

**COUL LINKS ECONOMIC IMPACT**

**A Report for Not Coul**

**by**

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## **Coul Links Economic Impact**

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## 1.0 INTRODUCTION

- 1.1 This report was commissioned by Not Coul to provide an indicative economic impact assessment of the proposed Coul Links development. In particular, I was asked to review the June 2016 Biggar Economics report for Golder Associates, which estimated net economic impacts in the local area (the wards of East Sutherland & Edderton and Tain & Easter Ross), the Highland Council area, and Scotland as a whole in Years 1, 5 and 10 of course operation.
- 1.2 Although commissioned by Not Coul, this assessment takes a completely independent perspective, and the analysis would have been the same had it been commissioned by an organisation such as Highlands and Islands Enterprise or Highland Council. My familiarity with golf in the north of Scotland comes from membership of Nairn Golf Club and visits to play on most of the other courses between Nairn and Brora, including Royal Dornoch on a number of occasions. When the Walker Cup was played in Nairn in 1999, I carried out a visitor survey and impact study of the event.
- 1.3 I had limited time for research, compared with Biggar, but my knowledge of golf in the Highlands and Scotland and discussions with key contacts underpins my analysis. My projected impacts should be considered very approximate, but, most importantly, they are of a much lower order of magnitude than Biggar’s estimated impacts – particularly for Scotland; and I am convinced that they are much more plausible. Indeed, my main estimates could be on the high side if the new course is not as successful in establishing a strong reputation as its developers expect; and alternative impacts are given in Section 7 after my “core” impacts are summarised.

### The Biggar Report

- 1.4 The basic methodology used by Biggar is standard; and it is their assumptions that have led to the scale of impacts calculated in their report.
- 1.5 Biggar’s employment impacts (other than in the construction stage) are given in terms of “jobs” rather than full time equivalent jobs (FTEs), which I have used and is the more usual measure in economic impact analysis – especially where indirect (through the supply chain) and induced (through additional employees’ spending) jobs are included. Perhaps Biggar’s jobs are FTEs as some of their employment categories (e.g. caddies) are considered on a year-round basis.
- 1.6 Biggar also estimate GVA (Gross Value Added) impacts, which are given in £. It would appear that their spending assumptions and GVA estimates are in current prices rather than allowing for inflation in their Year 5 and Year 10 estimates. My analysis, in current prices, relates just to Year 5 as a medium term representative year, and I have assumed that the course will, by then, have built a strong national and international reputation – i.e. quickly establishing itself as one of Scotland’s ten (or at least twenty) top courses. Televised events, which have greatly helped Castle Stuart and Kingsbarns Golf Links to build their reputations, could be an aspect of this profile building.
- 1.7 Biggar’s summary impacts are as follows:

<b>Jobs</b>	<b>Local Area</b>	<b>Highlands</b>	<b>Scotland</b>
Year 1	119	197	252
Year 5	175	311	444
Year 10	250	453	684

<b>Gross Value Added (£'000s)</b>	<b>Local Area</b>	<b>Highlands</b>	<b>Scotland</b>
Year 1	4,285	6,207	7,920
Year 5	5,929	9,269	13,346
Year 10	8,105	13,097	20,127

