



Economic Benefits Report

Cat & Fiddle Public House and Hotel, Clyst St Mary



Boyer

Prepared on behalf of St Austell Brewery September 2017

Report Control

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1. INTRODUCTION

- 1.1 Boyer (Development Economics) has been instructed by St Austell Brewery to provide analysis of and quantify the economic benefits of their proposals to refurbish, extend and develop the Cat and Fiddle public house and car park at Clyst St Mary, East Devon.
- 1.2 St Austell Brewery is an independent and family-run brewery and is the largest wholesale distributor of beers, wines, spirits and ciders in the South West of England. The brewery is also responsible for a significant portfolio of pubs, inns and hotels across Cornwall, Devon and Somerset.
- 1.3 This report has been prepared in support of the application for the refurbishment of the existing pub and development of part of the existing car park to provide of a 33 room hotel.
- 1.4 The refurbishment and redevelopment of the site will bring a range of economic benefits to the area including construction jobs, permanent full and part time jobs, training opportunities, increased local spending and local fiscal/tax benefits. The proposals will also help to boost the local economy and tourism by providing accommodation for both business visitors and tourists.
- 1.5 The National Planning Policy Framework (NPPF) identifies the 'economic dimension' as one of the three dimensions of sustainable development. In building a strong, competitive economy the consideration of economic impact is vital and can assist the decision maker in balancing planning policy and other material benefits.
- 1.6 A summary infographic of the economic benefits the proposals will bring is set out on the following page after this brief introduction. The economic benefits report which explains and quantifies those economic benefits is structured as follows:

Infographic Summary of Economic Benefits

Chapter 2 - Context: This chapter briefly describes the existing site, the proposed development and provide some further information on how the proposals will operate.

Chapter 3 – Economic Benefits: This chapter outlines the economic benefits of the refurbishment / development. This includes a review of the construction phase and the fiscal benefits including business rates payments.

Chapter 4 – Operational Details and Hotel Needs: This chapter outlines how the hotel and public house will operate in tandem and the Brewery's commitment to training and vocational learning.

Chapter 5 – Jobs and Recruitment – This chapter reviews the employment opportunities created during the operational phase and how local recruitment will be ensured.

Chapter 6 – Summary and Conclusions: This chapter summarises the economic benefits and discuss wider non-quantifiable benefits such as the boost to tourism and other local businesses.



Summary of Economic Benefits

Project: Cat & Fiddle Public House Refurbishment and Development

Description: Refurbishment of existing Public House and development of a 33 bed hotel.



Development

Construction jobs total* **46** FTE
 Construction spend **£3.7** m
 Construction worker spending potential **£ 51,000** pa

Operation

Jobs **60** Jobs
 Full time **25**
 Part time **35**
 Business rates **£75,000** pa



