LOCHBOISDALE REGENERATION INITIATIVE

Impact Analysis

for

Sealladh na Beinne Moire

and

Highlands and Islands Enterprise

September 2009

Steve Westbrook, Economist, Bellevue, Seafield Street, Nairn IV12 4HL
Tel / Fax: 01667 455308 E-mail: srwestbrook@aol.com

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1.0 INTRODUCTION AND METHODOLOGY

1.1 This impact study has been produced to quantify the benefits that could be generated through the Lochboisdale Regeneration Initiative, for Phase 1 of which Sealladh na Beinne Moire is currently seeking partnership financial support.

1.2 The overall project comprises a number of separate but inter-related developments within and adjacent to Lochboisdale Harbour, and Phase 1 will enable certain developments to proceed immediately and facilitate further developments in the medium to longer term. Phase 1 will involve infilling land at the head of the existing pier infrastructure, building a new road of approximately 1.31m and a causeway of around 0.31m, and preparing Gasay island (currently unused) for future developments.

1.3 Impacts will be generated through:

- The initial construction work at an estimated cost of £6.5 million.
- The facilities and services for existing and new activity that the Phase 1 infrastructure will provide immediately or enable to be developed with modest additional investment.
- Subsequent development over a period of years.

1.4 As envisaged by Sealladh na Beinne Moire, these facilities will include the following:

- A 30 berth marina for local and visiting boats, with full services and an over-wintering facility.
- Commercial development land for the expansion of existing local businesses and new businesses, especially those for which a harbour location and an attractive environment are important.
- Plots for 40 new houses – a mixture of owner-occupied, private rented and housing association properties – whose occupants would provide part of the workforce that new and expanded businesses in the vicinity would require.
- Fisheries facilities and a new pier, facilitating sustainable growth in local income generation from catching and marketing new and non-restricted species.
- A twin berth pier for ferries, cargo traffic and cruise liners, removing the congestion in the vicinity of the current ferry pier and facilitating potentially substantially increased usage of the harbour.
- Potentially, subject to feasibility, renewable energy development, which could generate income for Storas Uibhist to invest in other projects and provide energy for existing or new business developments.

1.5 One option considered in the impact analysis is establishment of a Mallaig-Lochboisdale ferry service, which would provide substantial tourism and other business benefits. This is not dependent on the regeneration initiative but the benefits from such a service would be greatly enhanced through different aspects of the initiative.

1.6 The impact analysis in this report relates to the South Uist and Eriskay economy as a whole and to the Highlands and Islands, although localised employment benefits to Lochboisdale are also shown.

1.7 Impacts are assessed principally in terms of full time equivalent (fte) employment generated (or retained) through the different aspects of the development. Indirect and induced employment generated through the multiplier are then added. Indirect employment is generated (or supported) by business spending through the supply chain, and induced employment through the spending in the area by additional direct and indirect employees and from local profits. Displacement is taken into account – i.e. only business benefits that are not at the expense of other businesses in the area generate net impacts.

1.8 Some impacts in Section 3 and 4 are estimated inclusive of the multiplier – i.e. they are calculated by applying norms of multiplier-inclusive fte employment to estimated levels of expenditure. This applies to general tourism spend and to general spend on construction work.

1.9 Based on data from the Regional Accounts for the Western Isles and norms from comparable areas, it is assumed that each additional £40,000 of annual visitor spend in South Uist and Eriskay will generate 1 fte (multiplier-inclusive) and that 1 fte in the Highlands and Islands will be generated by each additional £35,000 spent in South Uist and Eriskay (net of any displacement).

1.10 For general industrial and commercial construction work, it is assumed that 1 fte job year (multiplier-inclusive) will be created locally by each £80,000 of construction spend in South Uist and 1 fte job in the Highlands and Islands by each £60,000 of construction spend in the area. These ratios are consistent with norms developed through empirical impact studies for HIE.

1.11 Given the relatively small economy of South Uist and Eriskay, the local indirect multiplier, where not assessed specifically, is assumed to be 0.1 of the direct employment impact and, similarly, the local induced multiplier is assumed to be 0.1 of the direct employment impact.

1.12 At the Highlands and Islands level (net of any displacement), the indirect multiplier is assumed to be 0.3 of the direct employment impact where not specifically estimated, and the general induced multiplier 0.2 of the direct employment impact. The Highlands and Islands includes the rest of the Western Isles.

2.0 BASELINE ANALYSIS

2.1 Lochboisdale is designated by Highlands and Islands Enterprise (HIE) as a fragile area, and its economic problems, relatively unattractive environment (with respect to its "port of entry to the Western Isles" status) and peripherality make it one of the highest priorities for development in the UK. Between 2002 and 2004, the Lochboisdale area (extending from Askernish to South Glendale) was designated as an Iomairt aig an Oir (Initiative at the Edge) area. A number of projects were achieved, but sustainable employment opportunities for the population of the south end of South Uist remain limited due to the current configuration of Lochboisdale's harbour, depth constraints and lack of land in the vicinity of the harbour.

Socio-Economic Profile

2.2 The statistical summary below relates mainly to the three "data zones" that comprise South Uist and Eriskay.

Population

2.3 The most recent population figures available from the General Register Office for Scotland (GROS) are given below, together with the recent trend. The population of the "impact area" of South Uist and Eriskay has fallen significantly since 2001, although Lochboisdale's population has risen, due principally to social housing development in the village.

