the inputs used to run the model. It will then proceed to discuss the outputs of the model, looking the gross direct and indirect annual impacts as well as the net annual impacts of the activity.

It should be remembered that as with any model, figures generated by PRIME should only be considered to be estimates. The most important data produced by the model are the 'net' figures. These are produced by taking into account the likely level of displacement - i.e. the trade taken away from other venues.

Executive Summary



Inputs

There are a number of general input prerequisites to the model. Some of these inputs will determine which formulas and base assumptions will be used to generate the economic outputs. These inputs have been provided by the client.

Project Type: Firstly, it is necessary to define the type of project in question. The project has been defined as a 'multi-purpose venue'.

Project Location: The model requires the project under study to be given a particular location type selected from rural, town, city, coastal, resort or region. In this case 'town' location has been selected.

The remaining general inputs related to the operational performance of The Village.

Operating Data: Inputs include visitor numbers and achieved turnover. Guildford Borough Council advised that the results are as follows.

Achieved turnover:

£	50,000
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Visitor numbers:

(Assumes 7% staying visitors based on current Cambridge Model data)

15,000

Full time equivalent jobs:

3

Outputs

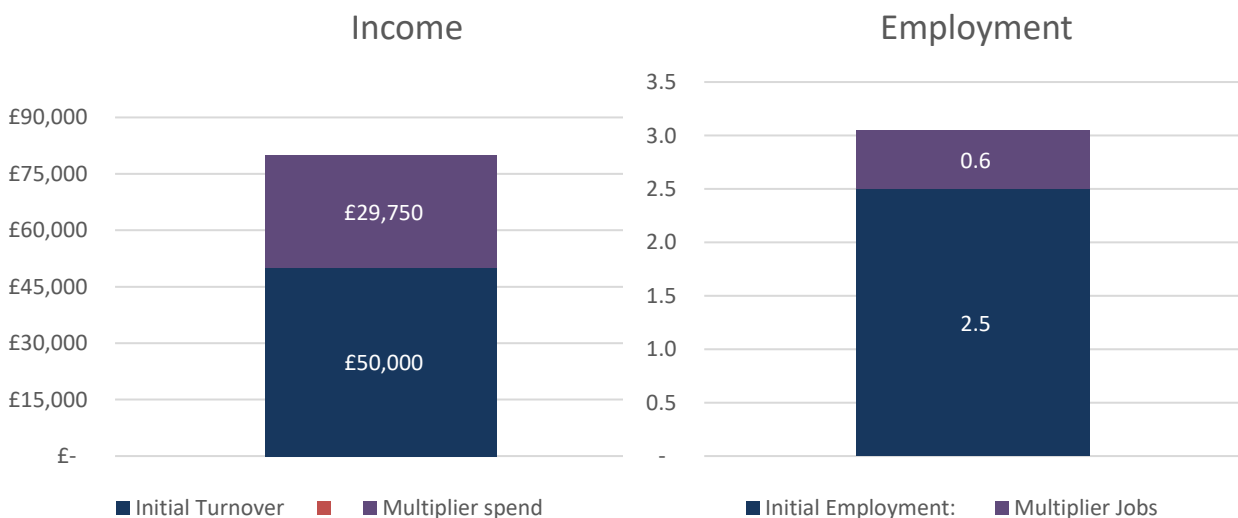
What are the internal impacts?

Internal impacts are those relating to the expenditure and employment associated directly with the operational activity of The Village.

Multiplier spend, also referred to as indirect impacts, are those such as increased spend by suppliers and spending by employees of local / regional businesses arising from visitor expenditure. The former are referred to as 'supply effects' the latter as 'income multiplier'.