* direct/indirect/induced



Visitor nights **16,250**
 Visitor spend **£ 1.48** mpa

Tourism

Covers **240**
 Meals per week **2,000**

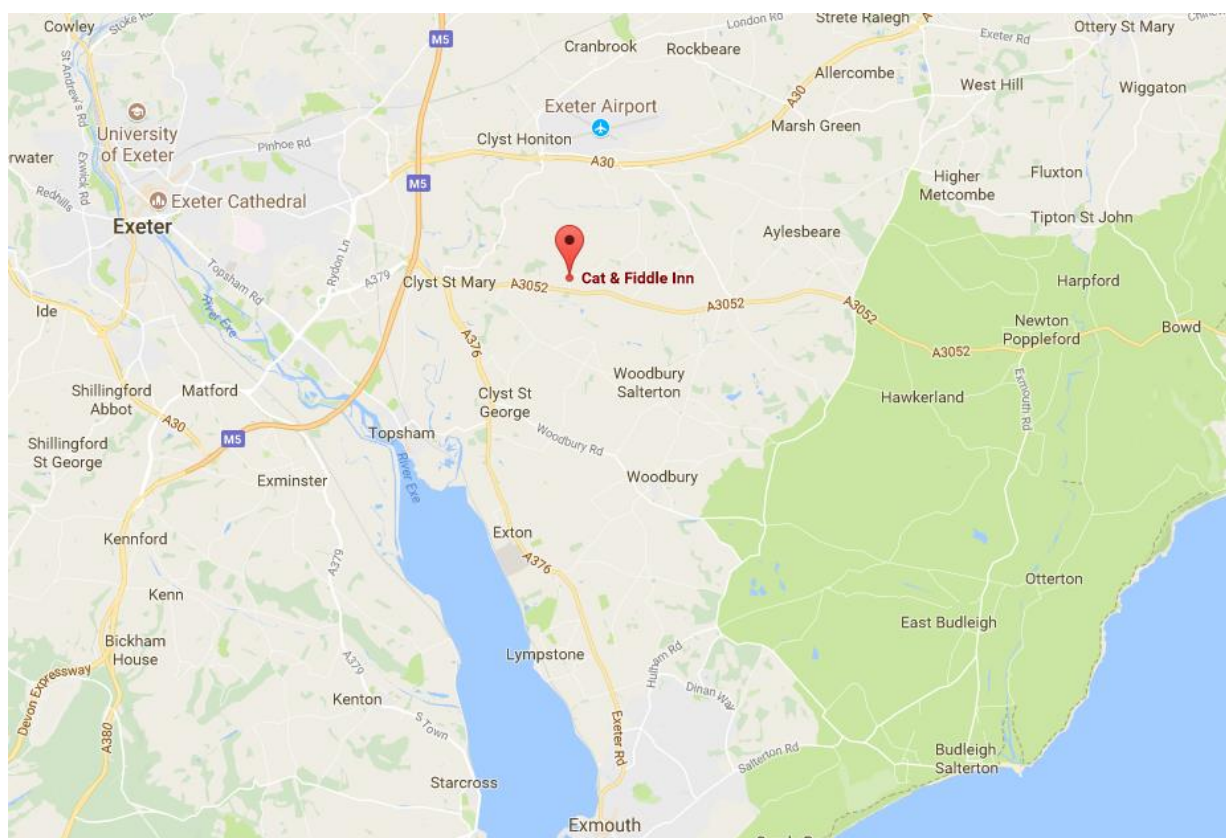


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2. CONTEXT

- 2.1 Existing Site the Cat and Fiddle Public House is located approximately one mile to the east of the village of Clyst St Mary, East Devon. The site lies on the A3052 and comprises the public house, associated pub garden and car parking areas.
- 2.2 An existing residential mobile home park is located directly to the north and west of the site.



The Proposal

- 2.3 The existing public house, whilst trading at a reasonably viable level, is in need of investment to upgrade the quality of the premises and bring its food and drink offer into line with the operational standards of other premises within the St Austell Brewery portfolio.
- 2.4 Planning permission is being sought for the refurbishment of the existing public house, retaining and extending the form and footprint of the building and the construction of a new two storey hotel building within the western car park which would accommodate 33 bedrooms arranged over two floors.

- 2.5 The inclusion of the hotel is vital to the financial viability and return on investment made in the pub refurbishment and upgrading. The combined operation, with hotel guests using the pubs food and drink facilities, is essential to achieving viable customer numbers.
- 2.6 The site layout plan below shows the interrelationship between the extended public house and the new hotel development.

