



16th June 2008

Dr Christine Gore
Director of Planning and Environmental Services
Aberdeenshire Council
Woodhill House
Westburn Road
Aberdeen
AB16 5GB

Dear Christine

Menie Estate Development, Economic Impact Review

As requested by the Reporters at the Menie Estate Development Planning Inquiry on Thursday 12th June 2008, I write to outline EKOS' estimate of the full economic impacts taking account of my omission of the impact of the 950 holiday apartments. For the avoidance of doubt this was an error of omission rather than any problem with the methodology adopted.

As requested by the Reporters I have presented national and local impacts. I have attached a copy of the revised economic impact analysis spreadsheet, which shows that the development will generate:

- net additional development related employment:
 - at the local level of 1,400 jobs, equating to a 1.7% increase in total employment in Aberdeenshire and 0.6% in the wider Aberdeen City and Aberdeenshire area
 - at the national level of 1,200 jobs;
- net additional construction industry employment:
 - at the local level of 1,900 jobs, which if split evenly over the 7 year construction period equates to 275 jobs per annum for 7 years, a 4.0% increase in construction jobs in Aberdeenshire and 2.1% in the wider Aberdeen City and Aberdeenshire area
 - at the national level of 4,050 jobs; and
- net additional development related GVA (on- and off-site):
 - at the local level of £64.1 million, equating to a 2.1% increase in the GVA for Aberdeenshire and 0.7% for Aberdeen City and Aberdeenshire combined
 - at the national level of £56.6 million.



I trust this meets with your requirements and confirm that I have also amended and supplied a revised full economic impact assessment report that reflects these changes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mhairi Donaghy'. The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Mhairi Donaghy
Associate Director, EKOS

cc. Murray Shaw, Biggart Baillie



**Menie Estates Development
Economic Impact Analysis - May 2008**

Local Level	Size	Units	Capital Expenditure	Emp Density	Gross FTEs	Additionality	Gross Additional	Displacement	Net Additional Direct	Leakage	GA Non Disp/Leak	Multiplier	Net FTEs	GVA per Head	Total GVA	Salary per Head	Total Net Salaries	
On-Site Impacts	Sq M																	
Championship Golf Course x 2					100	100%	100	25%	75	5%	71	1.56	111	£88,491	£9,851,514	21,846	2,432,042	
Golf Clubhouse (Visitor Dining/Bar/Facilities)	2,500			55	45	100%	45	25%	34	0%	34	1.10	37	£88,491	£3,153,908	21,846	818,574	
Golf Academy (Training Facility, Driving Range Short Game Practice Area, Video Swing Analysis Studio & Accom for Scholarship Golfers)																		
Golf maintenance building and caddy shack																		
5 Star Hotel, Banqueting & Leisure Facilities	1,000	450		0.8	360	100%	360	35%	234	5%	222	1.10	244	£38,784	£9,476,387	20,394	4,982,939	
Spa	500			55	9	100%	9	30%	6	0%	6	1.15	7	£38,784	£284,047	20,394	149,360	
Golf Villas (Holiday Accom for Golf Club Members)	36			0.2	7	100%	7	20%	6	0%	6	1.15	7	£38,784	£257,103	20,394	135,192	
Holiday Apartments (4 buildings x 8 stores)	950			0.2	190	100%	190	35%	124	0%	124	1.15	142	£25,856	£3,675,028	13,596	1,822,420	
Staff Accommodation	400			0.15	60	100%	60	40%	36	0%	36	1.15	41	£25,880	£1,063,972	15,766	653,208	
Future Resi Dev	500			0.1	50	50%	25	50%	13	0%	13	1.15	14	£25,880	£369,435	15,766	226,808	
Total					840		815		540		524		619		£28,832,984	£170,394	£11,614,334	
Construction			£643,000,000		£122,185	5,263	100%	5,263	50%	2,631	50%	1,316	1.46	1,924	£47,966	£92,305,139	£24,120	£46,416,389