Impact of The Village operations

Initial Turnover	£ 50,000
Multiplier spend	£ 29,750
Supply spend	£ 22,500
Income induced spend	£ 7,250
Total generated Income:	£ 79,750
Initial Employment:	2.5
Multiplier Jobs	0.6
Supplier jobs	0.4
Income generated jobs	0.1
Total supported employment	3.1



Direct Impact

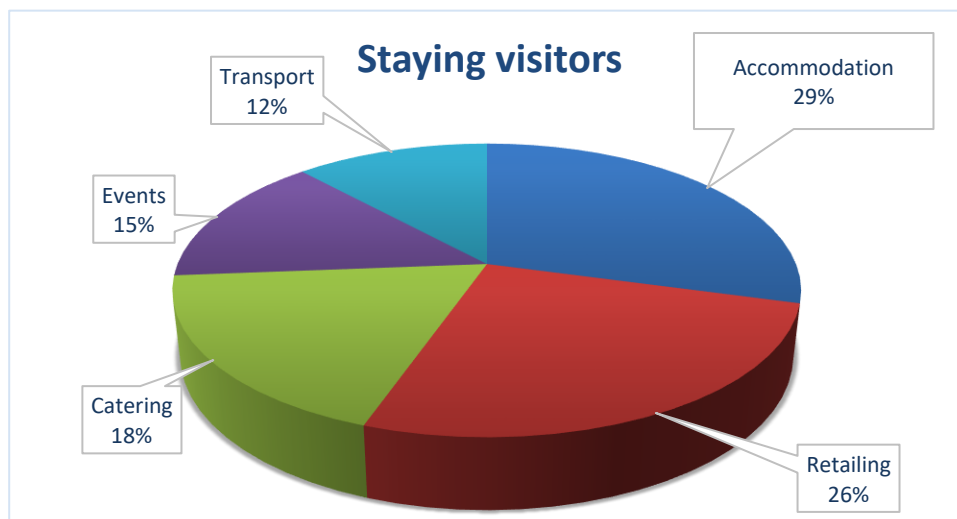
Visitors to The Village will spend money on and off-site, in the immediate locality and region surrounding it. The direct impacts are those arising from visitor spending at the venue as well as off-site away from The Village. The model estimates that:

Total expenditure generated by all visitors	£ 612,155
Total expenditure generated by staying visitors	£ 227,334
Total expenditure generated by day visitors	£ 384,821
Total expenditure in the local economy was	£ 560,068
Total expenditure in the regional economy	£ 52,088

All visitors	Guildford	Regional	Total	%
Accommodation	£ 31,347	£ 3,483	£ 34,830	6%
Retailing	£ 233,616	£ 22,164	£ 255,780	42%
Catering	£ 135,263	£ 12,250	£ 147,512	24%
Events	£ 128,933	£ 2,451	£ 131,384	21%
Transport	£ 30,909	£ 11,740	£ 42,649	7%
Total all visitors	£ 560,068	£ 52,088	£ 612,155	100%

How does this spend break down between the different types of visitors and sectors of the economy?

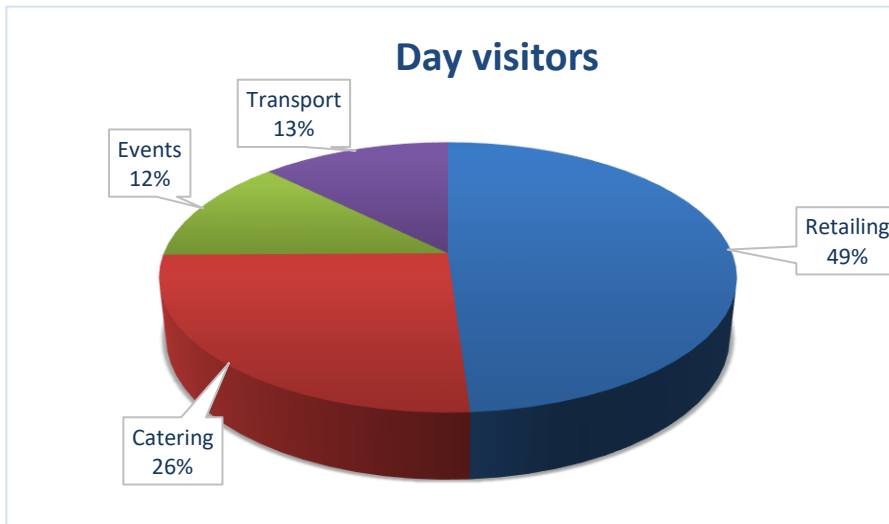
Staying visitors	Guildford	Regional	Total	%
Accommodation	£ 31,347	£ 3,483	£ 34,830	35%
Retailing	£ 67,712	£ 3,354	£ 71,066	31%
Catering	£ 47,702	£ 2,322	£ 50,024	22%
Events	£ 36,764	£ 2,451	£ 39,215	17%
Transport	£ 30,909	£ 1,290	£ 32,199	14%
Total all visitors	£ 214,434	£ 12,900	£ 227,334	100%



Direct Impact (Cont.)