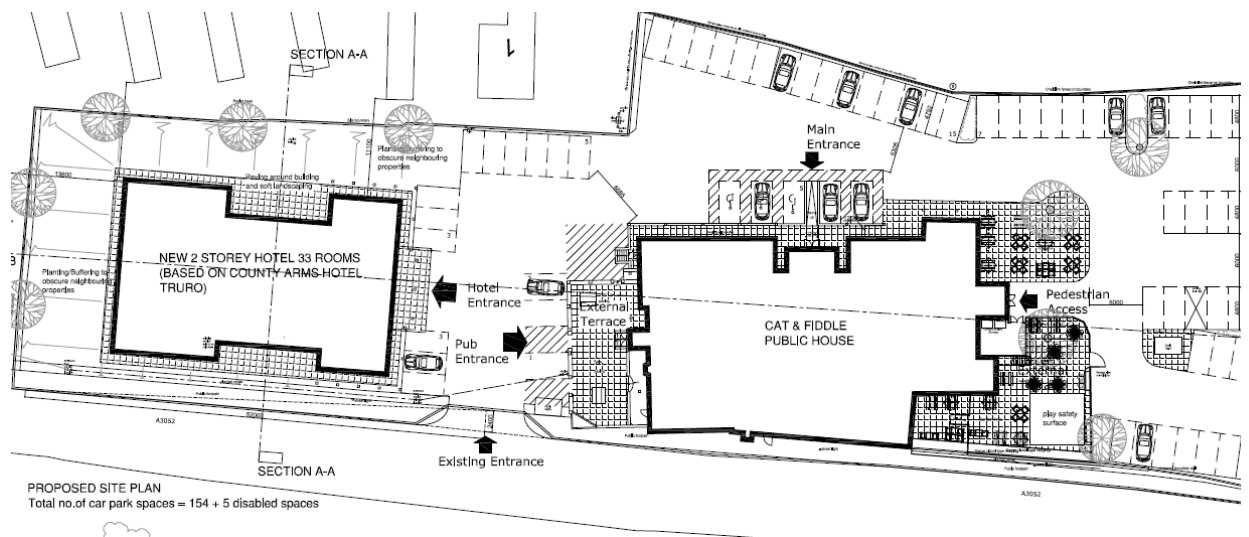


Fig 1: Extract from Proposed Site Layout Plan, Design Management Partnership Drawing No: 16.011-203

3. ECONOMIC BENEFITS OF PROPOSALS

Introduction

- 3.1 This section explains the economic benefits the refurbishment and development will bring to the area local to Clyst St Mary and to the wider area; detailing the various economic outputs arising from the construction and operational phases of the proposed development.
- 3.2 Where possible we have sought to quantify the benefits arising using available evidence and accepted multiplier factors.

Construction Phase

Direct Jobs

- 3.3 The proposed refurbishment and development represents a capital investment of around £3.7 million over a construction period of around 10 months. This construction investment will result in jobs directly related to the refurbishment and development on site as well as stimulating jobs in the construction supply chain.
- 3.4 Based upon the estimated construction costs and applying an average turnover per construction worker (per annum) the project will create an 24 full time equivalent construction jobs on site over the 10 month build period.

Indirect and Induced Jobs

- 3.5 The 24 direct jobs arising from the construction project set out above will in turn have economic benefits in the local and wider construction and service related economy through indirect job and induced job creation and spending.
- 3.6 There are two key categories of indirect and induced multiplier to consider:

Type I: This takes into account direct and indirect effects. Indirect jobs are those created through increased revenue being directed to product and material manufacturers and suppliers.

Type II: This takes into account the direct and indirect effects but also captures the effects of spending by employees (also known as the induced effects). Induced jobs are generated by spin off expenditure which is generated in the economy through general spending by the direct and indirect jobs created.

- 3.7 As ONS do not produce employment multipliers an alternative is to use figures published by the Scottish Government¹. These multipliers, which are widely used in analysis of the economic and job creation effects of both the development and operation phase of proposals show that for the construction industry the Type I multiplier is 1.6 and the Type II multiplier is 1.9.
- 3.8 This means that for every job directly created in construction a further 0.6 indirect jobs are created from other sectors linked to the supply chain and there is a further 0.3 induced jobs created through the effects of wider employee spending.
- 3.9 Therefore, based on 24 direct jobs, there would be a further 14.4 indirect jobs and 7.2 induced jobs created, taking the total construction jobs created to 46 FTE (rounded).

Construction Workers Spending

- 3.10 New employees working within the area will result in additional spending. Recent data² shows that employees in the UK, on average spend £10.59 per day in and around their place of work, the equivalent of £2,541.60 every year per person employed. This spending would have a beneficial effect on the existing local economy and will be available to support existing businesses within the Clyst St Mary area.
- 3.11 Based upon the direct employment on site (not accounting for indirect/induced jobs) the 24 jobs would equate to additional £50,832 of day-time spend during the construction phase (10 months at 5 days per week). Although it is recognised that not all of this day time spend will be directed to the Clyst St Mary area, it will nevertheless provide a positive economic stimulus during the construction phase.

Construction Summary

- 3.12 Overall, the proposed development would create 24 full time construction jobs on site and through the positive impact of indirect and induced effects, close to 50 full time jobs would be supported for the duration of the construction period.
- 3.13 Looking only at the potential direct spending benefits for Clyst St Mary and the local area, the construction workforce on site would generate around £51,000 of daytime/work based spending which would support local businesses and services.
- 3.14 The additional value of the development can be measured through its contribution to local Gross Value Added (GVA) which is a measure of the value that a specific sector or industry adds to the local economy.

¹ Scottish Government Input Output Multipliers 2013 <http://www.gov.scot/Topics/Statistics/Browse/Economy/Input-Output/Multipliers>

² Visa Europe (2014) UK Working Day Spend Report

³ Gross Value Added per Workforce Job in London and the UK, GLA 2015

- 3.15 Research published by the Greater London Authority³ shows that the construction industry generates an average GVA per person of around £41,363. Applying this to the construction jobs created by the development (direct, indirect and induced) indicates that the proposals could deliver an additional £2,068,150 of GVA per annum over the construction period.

