

## Briefing Note

---

**Our ref** 61721/02/GW  
**Date** 22 March 2023

### **Subject Economic assessment of proposed expansion of Dylan Coastal Resort**

---

#### **1.0 Introduction**

- 1.1 This note has been prepared by Lichfields on behalf of Seasons Holidays and assesses the economic impact of the proposed expansion of Dylan Coastal Resort.
- 1.2 The site currently has planning permission for 140 holiday lodges, of which 100 have already been completed, together with high quality leisure facilities such as a clubhouse spa, restaurant and swimming pool.
- 1.3 Dylan Coastal Resort is the only site in Carmarthenshire that offers this form and scale of high-end, year-round visitor accommodation. As such, it makes a significant contribution to the visitor economy of the local area. Seasons Holidays has submitted representations to Carmarthenshire County Council seeking the allocation of land adjacent to Dylan Coastal Resort for additional tourism accommodation.
- 1.4 It is proposed that the expansion will be brought forward in two phases, as follows:
- 1 Phase 1: c.100 holiday units to be delivered in the next three to five years; and,
  - 2 Phase 2: c.160 holiday units and additional recreational facilities to be delivered in the next five to ten years.
- 1.5 The analysis contained within this note considers the economic impact of the two phases separately.
- 1.6 In accordance with the approved Delivery Management Plan, it is anticipated that the new units would be delivered at a rate of between two and three per month. It is therefore expected that all 260 additional units could be completed within the emerging LDP period (i.e. by 2033).
- 1.7 The analysis contained within this note focuses on the key quantifiable economic impacts of the proposed development during the construction phase and after completion in the context of the role that a leisure development of this type has in supporting economic growth generally. It does not seek to quantify the existing economic impact of the site as a whole.
- 1.8 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 accommodation units proposed, which lead to additional operational employment at the site, and generates additional expenditure from visitors and by Seasons Holidays itself.

1.9 The findings of this economic assessment should be positioned in the wider context relating to the role of tourism in facilitating the post Covid-19 economic recovery. The tourism and hospitality sector was disproportionately affected by repeated periods of lockdown and travel restrictions for both domestic and international holidaymakers. However, it is an area of the economy that is central to the recovery, particularly given the importance of tourism to the local economy in Carmarthenshire.

## 2.0 Construction Impacts

2.1 The construction costs and development periods of the two phases are summarised below:

Table 1 Estimated construction costs

Phase	Estimated construction cost	Build period
1	£28,000,000	3.3 years
2	£48,300,000	5.3 years
<b>Total</b>	<b>£76,300,000.00</b>	

Source: Seasons Holidays/Lichfields analysis of BCIS

2.2 Using labour coefficients from the Homes and Communities Agency (HCA) Calculating Cost per Job Best Practice Note (2015), we have calculated the number of direct construction jobs to be supported by the proposed development over the course of the construction phase. This approach assumes that for private commercial developments (including tourism proposals), 16.6 direct construction jobs will be created for every £1m investment (2011 prices). This figure has been applied to calculate the number of direct FTE construction jobs likely to be supported. Taking account of the construction period, the analysis indicates that the proposed development could be expected to support a total of 227 gross direct FTE jobs annually over the construction phase (comprising 109 direct FTE jobs annually for Phase 1 and 118 FTE jobs annually for Phase 2):

Table 2 Assessment of construction employment

	a	b	c	d	e
Phase	2023 construction value	2011 deflated construction value	Direct jobs per £1m investment p.a. (2011 prices)	Person-years of construction	No. direct FTE jobs p.a.
		a x deflation ratio (0.7809)		(b ÷ £1,000,000) x c	d ÷ build period (see Table 1)
1	£28,000,000	£21,866,581	16.6	363	109
2	£48,340,000	£37,751,090		627	118
<b>Total</b>	<b>£76,340,000.00</b>	<b>£59,617,671.00</b>		<b>989</b>	<b>227</b>

Source: HCA Calculating Cost per Job Best Practice Note (2015) / Lichfields analysis

- 2.3 During the construction phase, local suppliers and contractors will be used extensively. This will further support employment and the local economy. In so doing it will boost the construction sector in Carmarthenshire which employed 4,000 people in 2021.

### **Indirect and induced employment**

- 2.4 In addition to direct employment opportunities, construction activity also involves purchases from a range of suppliers, some of which will be based in the local area. In turn, these suppliers purchase from other businesses further down the supply chain. Consequently, a number of indirect jobs would be supported in companies supplying construction materials and equipment.
- 2.5 Workers spending their wages in local shops, bars, restaurants and other facilities will help to support the creation of induced jobs. Therefore, businesses in the local area and beyond are also expected to benefit to some extent from temporary increases in expenditure linked to the direct and indirect employment effects of the construction stage.
- 2.6 Research by Centre for Economics and Business Research (CEBR) for the National Housing Federation (2019)<sup>1</sup> indicates that commercial construction work has an indirect and induced employment FTE multiplier of 1.11 in Wales<sup>2</sup>.
- 2.7 As a result, it is anticipated that the proposed development could support an additional 252 spin-off FTE jobs annually over the construction phase, split between the two phases as follows:
- 1 Phase 1: 121 spin-off FTE jobs annually (in addition to the 109 direct FTE jobs identified in Table 2); and,
  - 2 Phase 2: 131 spin-off FTE jobs annually (in addition to the 118 direct FTE jobs)
- 2.8 This will be distributed across the UK economy, but it is expected that businesses within Carmarthenshire will benefit from trade linkages established during the construction phase of the development scheme.