- 1.8 I consider it unlikely that Year 10 rounds by “tourist” visitors will significantly exceed those that I have assumed for Year 5 in my main impact estimates; and it is extremely difficult to take account of factors that might influence the playing of the course beyond the near future – for example, the impact of other potential new courses, such as the second course planned at Castle Stuart; sterling’s exchange rate, which could reduce visits from outside the UK if it improves; and trends in golf playing as fewer younger people take up the game than in the past.
- 1.9 As demonstrated below, the most critical factor in assessing national, and to an extent regional, impacts for Coul Links, is “displacement”. If golfers playing Coul Links would have otherwise played another course in Scotland on the same day, there would be no (or very small) additional impact in Scotland on that day, and none on the other days of their overall golf trip to Scotland (or in Scotland if Scottish residents).
- 1.10 It is acknowledged that St Andrews is the prime draw for golfing visitors to Scotland (although playing on the Old Course is not always possible on the days they are in Scotland), but there are also other courses – including Turnberry, Troon, Gleneagles, Carnoustie and Muirfield – that are major attractions (principally through hosting Open Championships with worldwide TV coverage); plus ten or more others (including Royal Dornoch) that will be high on the playing wish lists of people considering a golfing holiday in Scotland. In addition, depending on the geographical areas they are considering visiting and the depth of their pockets (Kingsbarns green fees will be £268 in 2018), visiting golfers will have more than 100 other courses in Scotland that they might play on holidays of up to 7 days.
- 1.11 As a reality check, prior to giving alternative assumptions in this report to these of Biggar, the 2013 research by KPMG commissioned by the Scottish Golf Union, which is quoted by Biggar, estimated that golf tourism supported 2,100 jobs in Scotland in 2011, excluding expenditures by golf tourists playing golf, purchasing golfing supplies, etc. In Year 10, Biggar estimate that Coul Links will generate 684 additional jobs across Scotland including 651 jobs not related to Coul Links’ employment. For just one course, however good, added to all of the courses already available to golfers in Scotland to increase the impact of all golfing tourism in Scotland by such a high proportion seems completely unrealistic – even if the 2011 KPMG impact figure is an under-estimate.
- 1.12 Also, it is difficult to follow Biggar’s logic for why employment impacts in Scotland are expected to increase from 252 in Year 1 to as much as 684 in Year 10 (+ 171%) when rounds at Coul Links are assumed to increase from 15,000 to 20,000 (+ 33%).

## 2.0 DISPLACEMENT

2.1 Golfers, and groups of golfers, who choose to take a golfing holiday in Scotland (i.e. stay at least one night) will have been influenced by a large range of factors, including:

- Scotland's golfing heritage and the large number of both world class and other high quality courses that can be combined in a golfing visit of varying length (typically a week, especially for US golfers who are expected to represent a significant proportion of Coul Links visitors). One additional course in the far north of Scotland will surely make little difference to the great majority of these holiday decisions.
- Wishing to play on the Old Course at St Andrews, the home of golf, and having made this arrangement, choosing which courses near St Andrews and/or other courses in Scotland to also play on. This, and annual television coverage of the Alfred Dunhill Links Championship (played at St Andrews, Carnoustie and Kingsbarns) will have been a major factor in the success of the relatively new Kingsbarns course (which is 7 miles from St Andrews and is understood to attract more than 20,000 golfers per year, which will include day trippers, e.g. from Edinburgh).
- A previous visit which prompted them to return to Scotland to play different courses than on their earlier visit or visits. If Coul Links, through marketing spend by itself, hotels and others in the local area and through social media, can bring itself to the attention of potential repeat visitors, it should have some influence on repeat visit decisions – especially to visit the far north of Scotland rather than other parts of Scotland with concentrations of high quality courses (with displacement in other parts of Scotland rather than in Highland). It would be interesting to survey visitors to Castle Stuart to probe the triggers for their decisions to play on the course and the degree of displacement associated with this.
- A desire to play at Royal Dornoch, for reasons given in the Biggar report, and choosing also to play at Coul Links (with Dornoch visitors expected to be a major source of demand for the new course) rather than another course in the north or elsewhere in Scotland on a holiday of limited length (e.g. a week if flying from the US to and from Scotland on a Saturday).
- The availability of tee times at particular courses on the day that they are able to play on the course during their itinerary. This will give some trade to Coul Links, especially in its early years, which will have been displaced from other relatively high profile courses in Scotland.

2.2 These, and other deadweight and displacement factors, do not appear to have been given sufficient consideration in Biggar's report when adjusting from gross to net impact.