Operational Phase

Direct Jobs

- 3.16 The existing pub is employs 15 members staff, comprising 5 full time and 10 part time staff. Current job roles include chefs, bar staff, waiting staff, cleaners and a manager. Overall the existing operations on the site provide 10 full time equivalent (FTE) jobs.
- 3.17 Once the pub has been refurbished and the hotel developed and operational, it is expected that the site will provide direct employ for 60 staff in total. St Austell's Brewery have advised that these jobs will comprise of 25 full time and 35 part time staff, which equates to 42.5 full time equivalent (FTE) jobs. The job positions will include receptionists, room attendants, chefs, waiting staff, bar staff, supervisors and managers within the pub and hotel.
- 3.18 Therefore the development will result in a positive uplift to employee numbers on site with a net addition of 45 staff (full and part time) which is equivalent to an increase of 32 FTE jobs.

Indirect and Induced Jobs

- 3.19 In addition to the 42.5 FTE jobs created through direct employment on site, 'multiplier effects' will generate added indirect and induced jobs.
- 3.20 Research from Oxford Economics and Deloitte⁴ suggest that the Type I multiplier for employment in the tourism sector is 2.3 and the Type II multiplier is 2.8. This means that for every job directly created in the tourist sector a further 1.3 indirect jobs are created from other sectors linked to the supply chain. There are a further 0.5 induced jobs created through the effects of wider employee spending.
- 3.21 Therefore, based on 42.5 direct FTE being created on site, off site and supply chain employment would be generated for an additional 76 jobs.

³ Gross Value Added per Workforce Job in London and the UK, GLA 2015

⁴ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Tourism_Jobs_and_Growth_2013.pdf

Operational Workers Spending

- 3.22 As set out above, in relation to construction worker spending, the operational jobs on site will also have a daytime spend attributable to them. If the UK average of £10.59 per day in and around their place of work is applied based upon FTE jobs the workforce would generate over £108,000 available to the local economy.
- 3.23 It should however be acknowledged that there would be spending from the existing pub staff which needs to be considered. The existing 10 FTE jobs would equate to an annual spend of around £25,000 based on the same assumptions. This would mean there would be an estimated uplift in annual spend of £83,000 in local spending potential.

Operational Jobs Summary

- 3.24 The proposed development will create a total of 60 jobs on site across a range of different job roles both full and part time. Taking account of existing employment levels on site, the development would uplift FTE jobs by 32.5 to 42.5 persons employed.
- 3.25 These jobs and the nature of increased activity on site would result in off-site and supply chain job increases due to multiplier effects in the economy.

Fiscal Benefits

Business Rates

- 3.26 Non-Domestic Rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services.
- 3.27 Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. This provides a direct financial incentive for authorities to work with local businesses to create a favourable local environment for growth since authorities will benefit from growth in business rates revenues. The money, together with revenue from council tax payers, revenue support grant provided by the Government and certain other sums, is used to pay for the services provided by local authorities.
- 3.28 The refurbished pub and new hotel development will be liable to pay business rates and this will be calculated by the Valuation Office Agency. The rates payable will be calculated based upon rental evidence and receipts and expenditure based valuations. The business rates payable will not be calculated until the new premises are added to the rating list. It is expected that the new building will pay business rates at a level which is greater than the rates currently paid by the existing building.

- 3.29 We have analysed the rateable values of similar pub and hotel facilities in the Brewery's portfolio and these comparable properties suggest that the rateable value could be around £150,000.
- 3.30 Business rates are payable at a rate per pound multiplier which is nationally set. The current multiplier is £0.497 (2016/2017). On the basis of the current multiplier the business rates payable by the development could be £74,550.

4. OPERATIONAL DETAILS AND HOTEL NEEDS

St Austell's Brewery Pub and Hotel Business Model

- 4.1 St Austell's Brewery is an independent and family-run brewery and is the largest wholesale distributor of beers, wines, spirits and ciders in the South West of England.
- 4.2 The brewery is also responsible for a significant portfolio of pubs, inns and hotels across Cornwall, Devon and Somerset and currently employs over 1,000 people.
- 4.3 Within the St Austell Brewery portfolio there are a growing number of combined hotels and public houses which operate in a similar way to the proposals at the Cat and Fiddle. An example of this is The County Arms in Truro, Cornwall.