National Level	Size	Units	Capital Expenditure	Emp Density	Gross FTEs	Additionality	Gross Additional	Displacement	Net Additional Direct	Leakage	GA Non Disp/Leak	Multiplier	Net FTEs	GVA per Head	Total Net GVA	Salary per Head	Total Net Salaries	
On-Site Impacts	Sq M																	
Championship Golf Course x 2					100	100%	100	40%	60	0%	60	2.12	127	£88,491	£11,282,452	21,846	2,285,313	
Golf Clubhouse (Visitor Dining/Bar/Facilities)	2,500			55	45	100%	45	40%	27	0%	27	1.2	33	£88,491	£7,891,900	21,846	713,923	
Golf Academy (Training Facility, Driving Range Short Game Practice Area, Video Swing Analysis Studio & Accom for Scholarship Golfers)																		
Golf maintenance building and caddy shack																		
5 Star Hotel, Banqueting & Leisure Facilities	1,000	450		0.8	360	100%	360	50%	180	0%	180	1.2	216	£38,784	£8,365,264	20,394	4,398,681	
Spa	500			55	9	100%	9	45%	5	0%	5	1.3	7	£38,784	£252,440	20,394	132,240	
Golf Villas (Holiday Accom for Golf Club Members)	36			0.2	7	100%	7	30%	5	0%	5	1.3	7	£38,784	£264,450	20,394	133,807	
Holiday Apartments (4 buildings x 8 stores)	950			0.2	190	100%	190	50%	95	0%	95	1.3	124	£25,856	£3,197,573	13,596	1,681,370	
Staff Accommodation	400			0.15	60	100%	60	50%	30	0%	30	1.3	39	£25,880	£1,002,887	15,766	615,706	
Future Resi Dev	500			0.1	50	50%	25	50%	13	0%	13	1.3	3	£25,880	£83,574	15,766	51,309	
Total	4,000	2,336	£0		840		815		415		415		568		£27,835,533	£170,394	£10,778,331	
Construction			643,000,000		£122,185	5,263	100%	5,263	50%	2,631	20%	2,105	1.9	4,053	£47,966	£194,406,677	£24,120	£97,758,977

Local Level	Occupancy Rate	Total Rooms	Average Occupancy	Average Spend Per Day/Night	On-Site	Off-Site	Total Off-Site Spend	Gross Off-Site FTEs	Displacement	Non-Displaced Spend	Multiplier	Net Additional Spend	Employment Co-Efficient	Net Off-Site FTEs	GVA per Head	Net GVA	Salary per Head	Total Net Salaries
Off Site Impacts																		
Hotel Guests	61%	274	165,896	£192	£127,26	£65,03	£10,788,243	213	25%	£8,091,182	1.27	£10,282,591	£51,130	201	£45,871	£9,224,835	£17,812	£3,582,066
UK Tourists	17%	75	45,576	£266	£155,01	£111,01	£5,059,482	92	25%	£4,047,583	1.54	£5,143,820	£51,130	101	£45,871	£4,614,891	£17,812	£1,291,215
OS Tourists	22%	101	0	£157	£94,47	£62,98	£36,217,131	708	50%	£18,108,566	1.27	£23,013,074	£51,130	450	£45,871	£20,645,751	£17,812	£8,016,884
Vacant	22%	101	0															
Holiday Apts	66%	950	575,085	£157	£94,47	£62,98	£36,217,131	708	50%	£18,108,566	1.27	£23,013,074	£51,130	450	£45,871	£20,645,751	£17,812	£8,016,884
Other Guests																		
Golf Day Visitors		14,100	£121	£74	£48	£671,025	18	25%	£503,289	1.27	£520,574	£37,274	17	£45,871	£787,084	£17,812	£305,520	
Other Leisure Day Visitors		3,650	£25	£20	£5	£18,250	0.5	25%	£13,688	1.27	£17,395	£37,274	0.5	£45,871	£21,406	£17,812	£8,312	
Total							£52,754,132	1,037		£30,764,290		£39,096,463		769		£35,293,768		£13,704,808