### **Economic output**

- 2.9 The construction phase of the proposed development will also make a contribution to local economic output, as measured by Gross Value Added (GVA), a commonly used measure of productivity and economic performance.
- 2.10 Based on 2022 Experian data, the construction sector generates an average GVA per FTE of £54,778 per annum within Wales<sup>3</sup>. Applying this to the employment impact of the scheme (as derived above), it is estimated that the proposed scheme could generate a total of £65.2 million of direct and indirect GVA during the overall construction period.

---

<sup>1</sup> <https://www.housing.org.uk/globalassets/files/resource-files/leic/local-economic-impact-calculator-2019---methodology.pdf>

<sup>2</sup> This multiplier relates to total employment and means that 1.11 indirect/induced jobs will be created across the UK for every new direct construction job.

<sup>3</sup> Experian, March 2022

Table 3 Assessment of GVA generation during construction period

	a	b	c	d	e
Phase	No. direct FTE jobs p.a.	Direct GVA generated p.a.	Total direct GVA generated over construction period	Indirect GVA generated p.a.	Total indirect GVA generated over construction period
		a x GVA/FTE p.a. in construction sector (£54,778)	b x build period	b x multiplier of 1.2 <sup>4</sup>	d x build period
1	109	£5,970,802	£19,882,771	£7,164,962	£23,859,325
2	118	£6,463,804	£34,452,075	£7,756,565	£41,342,490
<b>Total</b>	<b>227</b>	<b>£12,434,606.00</b>	<b>£54,334,846.00</b>	<b>£14,921,527.00</b>	<b>£65,201,815.00</b>

Source: Lichfields analysis of Experian Business Strategies

### 3.0 Additional expenditure

3.1 The UK Caravan and Camping Alliance Report, *Pitching the Value*<sup>5</sup>, quantified on- and off-site spending by guests staying at different types of accommodation. It identified a total of £540 million on-site expenditure and £366 million off-site expenditure from holiday parks/campsites in Wales.

3.2 The report shows that the level of spending varies by region and type of accommodation. Taking account of an adjustment for inflation<sup>6</sup>, a summary of the figures for holiday homes/lodges in South West Wales is set out in Table 4:

Table 4 Visitor expenditure relating to holiday lodges in South West Wales (per unit/per annum)

	Direct spending	Indirect spending	Total
Owned	£16,086.68	£7,610.90	£23,697.59
Rented	£18,822.25	£8,687.19	£27,509.44

Source: Lichfields analysis of *Pitching the Value* 2019 Economic Benefit Report: Holiday Parks and Campsites England

3.3 Visitor expenditure on rented units is higher than for units that are privately owned. This is because those visiting the area and renting their accommodation would typically be more likely to visit local cafés, bars and restaurants and go to local tourist attractions. Because owners are likely to visit the area much more frequently, they would be less likely to visit local attractions during each visit. They might also tend to cater for themselves in their lodges for at least part of their visits.

3.4 These figures do not include the cost of accommodation which may not be retained in the local area.

3.5 The proposed ownership structure of the new lodges is not known and so we have assumed that 90% of the new lodges will available for rent via the Seasons Holiday booking platform and 10% will be retained for the sole use of their owners.

<sup>4</sup> This multiplier means that £1.20 indirect/induced GVA will be created across the UK for every £1 in direct GVA.

<sup>5</sup> <https://www.ukcca.org.uk/wp-content/uploads/2019/02/SC6407-00-Holiday-Park-Econ-Impact-Wales-Final-Report.pdf>

<sup>6</sup> Based on Bank of England figure of 11.73% between 2019 and 2023

3.6 Based on the average expenditure figures for South West Wales set out in Table 4, the proposed development would be expected to generate:

- 1 A total of £4.8 million direct (on and off-site) expenditure per annum across the two phases (comprising £1.8 million on Phase 1 and £3 million for Phase 2); and,
- 2 £2.2 million indirect expenditure per annum across the two phases (comprising £0.8 million on Phase 1 and £1.4 million for Phase 2); equating to,
- 3 A total of £7.0 million spending per annum across the two phases (comprising £2.7 million on Phase 1 and £4.3 million for Phase 2).