### 3.0 POTENTIAL IMPACTS IN SCOTLAND

#### Factors in Total Rounds Played

- 3.1 Prior to estimating golf tourism impacts in Scotland from the Coul Links development, it is necessary to estimate how many visitor rounds might be played on the course in its fifth year of operation. Biggar's report shows 15,000 rounds in Year 1, rising to 20,000 by Year 10, with, it would appear, no members taking up tee times (the Castle Stuart model).
- 3.2 Taking also into account anecdotal evidence on visitor rounds played at Castle Stuart, Nairn and other relevant courses, I would consider 15,000 rounds by Year 5 (or 10) with 200 days available for play to be an extremely good out-turn – and this assumes that the course achieves its quality and reputation aspirations. Indeed, taking account of annual rounds likely to be played at Royal Dornoch by members and visitors who live in the north of Scotland and the busyness of the course, it is considered unlikely that golf tourists will currently play many more than 10,000 rounds a year on the course. For Coul Links to exceed this total when Royal Dornoch is likely to be the principal attractor of visitors to the local area and the difficulty that additional visitors will have in booking times at Royal Dornoch as well as at Coul Links, 10,000 visitor rounds per year might be considered a more likely achievement for the new course.
- 3.3 Nairn, Royal Dornoch and other links courses that are relatively protected from winter weather are popular all year with local members; and as they remain open are able to attract a certain number of visitors during the period that Coul Links plans to be closed (which is considered logical given its location and lack of local golfers). Also, existing courses, such as Castle Stuart, offer reduced rates to golfers or groups of golfers (particularly from their local areas) to fill tee times during quiet golf tourism periods, and these rounds contribute to their annual totals.
- 3.4 Visiting golfers will normally have breakfast before their round and Coul Links visitors will in many cases be travelling a distance (e.g. from Inverness) to play. Peak tee times might thus tend to be from 10.00 am to 4.00 pm (to give time for a meal after the round). If 20 golfers tee off per hour over a six hour period, this would give potential visitor rounds of 120 per day – although 100 might be a realistic average maximum in peak season with local day trip golfers, some blank tee times, and occasional wild weather restricting visitor golfer rounds on certain days. In relation to overnight stays, although it would be logical to expect in the medium term for some supplementary high quality accommodation to be provided in East Sutherland once Coul Links is operational (although seasonality is an issue in viability), golfers making relatively late decisions on their holiday itineraries might find that suitable accommodation in the Dornoch area that would facilitate rounds on successive days at Coul Links and Royal Dornoch would not be available, which might deter some potential Coul Links visitors.
- 3.5 Clustering of relevant accommodation in and around Inverness will increase through the £6.4 million development of the former Maple Court Hotel in Inverness with 48 beds offering a 5 star experience, and if new hotels at Castle Stuart, the Inverness Campus, and Inverness Airport go ahead; and this would tend for some to favour, in terms of convenience, rounds on the closer courses at Castle Stuart (with a second course planned), Nairn, Fortrose & Rosemarkie, etc over Coul Links where a visitor has a limited number of days in the Highlands – even where a visit to Royal Dornoch might have been the principal attractor. A base in, or very close to, Inverness gives golfers the choice of eating and drinking places, nightlife, etc that many prefer to just staying in their hotel.

### Non-Displaced Rounds in Scotland

- 3.6 Taking account of the factors summarised in Section 2 above, I believe that a maximum of 10% of the assumed relatively high scenario of 15,000 Coul Links visitor rounds in Year 5 suggested above would be by golfers who would not have had a golfing break in Scotland without the addition of Coul Links to its “product”.
- 3.7 In assessing golf tourism impacts from these assumed 1,500 “additional” rounds at Coul Links, it is necessary to add impacts from other rounds that would be played in Scotland by those people who would not otherwise have visited Scotland. For the purposes of this analysis, these other rounds are assumed to total an average of 4 (i.e. 5 including Coul Links). Many golfers, e.g. from the US, will play 6 rounds in total while in Scotland, but other golf tourists (e.g. residents of Scotland or other parts of the UK, couples, etc) might visit for a long weekend or not a full week, not play golf on certain days, play one or more rounds in the north of England as well as in Scotland, etc.