- 4.4 The County Arms comprises a pub and restaurant with an adjacent 33 bedroom hotel which operate in tandem.

- 4.5 The accommodation at the County Arms (comprising a mix of single, twin, double and superior rooms) is arranged over two floors with a separate reception area away from the pub and restaurant facilities. Hotel guests use the pub and restaurant facilities for breakfast and other meals.



- 4.6 The proposed accommodation at the Cat and Fiddle will be operated in the same way as the County Arms. The Brewery will control and operate the pub / restaurant and hotel accommodation as a single business with hotel guests using the pub for their breakfast and other meals when on site. The hotel accommodation will have its own separate reception for checking in guests due to the physical separation between it and the pub.
- 4.7 Guests booked into the hotel on a bed and breakfast basis will have breakfast provided to them in the Pub and would be able to dine there as well.

4.8 However, hotel guests would not be obliged to use the pub/restaurant facilities for eating and drinking and would be free to use other food and beverage facilities in Clyst St Mary or the wider area.

Hotel Needs

4.9 The need for hotels and hotel accommodation is primarily demand and hotel operator led. All of the main hotel chains have in-house locational planning teams and retain and incentivise commercial and leisure agents to identify sites and opportunities in particular locations where they have requirements for new hotels.

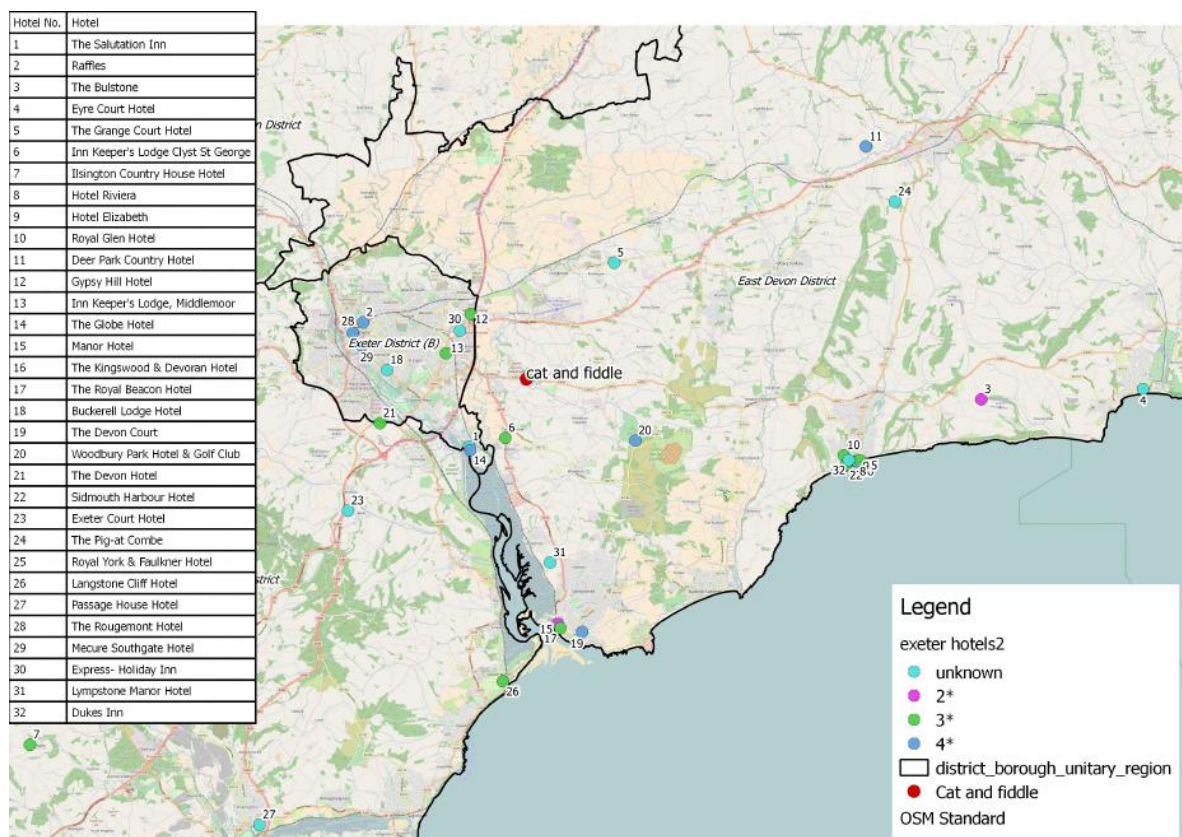
4.10 St Austell Brewery will operate in a similar way but will also have the advantage that they have an existing portfolio of pub premises which have the potential to support hotel premises but these are only brought forward where they are commercially viable and the Brewery are certain that there is a market demand for hotel accommodation generated by both tourist and business visitors.