Day visitors

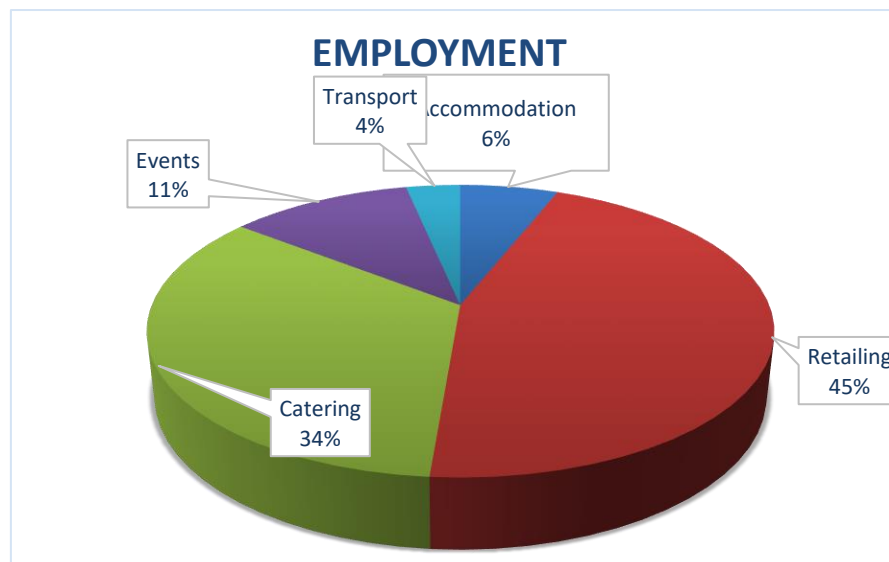
	Guildford	Regional	Total	%
Retailing	£165,904	£18,810	£184,714	48%
Catering	£87,561	£9,928	£97,488	25%
Events	£48,850	£6,270	£55,120	12%
Transport	£43,319	£4,180	£47,499	12%
Total all visitors	£345,634	£39,188	£384,821	100%



How many jobs are likely to be created by this income?

All visitors

	Guildford	Regional	Total	%
Accommodation	0.3	0.0	0.3	6%
Retailing	2.2	0.2	2.4	45%
Catering	1.7	0.2	1.8	34%
Events	0.6	0.0	0.6	11%
Transport	0.1	0.0	0.2	3%
Total all visitors	4.9	0.5	5.4	100%



Indirect Impact

What are the indirect impacts?

Indirect impacts are those such as increased spend by suppliers and spending by employees of local / regional businesses arising from visitor expenditure. The former are referred to as 'supply effects' the latter as 'income multiplier'.

Supply Expenditure

The model estimates that:

Total supply expenditure equals:	£ 198,399
Local supply expenditure equals:	£ 88,066
Regional supply expenditure equals:	£ 110,333

	Guildford	Regional	Total
Staying Visitors	£ 42,442	£ 41,280	£ 83,722
Day visitors	£ 45,624	£ 69,053	£ 114,677
All Visitors	£ 88,066	£ 110,333	£ 198,399