### Average Daily Expenditure by Visitors

- 3.8 Biggar’s assumptions in Table 3.3 of their report for the average spend per golf day of overnight visitors is as follows:

	£
Green Fees	139
Caddies	56
Food & Drink	73
Travel in Scotland	31
Accommodation	168
Other	200
<b>Total</b>	<b>£667</b>

- 3.9 Excluding green fees, expenditure on caddies and food and drink which would be purchased at the Coul Links clubhouse (which are covered by the “direct” local impacts below) gives average golfer day expenditure in Scotland of £462.
- 3.10 This level might be applicable to the more affluent golfing visitors on certain days in areas of Scotland with more spending opportunities than are available in the East Sutherland and Easter Ross area, and where a golfer might have afternoon time available for spending (eg at a distillery visitor centre) after a morning round of golf and lunch. The typical Coul Links “additional” visitor might tend to play on two or three other courses in the local area during their trip (usually including Royal Dornoch) and/or courses closer to Inverness, where hotel prices and spending opportunities are also lower than in certain other parts of Scotland. Also, the planned green fee of £175 per day will not limit demand at Coul Links just to the affluent (from experience elsewhere), and some visiting groups will be looking for discounted hotel rates or packages. As Biggar note, it is unlikely that many more than currently available local area hotel bedspaces of 5 star (or upper 4 star) standard will be profitable to provide in the foreseeable future given the level of capital investment required and seasonality of demand.
- 3.11 Thus, for the purposes of the impact calculations below, I have assumed average visitor night “tourism” expenditure in Scotland of £350 per “additional” golf round at Coul Links (taking into account that some of the rounds that these golfers would play elsewhere in Scotland would generate higher daily spend than in the Dornoch area).

3.12 The “additional” golf rounds in Scotland generated by the Coul Links (including rounds at the course) are estimated at 7,500 in Year 5 (1,500 x 5). Applying £350 per day to this total would give additional “tourist” expenditure in Scotland of **£2,625,000**. Inclusive of indirect and induced impacts, the conventional conversion rate for jobs associated with tourist spend in Scotland is 1 FTE job supported by £50,000 of visitor spend. Although average golfer spend impacts might be lower than this due to the value added from their expenditure on luxury facilities and products which tends to have a higher profit to earnings ratio than average tourist spend due to the need to repay capital investment, using this ratio would give **52.5 FTEs** in Scotland generated by this additional visitor spend.

### **Impacts from the Rounds at the Golf Courses in Scotland played by Golf Tourists**

3.13 The direct employment that Biggar has profiled for Coul Links and the assumptions they have made on indirect and induced impacts appear sound – although (as discussed under local impacts below) sourcing sufficient caddies to meet demand could be challenging. In Scotland, in Year 5 (as in Year 10), core employment impacts plus supply chain impacts plus staff expenditure impacts are projected by Biggar to total 33 jobs (assumed for this study to represent 33 FTEs). Their direct caddy employment is estimated at 42 full time caddies relating to 15,000 rounds; and adding induced impacts from spend by caddies to this would give around 48 FTEs. This total of 81 Coul Links FTEs (33 + 48) relates to 15,000 rounds, and needs to be reduced by 50% for Scotland impacts to match the 7,500 net additional rounds in Scotland in Year 5 that Coul Links is expected to generate (see above); giving **40.5 FTEs**. Adding this to the 52.5 FTEs from wider “tourism” spend estimated at 3.12 above gives a total net employment impact in Scotland of **93 FTEs**. This compares with Biggar’s estimate for Scotland impact of 444 jobs in Year 5 and 684 jobs in Year 10.

3.14 For the categories of employment that these 93 FTEs represent, it is estimated, very approximately, that average gross earnings will be £20,000 per FTE. GVA equals gross earnings plus employment costs (employer’s NI and pension contribution) plus operational profit plus depreciation added back plus business rates. For the sectors involved, this would give GVA that would be broadly double gross earnings – i.e. £40,000 per FTE (Biggar assume just £25,346 per job, including caddies) for the 72 FTEs, excluding direct caddy employment; i.e. £2.88 million. For the 21 additional caddy FTEs (assuming they are self-employed), GVA would be around £20,000 per FTE; giving a total GVA of £420,000 and an overall GVA impact in Scotland of approximately **£3.3 million**. This compares with Biggar’s GVA estimates of £10.2 million in Year 5 and £16.5 million in Year 10 for Scotland.