4.11 The opportunity and need for a hotel at Clyst St Mary has been carefully considered by the Brewery whilst having regard to the level and quality of existing hotel provision in the area and the potential trade that could arise from business and tourist visitors to the area based upon the geography of the area.

4.12 Clyst St Mary lies close to Exeter which supports a large number of jobs and businesses which in turn generates a need for hotel beds to service the business trips sector. Existing hotel provision has been researched and the map below details their locations. This shows a concentration of hotels within and around Exeter, Exmouth and Sidmouth and some hotels in smaller settlements and rural areas.

4.13 Overall, based upon available published information⁵ there are approximately 1,500 hotel bedrooms provided by the 32 hotels shown on the map below. In terms of star rating, the premises available are a broad mix from unclassified up to 4 star. The hotel proposed at the Cat and Fiddle would be 3 star rated.

⁵ Hotel data from Tourist Board



4.14 It is recognised that the hotel provision in the area is also supported by guest house and B&B provision. However the overall number of hotels available in the area particularly given the business and tourist function is low and the Brewery consider that their proposal for 33 hotel bedrooms will make a meaningful contribution to improving local provision.

4.15 St Austell Brewery’s analysis of the local market potential leads them to predict that they will achieve 90% occupancy throughout the year with an average of 1.5 guests per room. They also predict that 65% of the hotel guests will be business travellers and 35% will be tourist visitors to the area.

4.16 The Brewery considers that this is a good location for a hotel given their predicted occupancy rates and the level of existing competition within the area. Furthermore, by combining the hotel on-site with the pub/restaurant there is a financial synergy which cross funds the refurbishment and upgrading of the existing Cat and Fiddle pub which would not provide sufficient financial return to be viable to undertake on its own.

4.17 Based upon these predicted occupancy rates, the following hotel guest numbers would be achieved:

Number of rooms	33
Daily capacity at anticipated guest per room	49.5 guests (33 x 1.5 persons/room)
Daily occupancy	44.55 guests (49.5 x 90%)
Annual occupancy	16,261 guests

- 4.18 Of the predicted 16,261 guests, the Brewery anticipates that 65% of guests will be on business trips and 35% on tourist related visits. The purpose of stay will impact on the guest per room occupancy (business travellers tend to be single occupancy) but adopting a simple pro-rata approach, 10,570 hotel guests would be on business purpose trips and 5,691 guests would be on tourist related trips.
- 4.19 The amount spend per person differs depending upon the purpose of trip, with the average spend of £95 per person per night if on holiday, £89 per person per night if on a business based trip. These daily spend per person figures represent an England average and include all daily spend on the trip including accommodation, food, transport and entry fees to attractions.
- 4.20 Per annum, combining the daily spending of business and tourist purpose guests the hotel would through occupancy of the hotel rooms generate a spend potential of £1.481m.
- 4.21 The proposed refurbishment and extension to the Pub will create 240 covers and the Brewery expects to serve 2,000 meals per week. Customers of the pub / restaurant will be a mix of local residents, hotel guests, day visitors to the area and passing trade.

5. RECRUITMENT AND TRAINING

Introduction

- 5.1 This section explains how the new jobs created by the development will be recruited locally and outlines the importance the Brewery places upon skills and training for its entire staff.

Jobs

- 5.2 The proposed development of the hotel, the refurbishment and upgrading of the pub and restaurant will generate a total of 60 jobs on site. These jobs will provide opportunities for full and flexible part-time employment across a range of hospitality and catering positions including:

- Receptionists
- Room attendants
- Chefs
- Kitchen assistants
- Waiting staff
- Bar staff
- Supervisors
- Bar manager
- Hotel manager

- 5.3 The existing pub is employs 15 people, comprising 5 full time and 10 part time staff. Current job roles include chefs, bar staff, waiting staff, cleaners and a manager. These existing staff will be retained and offered positions in the refurbished pub or hotel as appropriate.

- 5.4 The net addition or new jobs on site after the proposals have been implemented will provide employment opportunities for 45 people with a mix of full time and part time roles.

- 5.5 In addition to increased economic activity on the site, the multiplier effects described earlier in this report have spin off employment benefits in the local supply chain with companies that will provide services such as cleaning, maintenance, laundry and food suppliers all of which would be sourced from the local area.