Income Expenditure

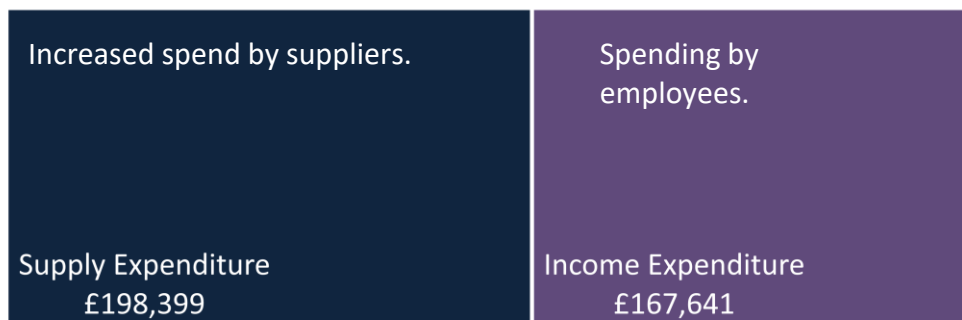
As the numbers of visitors and with it spend in the area increases, so does the amount earned by local people. This in turn creates an increase in what is known as 'income expenditure' as people spend the money earned.

Total income expenditure equals:	£ 167,641
Local income expenditure equals:	£ 67,302
Regional income expenditure equals:	£ 100,339

	Guildford	Regional	Total
Staying Visitors	£ 25,688	£ 36,524	£ 62,211
Day visitors	£ 39,126	£ 60,774	£ 99,900
All Visitors	£ 67,302	£ 100,339	£ 167,641

External Impacts

■ Supply Expenditure ■ Income Expenditure



Total External Impact

What are the total (Gross) external effects?

The total external effects are the sum of the direct and the indirect impacts.

The model estimates that:

Total gross expenditure:	£ 1,005,846
Local gross expenditure:	£ 740,321
Regional gross expenditure:	£ 265,525
Total gross FTE jobs created or sustained:	13
Local gross FTE jobs created or sustained:	8
Regional gross FTE jobs created or sustained:	4

	Guildford	Regional	Total
Visitor expenditure	£ 560,068	£ 52,088	£ 612,155
Supplier spend	£ 112,952	£ 113,098	£ 226,050
Income multiple	£ 67,302	£ 100,339	£ 167,641
Total	£ 740,321	£ 265,525	£ 1,005,846

	Guildford	Regional	Total
Direct jobs	5	0	5
Supplier jobs	2	2	4
Income jobs	1	2	3
Gross FTE jobs	8	4	13

Total External Impacts

■ Visitor expenditure ■ Supplier spend ■ Income multiple



Gross Impacts

What are the total gross effects?

The total gross effects are the sum of the direct (internal impact and visitor spend) and indirect (supply and income) expenditure.

They are calculated using regional tourism statistics derived from surveys such as GBTS, IPS and GBDVS. For example, taking the level of expenditure per trip calculated from the surveys, the model is able to estimate the amount of expenditure generated by visitors.

There is a graduated effect in terms of the impacts of direct, supply and income expenditure. Direct expenditure has the greatest impact locally and the least impact regionally whilst income expenditure has the least effect locally and the most effect at a regional level.

The model estimates that:

Income

<i>Total gross income</i> <i>(internal, visitor, supply and income expenditure)</i>	£ 1,052,415
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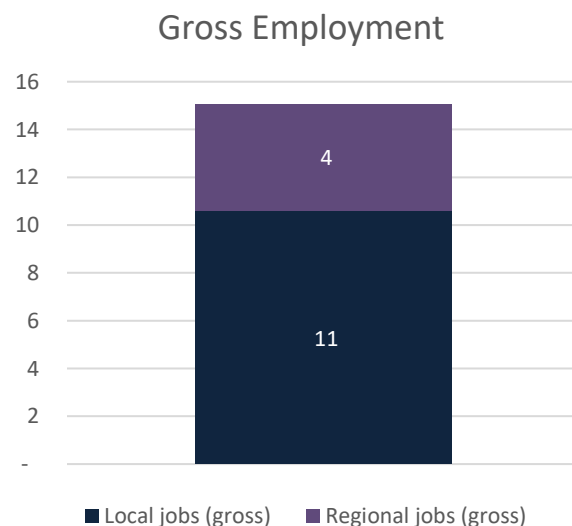
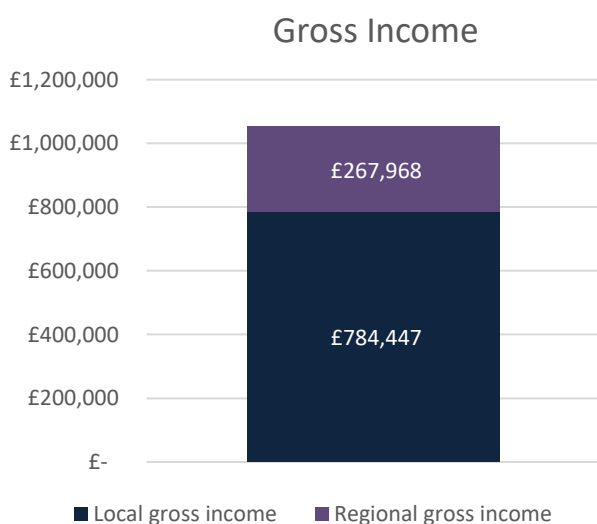
<i>Local gross income</i>	£ 784,447
<i>Regional gross income</i>	£ 267,968