### **Attribution of the Current Impact of Golf Tourism in Scotland**

3.15 The KPMG estimate of 2,100 jobs supported by golf tourism in Scotland in 2011 might be increased to around 3,000 jobs to allow for related golf course employment, under-estimation, and growth since 2011.

3.16 If 500 of these 3,000 jobs are attributed to St Andrews (fewer than the number of jobs that Biggar attribute to Coul Links in its Year 10), 2,000 to the next top twenty courses in Scotland, and 500 to all other courses in Scotland, this would give an average attribution of 100 jobs for each of the top twenty courses excluding St Andrews. If Coul Links were to become one of these top twenty courses, its impact would thus be around 100 jobs. This is comparable to the estimate given above for Coul Links of 93 FTEs.



## 4.0 POTENTIAL IMPACTS IN THE LOCAL AREA

### Key Factors

- 4.1 As defined in the Biggar report, the local area comprises the wards of East Sutherland & Edderton and Tain & Easter Ross, with the other golf courses in this area and hotels and other high quality accommodation particularly relevant to the golf tourism impact in the area that would be attributable to visitor rounds played at Coul Links.
- 4.2 With Royal Dornoch such a dominant attractor of visiting golfers, it would be expected that a very high proportion of Coul Links visitors would also wish to play at Royal Dornoch – although this would be subject to tee time availability. Where these would be new visitors to Scotland, or the Highlands, their rounds at Dornoch would be additional. However, as noted in the Biggar report and confirmed by my consultation, Dornoch tee times are fully booked on many days and a booking by a new visitor drawn to the area by the complementary availability of Coul Links would often be at the expense of another visiting golfer; with the effect that non-displaced additional rounds at Dornoch (and associated impacts) would be limited.
- 4.3 As noted in Section 3 above, there is limited availability of high quality accommodation in the local area (for which there is much demand in the summer other than from golfers), and Coul Links golfing visitors would often stay in or close to Inverness even where their preference have been to stay locally – e.g. where also playing at Dornoch during their golfing holiday. Hotel provision in the local area of the standard that Coul Links golfers would be expected to use includes:

Royal Golf Hotel, Dornoch	22 bedrooms (expanding to 30)
Dornoch Castle Hotel	22 bedrooms
Links Hotel, Dornoch	14 bedrooms
Royal Marine Hotel, Brora	21 bedrooms
Glenmorangie House, near Tain	9 bedrooms
Mansfield Castle Hotel, Tain	9 bedrooms
Kincraig Castle Hotel	15 bedrooms

- 4.4 Whilst most of these bedrooms will be double, most visiting golfers would be likely to prefer single occupancy.
- 4.5 In addition to Royal Dornoch (which also has a second 18 hole Struie course), the area has 18 hole courses in Brora, Golspie and Tain, and in the summer, two 4 ball tee times per week are available to non-Carnegie Club members at the Carnegie Links at Skibo Castle.
- 4.6 Some Coul Links visitors will also play on one or more of these local courses other than Royal Dornoch (or perhaps one of the 9 hole courses at Tarbat, Helmsdale or Bonar Bridge & Ardgay) while in the area; but others who already play at one or more of these other courses while in the area primarily to play at Royal Dornoch will instead play at Coul Links, whose standard, and hence appeal, could well be comparable to Royal Dornoch for those who have travelled a long way to play on this iconic course.

4.7 On balance, it is assumed below that reductions in rounds on the courses in the local area other than Royal Dornoch due to the new Coul Links course will broadly equal additional rounds played on these courses by Coul Links visitors, taking into account, from the perspective of these lower tier courses, on the negative side:

- Accommodation constraints in the area.
- The fixed number of rounds that most people will be able to play while on a golfing holiday in Scotland.

And on the positive side:

- Visits to the area that will not include Royal Dornoch when tee times there are not available.
- Repeat visitors to the area who might play more than the two main courses.