Recruitment

- 5.6 Recruiting for the new jobs created on site will be focused upon the local area. St Austell Brewery have a policy to fill the majority of positions at new facilities from within the local area, but they may also promote and transfer senior members of operations staff such as Assistant Managers and Managers from other pubs and hotels in the portfolio as these senior staff will immediately understand the processes and specific ways of working adopted by the Brewery and they will impart that information and knowledge to the new staff.

- 5.7 The recruitment process will start during the development and construction phase as this ensures that a team is assembled prior to opening and the required induction process and any necessary training or certifications for staff are in place prior to launch.
- 5.8 In order to ensure that the jobs are fully available to the local population the Brewery adopt a range of methods to advertise the employment opportunities, these include:
- Holding recruitment fairs in the vicinity of the new premises.
 - Working with the local job centre to identify suitable candidates
 - Advertising the jobs and/or the recruitment fair in the local press
 - On-site advertising using site boards or hoardings
 - The Brewery's website <https://www.staustellbrewerycareers.co.uk/>
 - Liaising with local FE colleges to make students aware of the employment opportunities
- 5.9 In addition, given the Cat and Fiddle is currently operating and will continue to do so until the premises close for refurbishment and extension, the jobs that will be available after the works are completed can be advertised on the premises.

Skills and Training

- 5.10 St Austell Brewery has been awarded the Investors in People Gold Award in recognition of their commitment to employee training and career development. They have also collected a number of other national and regional awards which highlight a deep rooted culture of putting the best interests of their staff first.
- 5.11 The continuing growth and success of St Austell Brewery is dependent upon the high level skills and knowledge of its employees. The Brewery place great emphasis upon developing their people in all areas of the business and have set up its own training programme 'Academy 1851'⁶ which provides a portfolio of training programs and courses at varying levels for anyone interested in a career within the Licensed Hospitality Industry. Courses available range from wine knowledge and barista training through to Head Chef development, Health and Safety, Food Safety and Hygiene, Finance for Managers and Leadership development.
- 5.12 In addition to in house training through there Academy 1851 programme, the Brewery has engaged with and extend links to colleges in both Devon and Cornwall. In the past, these links have seen the hiring renewables students from Exeter University for summer placements and in Cornwall through association with Truro and Penwith College, the Brewery offers new apprentices the opportunity to work in a variety of pubs and restaurants throughout the South West.

⁶ <https://www.staustellbrewery.co.uk/careers-and-training/training>

5.13 Locally, the Brewery will explore potential links with Exeter College who offer a range of hospitality and catering courses across VRQ and NVQ levels 1 to 3.

6. SUMMARY AND CONCLUSIONS

Proposals

- 6.1 The proposal by St Austell Brewery at Clyst St Mary comprises of the refurbishment and extension of the Cat and Fiddle public house and for the construction of a new two storey 33 bedroom hotel.

Economic Benefits

- 6.2 The refurbishment and hotel development will generate significant economic benefits to Clyst St Mary and the wider area directly through the investment in the site, through job creation and as a result of spin-off benefits to businesses, services and suppliers in the supply chain.
- 6.3 The construction phase will create an estimated 24 direct jobs, 14.4 indirect jobs and 7.2 induced jobs, resulting in an overall 46 construction jobs on site over the 10 month build period. These construction jobs will also bring some day-time spending into the local area which we have estimated will be in excess of £51,000 (from direct construction employment on site).
- 6.4 When operational the hotel and pub will support 60 hospitality and catering sector jobs comprising a mix of full and part time opportunities.

Operational Details

- 6.5 The hotel and public house/ restaurant will operate in tandem producing approximately £1.48 million in visitor spending in Clyst St Mary and the wider area. Based upon the Brewery's predicted occupancy levels the hotel will have around 16,000 visitors per year and their spending will be available to the local economy.
- 6.6 The refurbished pub would have 240 restaurant covers and the Brewery anticipate they would provide approximately 2,000 meals per week.