Table 5 Additional expenditure arising from proposed new lodges at Dylan Coastal Resort

Phase	Type of unit	No. units	Total direct spending	Total indirect spending	Total spending
1	Owned	10	£160,867	£76,109	£236,976
	Rented	90	£1,694,003	£781,847	£2,475,850
	<b>Total</b>	<b>100</b>	<b>£1,854,869</b>	<b>£857,956</b>	<b>£2,712,826</b>
2	Owned	16	£257,387	£121,774	£379,161
	Rented	144	£2,710,404	£1,250,956	£3,961,360
	<b>Total</b>	<b>160</b>	<b>£2,967,791</b>	<b>£1,372,730</b>	<b>£4,340,521</b>
Total	Owned	26	£418,254	£197,883	£616,137
	Rented	234	£4,404,407	£2,032,803	£6,437,210
	<b>Total</b>	<b>260</b>	<b>£4,822,660</b>	<b>£2,230,686</b>	<b>£7,053,347</b>

Source: Lichfields analysis

## Employment generation

3.7 *Pitching the Value* also identifies the level of employment associated with direct and indirect expenditure in different types of holiday park accommodation. Again, this information is provided at a regional level. An interrogation of this indicates that c.£55,000 spending supports 1 FTE job in South West Wales.

3.8 This evidence can be used to identify the number of jobs that could be supported by the additional spending at Dylan Coastal Resort, as follows:

- 1 A total of 86 jobs supported by direct (on and off-site) expenditure across the two phases (comprising 33 in Phase 1 and 53 in Phase 2); and,
- 2 A total of 41 jobs supported by indirect expenditure across the two phases (comprising 16 in Phase 1 and 25 in Phase 2), equating to,
- 3 A total of 86 jobs supported by the expenditure associated across the two phases (comprising 49 in Phase 1 and 78 in Phase 2).

Table 6 Employment generation associated with additional visitor expenditure at Dylan Coastal Resort

Phase	Direct jobs	Indirect jobs	Total jobs
1	33	16	49
2	53	25	78

Phase	Direct jobs	Indirect jobs	Total jobs
<b>Total</b>	<b>86</b>	<b>41</b>	<b>217</b>

Source: Lichfields analysis of Pitching the Value 2019 Economic Benefit Report: Holiday Parks and Campsites Wales

## Economic output

- 3.9 Based on 2022 Experian data which states that the accommodation and food sector generates an average of £20,370 GVA per worker job within Wales, the direct expenditure associated with Phase 1 would support approximately £670,000 GVA per annum whilst the Phase 2 would support approximately £1.1 GVA per annum – resulting in a total of £1.7 million GVA per annum following the completion of both phases.
- 3.10 The HCA Additionality Guide identified a GVA multiplier of 0.56<sup>7</sup> for recreation activities (including tourism). Applying this to the estimated GVA associated with the direct expenditure indicates that that a further £375,000 of indirect GVA would be generated in Phase 1 and an additional £600,000 indirect GVA will be generated in Phase 2. In total, this equates to a total of approximately £2.7 million GVA per annum being supported by the expenditure associated with the additional development at Dylan Coastal Resort (comprising £1.0 million for Phase 1 and £1.7 million for Phase 2).

Table 6 GVA impact of additional visitor expenditure at Dylan Coastal Resort

Phase	Direct GVA	Indirect GVA	Total GVA
1	£671,110	£375,821	£1,046,931
2	£1,073,776	£601,314	£1,675,090
<b>Total</b>	<b>£1,744,886.00</b>	<b>£977,135.00</b>	<b>£2,722,021.00</b>

Source: Lichfields analysis of Pitching the Value 2019 Economic Benefit Report: Holiday Parks and Campsites Wales

## 4.0 Conclusion

- 4.1 Tourism is a crucial part of the economy in Carmarthenshire and Dylan Coastal Resort already makes a significant contribution through the provision of high quality, year-round accommodation.
- 4.2 The development of an additional 260 holiday lodges and associated recreational facilities in two phases will build on this existing contribution by:
- 1 Extending the range and choice of high-quality holiday accommodation in the local area and thereby increasing its attractiveness for visitors that might be likely to spend more than the average figures identified by *Pitching the Value*;
  - 2 Encouraging a greater number of visits in the off-peak and shoulder seasons. The nature of the accommodation offer at Dylan Coastal Resort is well suited to the meeting the needs of visitors that would like to have a break outside of the main summer period as the high-quality accommodation and existing/proposed range of indoor activities mean that it is not a weather dependent resort;

<sup>7</sup> This multiplier relates to total GVA and means that £0.56 indirect/induced GVA will be created across the UK for every £1 in direct GVA.

- 3 Increasing the range of on-site facilities and attractions which will encourage greater levels of spending from those staying on the site, holidaymakers staying elsewhere and the local community.

4.3 As set out in this report, the proposed development will make a very important contribution to the local economy which will be realised through both phases. However, in the light of the points identified above, the figures that have been derived from an analysis of the *Pitching the Value* research are likely to underestimate the true economic impact of the proposed development to the local economy.

4.4 Tourism is central to the economy in Carmarthenshire. The delivery the proposed new phases of development at Dylan Coastal Resort will be important in building on it exiting success and in delivering further economic benefits. These should be afforded considerable weight in the consideration of the proposed allocation of land adjoining the existing resort.