Employment

<i>Total gross FTE jobs created or sustained:</i>	15
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<i>Local gross FTE jobs created or sustained:</i>	11
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<i>Regional gross FTE jobs created or sustained:</i>	4
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Net Impact

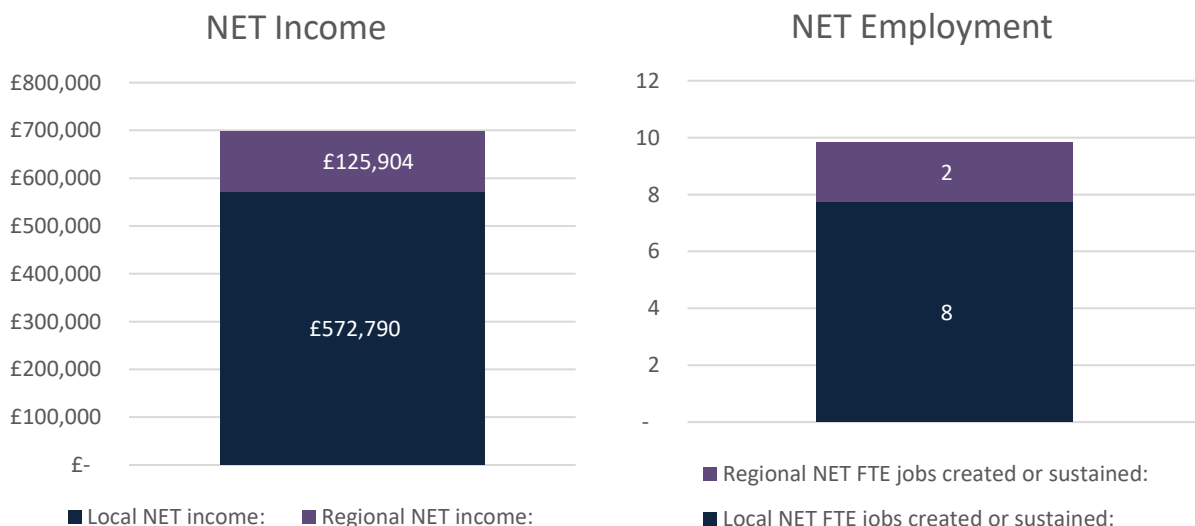
What are the net impacts?

A proportion of the gross activity may have taken place in any case, regardless of The Village presence. For example, holiday visitors may choose to visit the area anyway, or day visitors might take a trip but choose to do something else within the local area. In these cases, expenditure at the site is merely ‘displacing’ expenditure from other events, attractions or accommodation in the area, rather than generating additional spending. Net impacts are the expenditure and employment effects which occur at both the local and regional level which would not have otherwise taken place without the project under study.

The degree to which a venue generates ‘displacement’ will vary according to the context in which it exists. The Village concept is relatively unique in that there are no similar venues in the locality and very few in the region. The model uses a Gross / Net conversion ratio of 0.74 for visits and 0.43 for supplier spend.

The model estimates that the total net income impact is as follows.