4.8 Also, it is assumed that the number of people who would not otherwise have come to the area who will play Royal Dornoch as well as Coul Links (e.g. those who have previously played Royal Dornoch and would not have made a repeat visit without the draw of a second first class course) will broadly balance those who might play Coul Links instead of Royal Dornoch (e.g. where they have played Royal Dornoch before). Any net positive effect on rounds at Royal Dornoch would be limited by the close to capacity current usage of the course – as noted above.

#### **Course Impacts**

4.9 Thus, net “additionality” from Coul Links in the local area will relate to the rounds played on the course. On the basis of 15,000 visitor rounds in Year 5, the following Biggar scenario for impacts at the course in Year 1 (for which they assume 15,000 rounds) is taken to be reasonable; i.e. 24 jobs (taken as 24 FTEs), which is the total of core impacts (21 jobs), supply chain (2 jobs), and staff expenditure impacts (1 job).

#### **Caddy impacts**

4.10 Biggar estimate that the course could provide employment for around 42 full time caddies on the basis of 15,000 rounds per year, which seems a reasonable estimate based on experience elsewhere and target markets. Finding caddies in the local area, however, will not be easy given the limited number of suitable people living close to the course, the demand on the same days for caddies at Royal Dornoch, and the lack of Coul Links members (a source of caddies at other courses). It is therefore assumed that two thirds of the caddies (28) will be resident within the local area as defined for this analysis and 14 will live outside the area – e.g. in Invergordon or Alness. Adding induced impacts from their local spend would increase this local caddy impact to around **30 FTEs**.

## Other Visitor Spend Impacts

- 4.11 For the Scotland analysis in Section 3, it was assumed that visitor spend not captured above would average £350 per visitor night in Scotland as a whole. This would be lower in the local area due to limited spending opportunities, limited time available for spending over a 24 hour period if travelling out of the area immediately or soon after a round at Coul Links, and the likelihood of overnight stays not being in the local area – due either to lack of bed availability at suitable accommodation establishments or preference for staying elsewhere, especially in the Inverness area.
- 4.12 Biggar assumed that 6,000 of the 15,000 golf tourists who would play Coul Links would stay overnight in the local area (40%). This might be achievable by Year 5 if the local accommodation stock is enhanced, but in some cases these stays would displace overnight stays by other people (some who would be Royal Dornoch golfers, but mostly general tourists). Non-displaced stays are thus reduced to 5,000 bed nights. Those 5,000 people are assumed to spend an average of £250 per visitor night on food, drink and other purchases in the area, and the other 10,000 annual visitors are assumed to spend an average of £50 – for example, some having a meal or shopping in Dornoch. This would give total visitor spend in Year 5 of **£1.75 million**.
- 4.13 Due to more limited supply chain and employee spending impacts in the local area than in Scotland as a whole, it is assumed that £70,000 of visitor spend (including VAT) on average will support 1 FTE job in the local area. On this basis, £1.75 million of visitor spend would support **25 FTEs**.
- 4.14 Adding the 25 FTEs to the estimated course impact of 24 FTEs and the caddy impact of 30 FTEs would give a total local impact of **79 FTEs** in Year 5. This compares with Biggar’s estimated impacts of 119 jobs in Year 1 (15,000 rounds), 175 jobs in Year 5 and 250 jobs in Year 10 (20,000 rounds).
- 4.15 Using the same ratios between FTEs and GVA as for Scotland impacts in Section 3 above would give a GVA impact of **£2.56 million** in Year 5 – £0.6 million from caddy FTEs and £1.96 million from other FTEs. This compares with Biggar’s estimates of £4.26 million for Year 1, £5.93 million for Year 5 and £8.11 million for Year 10.

## Quantification of Local Golf Course Additionality & Displacement

- 4.16 The Biggar report concludes (Page 23) that: *“Although it is possible that the new course could attract some visitors who might otherwise have played other local courses, the level of this displacement is expected to be very low and – more importantly – significantly outweighed by the additional demand that Coul Links is expected to generate. Overall the net effect of the new course on other local courses is therefore likely to be strongly positive.”*
- 4.17 Of the 6,000 Coul Links visiting golfers expected to stay overnight, I would expect a maximum of around 600 to play other local courses, excluding Royal Dornoch, on other days. As noted above, the net benefit to Royal Dornoch of Coul Links visitors who would not otherwise have come to the area to play Royal Dornoch is limited by tee time availability, and an extra 400 rounds per year might be played on the course (after allowing for displacement).
- 4.18 I consider that these 1,000 extra rounds on other local courses would broadly be balanced by 1,000 of the 15,000 Year 5 rounds on Coul Links being played by people who currently play on courses other than Royal Dornoch during their visit to the local area (including the Royal Dornoch Struie course).