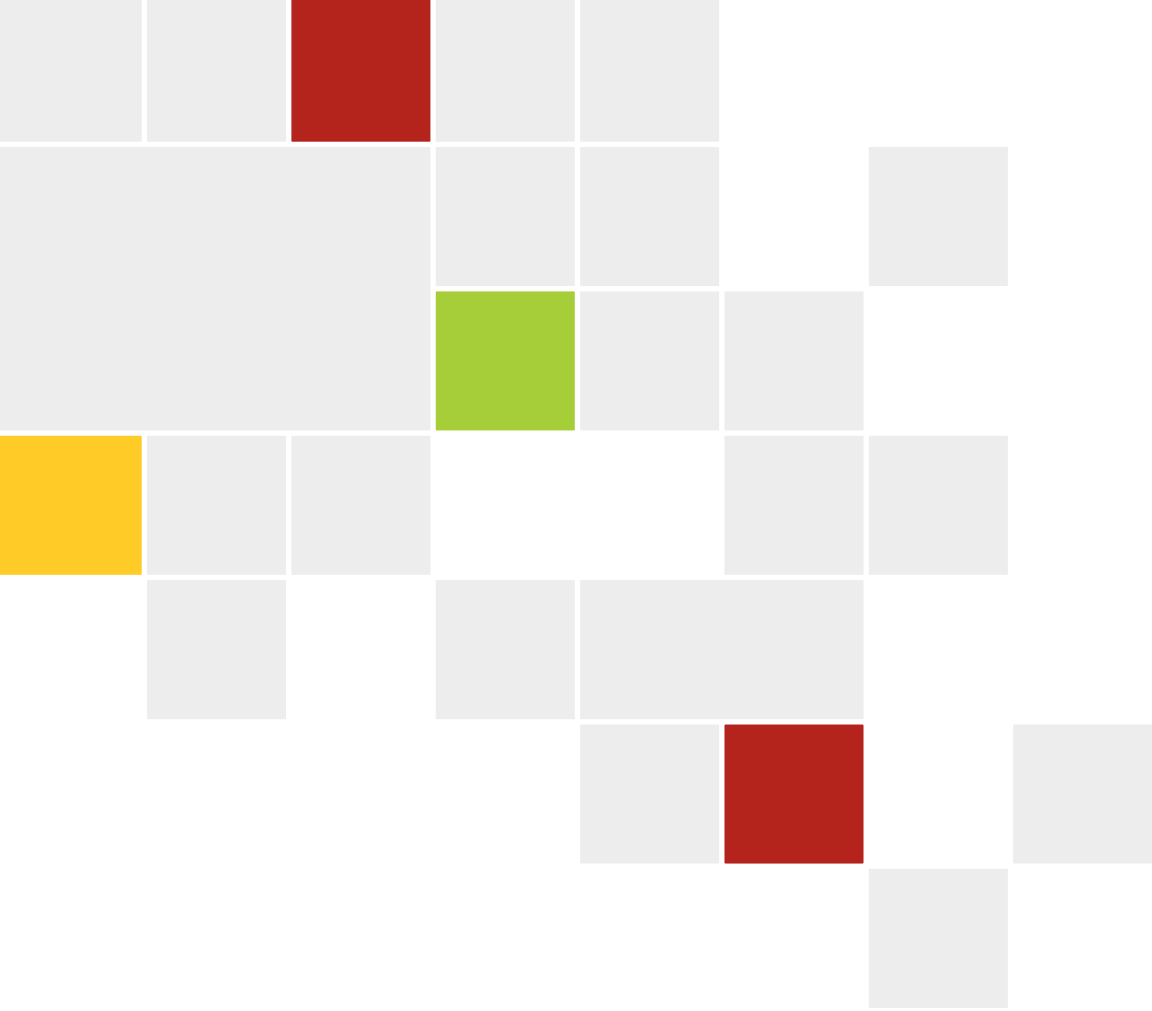
Recruitment and Training

- 6.7 St Austell Brewery has a policy of recruiting staff to their pubs and hotels from within the area local to the premises. The Brewery will ensure that they reach local job seekers through a variety of methods including organising a local recruitment fair, advertising in the local press and at colleges and through site notices at the Cat and Fiddle.

- 6.8 St Austell Brewery are recognised through a number of national and regional awards as a company that invests in its people and always has their best interest at heart. They have an extensive training programme that is designed to develop the skills and expertise of their employees through vocational training covering hospitality and catering or by studying for external qualifications. Staff are positively encouraged to get involved in training to develop their careers.

Conclusions

- 6.9 The proposals by St Austell Brewery to refurbish and extend the Cat and Fiddle public house and introduce a 33 bed hotel owned and managed by the Brewery and run in tandem with the pub will have a significant economic benefit for Clyst St Mary and the local area. The proposals will create a range of new jobs during both construction and operational phases and the hotel guest will increase the amount of spending available to support local businesses and services in the area.



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