Income	Impact
Total NET income (internal, visitor, supply and income expenditure)	£ 698,694
Local NET income:	£ 572,790
Regional NET income:	£ 125,904
Employment	
Total NET FTE jobs created or sustained:	10
Local NET FTE jobs created or sustained:	8
Regional NET FTE jobs created or sustained:	2



Key Terms

Gross Impact

The gross effect is the total impact arising from all expenditure associated with the project (tourism facility / amenity or event) i.e. direct, indirect and induced expenditure. It excludes leakage, deadweight and displacement (explained below).

Direct Expenditure

Direct expenditure refers to the actual amount spent by the operators, developers or organisers of the project (tourism facility / amenity or event) under study, subcontractors and visitors on the following key areas;

Operators, developers and organisers – Investment in creating / building and running the project (tourism facility / amenity or event), which may include hire of site, marketing, security, and other costs including staff costs on travel and subsistence.

Main subcontractors – spend on local contractors and the travel and subsistence costs associated with staffing at the project (tourism facility / amenity or event).

Visitors – spend on accommodation, food and drink, shopping, entertainment, travel and other costs such as charity donations.

All of these components are valid parts of expenditure into the visitor economy and recognise that economic impact goes beyond the more obvious visitor spend.

Indirect Expenditure

Indirect effects arise as a result of businesses in receipt of direct expenditure (including local contractors and local businesses) purchasing supplies and services from suppliers locally and further afield. In turn, there will be subsequent rounds of expenditure as suppliers purchase goods and services from other suppliers and producers, until the expenditure is so remote from the original purchase that it can no longer be clearly traced.

Induced Expenditure

Income induced effects arise as a result of the spending of wages by employees whose jobs are supported directly or indirectly by the visitor expenditure.

What are the net impacts?

This figure refers to the gross impact minus the effects of leakage and displacement. It therefore represents the additional economic activity that would not otherwise happen without the project (tourism facility / amenity or event) taking place.

The net additional impact has to take account of the following factors;

Displacement of other activity at the site which would have generated benefits
Leakage of expenditure out of the region as a result of spending by visitors or suppliers with businesses outside the region.

Displacement

A proportion of the gross activity would have taken place in any case, regardless of the project (tourism facility / amenity or event) under study. For example, perhaps visitors would have visited the area anyway, or day visitors might have taken a trip to the area to do something else within the local area instead. In these cases expenditure at the event is merely 'displacing' expenditure from other attractions in the area, rather than generating additional spending. Net impacts are the expenditure and employment effects which occur at both the local and regional level which would not have otherwise taken place.

The degree to which an event or development generates 'displacement' will vary according to the context in which it is developed. The net effect depends on how far the project is generating additional visitor activity (and expenditure) in the local or regional area which would not have otherwise occurred. The level of additionality will vary depending on the context of the project. A major new event or attraction in an area with no direct competition will have a high level of additionality. By contrast, a smaller development where the majority of visitors are from the local area will have a limited economic impact since most of the expenditure by those visitors would have taken place locally in any case.

Leakage

Leakage refers to direct expenditure spent outside of the area of concern. For the purpose of this study, the key area is the Surrey and the South East of England. The actual leakage will be any expenditure by subcontractors and visitors which falls outside the area (e.g. transport costs).

MULTIPLIER ASSUMPTIONS

Indirect / Induced Multiplier

The collection of information on the indirect and induced effects of the development would have involved extensive and costly additional surveys. Therefore, appropriate local multipliers based on existing data have been used.

The local multiplier, representing the combined effect of indirect and induced expenditure provides a measure of the first round of spending on supplies and the income induced spending within the relevant local authority area. The PRIME model uses a range of multipliers for each of the tourism-related industries involved in the event which have been arrived at using results from business surveys across the region.

As there is no single UK industry-wide standard or guidance, our professional opinion is that this multiplier enables comparison with other regional project (tourism facility / amenity or event). The local multiplier however only captures part of the indirect and induced effects. It does not include;

- Spending on supplies and services with suppliers located outside the region and elsewhere

- Subsequent multiple rounds of supplier business spending

- The impact of investment stimulated by direct and indirect spending

- The income induced effects of these additional economic effects.

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