## 5.0 POTENTIAL IMPACTS IN HIGHLAND

- 5.1 These impacts are extremely difficult to assess. In particular, it is necessary to estimate how many of the 1,500 additional golfing visitors to Scotland attributed to the Coul Links in Section 3 above will also play other courses in Highland during their visit; how many existing golfing visitors to Scotland will choose to play at Coul Links together with other Highland courses rather than elsewhere in Scotland on these days; and how many existing golfing rounds at prime courses such as Castle Stuart and Nairn will be displaced to Coul Links where visitors retain their current number of days spent in Highland during their overall golfing holiday in Scotland.
- 5.2 The estimated impacts below for Highland as a whole take into account the local impacts estimated in Section 4 above, allowing for some of these to be displaced from elsewhere in Highland.
- 5.3 Of the 1,500 people playing rounds at Coul Links who are assumed to be additional within Scotland, it is assumed that 1,200 will play an average of 2.5 other courses in Highland during their visit (including Royal Dornoch where tee times are available); giving 3,000 extra rounds.
- 5.4 Of the 13,500 rounds assumed to be played in Year 5 at Coul Links by existing visitors to Scotland, the following breakdown is assumed:
- 8,500 visitors who would not otherwise have come to the Highlands playing an average of 2.5 rounds on courses other than Coul Links – a total of 21,250 rounds.
  - 4,000 visitors who would play Coul Links who would otherwise have played on another course in Highland on the day.
  - 1,000 people who would stay an extra night in Highland in order to play Coul Links – i.e. with no displacement from other Highland courses.
- 5.5 This gives 35,250 extra rounds played in Highland in Year 5 as follows:
- 11,000 non-displaced rounds at Coul Links (15,000 minus 4,000).
  - 24,250 additional rounds at other Highland courses (3,000 plus 21,250).
- 5.6 Pro-rata, the course employment impacts from these rounds plus caddy impacts (assuming that Coul Links ratios apply to the other Highland courses) would be 24,250/15,000 of the assumed gross Coul Links impacts from 15,000 rounds (+ 62%), which gives:
- |                |          |           |
|----------------|----------|-----------|
| Course impacts | 33 x 1.6 | = 53 FTEs |
| Caddy impacts  | 48 x 1.6 | = 77 FTEs |
- Total 130 FTEs**
- 5.7 Assuming that 24,250 extra nights are spent in Highland relating to the 24,250 extra rounds estimated above, and that visitor spend away from the courses averages £300 per night (the mid point of the assumed £250 for people staying in the Coul Links local area and £350 for Scotland, and including the former), total additional average visitor spend would total **£7.275 million** in Year 5.

- 5.8 This would give an employment impact of **121 FTEs** assuming that £60,000 of golfing visitor spend in Highland supports 1 FTE.
- 5.9 Adding these 121 FTEs to the estimated course plus caddy impacts of 130 FTEs gives a total estimated impact in Highland in Year 5 of **251 FTEs**. This compares with Biggar's estimated impacts of 197 jobs in Year 1 (15,000 rounds), 311 jobs in Year 5, and 453 jobs in Year 10 (20,000 rounds). The 251 FTEs total is similar to Biggar's Year 5 estimate (if scaled down from 17,500 rounds to 15,000) of 267 jobs.
- 5.10 Pro-rata GVA impacts from the Scotland analysis would give a GVA impact of **£8.50 million in Year 5** – £1.54 million from caddy FTEs plus £6.96 million from other FTEs. This compares with Biggar's estimates of £6.21 million for Year 1, £9.27 million for Year 5 and £13.10 million for Year 10.