National Level	Occupancy Rate	Total Rooms	Average Occupancy	Average Spend Per Day/Night	On-Site	Off-Site	Total Off-Site Spend	Gross Off-Site FTEs	Displacement	Non-Displaced Spend	Multiplier	Net Additional Spend	Employment Co-Efficient	Net Off-Site FTEs	GVA per Head	Net GVA	Salary per Head	Total Net Salaries
Off Site Impacts																		
Hotel Guests																		
UK Tourists	61%	274	165,896	£192	£127,26	£65,03	£10,788,243	213	45%	£5,933,534	1.54	£9,147,600	£45,311	202	£45,871	£9,260,658	£17,812	£3,595,976
OS Tourists	17%	75	45,576	£266	£155,01	£111,01	£5,059,482	112	40%	£3,035,689	1.54	£4,680,056	£45,311	103	£45,871	£4,737,898	£17,812	£1,839,758
Vacant	22%	101	0															
Holiday Apts	66%	950	575,085	£157	£94,47	£62,98	£36,217,131	799	75%	£9,054,283	1.54	£13,958,791	£45,311	308	£45,871	£14,131,312	£17,812	£5,487,284
Other Guests																		
Golf Day Visitors		14,100	£121	£74	£48	£671,025	21	60%	£268,410	1.54	£413,802	£31,731	13	£45,871	£598,193	£17,812	£232,281	
Other Leisure Day Visitors		3,650	£25	£20	£5	£18,250	0.6	80%	£3,650	1.54	£5,627	£31,731	0.2	£45,871	£8,135	£17,812	£3,159	
Total							£52,754,132	1,171		£18,295,566		£28,205,876		626		£28,736,193		£11,158,457

	FTEs	GVA	Salary
Gross			
On-Site	840		
Off-Site Local	1,037		
Off-Site National	1,171		
Construction	5,263		
Net Local	619	£28,832,984	£11,614,334
On-Site	769	£39,293,768	£12,009,068
Construction	1,924	£92,305,139	£46,316,389
Net National	568	£27,835,533	£10,778,331
On-Site	626	£28,736,193	£11,158,457
Construction	4,053	£194,406,677	£97,758,977

	Net Jobs	Net GVA	GVA/Job	Net Salaries	Salary/Job
Local On/Off Site	1,888	£61,126,753	£46,188	£25,319,142	£18,437
Local Construction	1,924	£92,305,139	£47,966	£46,416,389	£24,120
National On/Off Site	1,194	£56,571,726	£47,364	£21,936,289	£18,366
National Construction	4,053	£194,406,677	£47,966	£97,758,977	£24,120
GVA	2004	Incorporated to 2008	On/Off % Impact		
Aberdeen	2,640,000,000	8,008,405.87	2.70		
Aberdeen City	5,974,000,000	8,807,558.025			
Aberdeen - Shire & City	8,614,000,000	9,816,063.882	0.7%		

Assumptions

Size and units: Planning Application
 Capital Expenditure: Deloitte & Touche Summary Report
 Employment Density: English Partnerships and/or EKOS assumptions
 Additionality: assume 100% as project considered in totality i.e. No element will go forward on its own
 Displacement: EKOS assumptions, based on market review and assessment
 Leakage: Assume zero at national level, low at local level based on type of jobs created and geographical location of project
 Multiplier: Scottish Input Output Tables 2005
 GVA: ABI data 2005, updated to 2008, further updated to translate p/t working to FTE equivalent impact
 Assume part-time employees work at 50% of capacity, therefore GVA/Salary/Output updated to account for additional 50% impact to generate FTE average
 GVA/Salary for the Hotel/Conference facility assumed to be 150% of national average to account for quality of development and need to attract high quality employees
 Hotel visitor split based on Tourism in Aberdeen and Grampian 2006, with amendments assumed by EKOS
 Hotel visitor spend based on 'Golf Visitor Survey Report 2007' with amendments assumed by EKOS
 Golf day visitors based on average visitor rounds per course (Golf Visitor Survey Report 2007) updated by factor of 3 to account for prestige and quality, with 25% of total visitor rounds assumed to come from Day Visitors
 Other leisure visitors - assume average of 10 per day spending £25 per head
 Holiday apartments assumed to have average occupancy of 2.5 people - based on assumption that most will accommodate two adult golf visitors
 Average spend for holiday apartments based on weighted average for UK/OS visitors