## **6.0 CONSTRUCTION IMPACTS**

- 6.1 The Biggar report gives a developer estimate for capital investment on the Coul Links project of £8 million. The employment that they assumed will be supported by this expenditure would be 25 job years in the local area, 42 job years in Highland, and 77 job years in Scotland. The average construction project in the Highlands, from evidence from other projects, is estimated to create 15 FTE years of employment in Scotland per £1 million of spend, 10 FTE years in Highland, and 4 FTE years in the local area – although whether such averages will apply will depend on the main contractors and sub-contractors who are used and the residence of their workforces. This would give impacts of **120 FTE** years in Scotland, **80 FTE** years in Highland, and **32 FTE** years in the local area from £8 million of spend; inclusive of the indirect and induced multipliers.
- 6.2 Using a ratio of £60,000 GVA per FTE year would give one-off GVA impacts of **£7.2 million** in Scotland (compared with Biggar's £3.4 million), **£4.8 million** in Highland (compared with Biggar's £2.5 million) and **£1.9 million** in the local area (compared with Biggar's £1.4 million).

## 7.0 SUMMARY OF INDICATIVE ANNUAL IMPACTS

7.1 My estimates of impact are shown below alongside Biggar’s summary impacts (see 1.7 above).

<b>Jobs</b>	<b>Local Area</b>	<b>Highlands</b>	<b>Scotland</b>
<b>Biggar</b>			
Year 1	119	197	252
Year 5	175	311	444
Year 10	250	453	684
<b>Westbrook</b>			
Year 5 (FTEs)	79	251	93

<b>Gross Value Added (£'000s)</b>	<b>Local Area</b>	<b>Highlands</b>	<b>Scotland</b>
<b>Biggar</b>			
Year 1	4,285	6,207	7,920
Year 5	5,929	9,269	13,346
Year 10	8,105	13,097	20,127
<b>Westbrook</b>			
Year 5	2,560	8,500	3,300

7.2 Local “tourism” impacts could increase significantly before or after Year 5 should a high quality hotel be built or converted from an existing building with perhaps 30 bedrooms that would not have been developed without Coul Links – although this would largely displace spending in other Highland or Scotland locations. This could take local area employment impacts up from the 79 FTEs shown above to perhaps around 120 FTEs through additional spend of £2 million per annum in the hotel (40 guests x 250 nights x £200) and c£0.8 million by hotel guests elsewhere in the local area other than at golf courses – these extra nights relating to non-golfers as well as golfers. £2.8 million of extra expenditure would generate around 40 additional FTEs at £70,000 spend per FTE. Whether this level of spend (plus other locally displaced daytime and evening spend in the hotel by people not staying the night) would be compatible with the capital costs of such a development without grant aid is, however, questionable.

### **Alternative Assumption of Golf Tourist Rounds Played at Coul Links**

7.3 As noted at 1.3 and 3.2 above, the core assumption in my impact estimates that Coul Links will achieve 15,000 rounds per year by golf tourists in Year 5 (or beyond) could be too high in that:

- The course might fail to achieve the international profile and reputation to which it aspires.
- Inability to book Royal Dornoch on the day before or after an intended round at Coul Links might deter tourist golfers from venturing to the north of Scotland.
- By Year 5 (or by a later year) the trend for young people to take up recreational activities such as cycling instead of golf might have reduced golf tourism demand in Scotland.

7.4 Reducing impacts pro-rata from those above that relate to 15,000 tourist rounds per year at Coul Links to 10,000 rounds would give:

<b>Local Area</b>	53 FTEs	£1.71 million GVA
<b>Highlands</b>	167 FTEs	£5.67 million GVA
<b>Scotland</b>	62 FTEs	£2.22 million GVA

#### **Recommendation**

7.5 The above analysis has been based on a number of assumptions that could be checked and modified through gathering more evidence from other courses attractive to relatively high spending tourist golfing visitors on annual rounds currently played, daily spending patterns, scope to extend stays in particular regions of Scotland, use of caddies, etc. Also, it would be interesting to check assumptions against the developer's business plan for the course.