Table 1: Population and Recent Population Change

	Persons			Males			Females		
	2001	2007	2001-07 % change	2001	2007	2001-07 % change	2001	2007	2001-07 % change
Lochboisdale	619	648	4.7	302	319	5.6	317	329	3.8
Southern South Uist & Eriskay	1,180	1,185	0.4	603	591	-2.0	577	594	2.9
South Uist & Eriskay	1,944	1,865	-4.1	1,008	973	-3.5	936	892	-4.7
Western Isles	26,450	26,300	-0.6	13,056	12,922	-1.0	13,394	13,378	-0.1
Scotland	5,064,200	5,144,200	1.6	2,433,733	2,485,599	2.1	2,630,467	2,658,601	1.1

2.4 South Uist and Eriskay has a high male:female ratio, 100:92, which compares with the ratio for Scotland of 100:107 and 100:104 for the Western Isles. This reflects the lack of year-round female employment in the area, with a relatively high concentration in male-oriented fish catching and aquaculture (see below) without the processing and other related employment that can provide female employment in and around other fishing ports.

2.5 Over the longer term, the area has experienced seriously high population decline. Between 1961 and 2001, the population of South Uist and Eriskay fell from 2,607 to 1,951, a reduction of 25%, with a 15% reduction between 1991 and 2001. The larger South Uist parish experienced the steepest population decline of the eight parishes in the Western Isles between 1991 and 2001 (28%) – due to an extent to downscaling in employment at the RA Range in Benbecula and South Uist as military jobs were replaced by contractor employment.

2.6 The area's age structure is illustrated below. The main features are the high proportion of South Uist and Eriskay's population aged 50 and over (53.6% in 2007 compared with 35.4% in Scotland) and the high increases between 2001 and 2007 in the proportion of those aged 50 and over in South Uist and Eriskay compared with the Western Isles as a whole and Scotland. The figures for 2007 are GROS estimates and are not accurate for small areas, but the trends are clear. The school roll for Daliburgh Primary has held up in recent years (109 in 2008/09 compared with 108 in 2002/03), although the primary rolls for South Uist and Eriskay have fallen in total by 6.3% from 207 to 194.

Table 2: Age Structure and Recent Change

	Lochboisdale			Southern South Uist & Eriskay			South Uist & Eriskay		
	2007	Age Structure %	2001-07 % change	2007	Age Structure %	2001-07 % change	2007	Age Structure %	2001-07 % change
All Ages	648		4.7	1,185		0.4	1,865		-4.1
0-15	120	18.5	-14.9	219	18.5	-12.0	342	18.3	-19.5
16-29	84	13.0	6.3	149	12.6	4.2	244	13.1	1.2
30-49	168	25.9	0.0	292	24.6	-5.5	466	25.0	-12.9
50-64	123	19.0	7.9	243	20.5	1.3	442	23.7	9.1
65-74	79	12.2	14.5	158	13.3	14.5	220	11.8	12.2
75+	74	11.4	54.2	124	10.5	22.8	151	8.1	6.3

	Western Isles		Scotland	
	Age structure %	2001-07 % change	Age Structure %	2001-07 % change
All Ages		-0.6		1.6
0-15	16.1	-14.3	17.8	-5.5
16-29	14.5	4.5	18.2	5.9
30-49	27.1	-1.8	28.6	-2.0
50-64	21.6	6.4	19.0	8.1
65-74	11.0	6.9	8.9	2.4
75+	9.7	-0.2	7.5	7.7

2.7 GROS latest population projections for the Western Isles as a whole are for a further decline of 5.5% between 2006 and 2031, compared with projected growth of 4.2% in the Highlands and Islands, 5.0% in Scotland and 17.4% in the UK.

2.8 The number of people aged 65 and over in the Western Isles is projected to increase by 51% by 2031, from 5,400 to 8,200 people. The share of the population in this age group is also projected to increase significantly (+60%), more than the increases in Scotland and Great Britain (+55% and +32% respectively).

2.9 The number of people aged under 30 in the Western Isles is projected to decrease by 24% by 2031, from 8,100 to 6,150 people, and the share of the population in this age group is projected to decrease by 23%, more than the expected decreases in Scotland and Great Britain (-13% and -8% respectively).

2.10 Without the stimulus that the proposed harbour development would provide, future population trends in South Uist could be at least as severe as those projected for the Western Isles as a whole.

Employment

2.11 The economic activity rates below from the 2001 Census of Population show relatively high activity rates in South Uist and Eriskay amongst those aged 16-74. One factor in this is the lack of Higher and Further Education opportunities, which tends to reduce economic activity rates in other areas. Also, the figures conceal underemployment in crofting and in tourism outwith the short summer season.

Table 3: Economic Activity Rates, 2001

	Loch Eynort	Loch Eynort, Daliburgh & Eriskay	South Uist & Eriskay	Western Isles	Scotland
All people aged 16-74	527	1,069	1,587	18,949	3,731,079
	%	%	%	%	%
Economically active	67.9	64.7	67.9	66.0	65.0
Employees part-time	12.9	12.0	12.2	13.0	11.1
Employees full-time	36.2	34.1	38.1	36.4	40.3
Self-employed	11.0	10.5	10.0	9.7	6.6
Unemployed	6.6	7.2	6.2	5.1	4.0
Full-time student	1.1	0.9	1.4	1.8	3.0
Economically inactive	32.1	35.3	32.1	34.0	35.0
Retired	14.8	17.4	14.9	15.5	13.9
Student	2.3	2.8	2.8	3.1	4.3
Looking after home/ family	5.9	5.1	5.1	5.5	5.5
Permanently sick/ disabled	5.1	6.3	5.3	6.1	7.4
Other	4.0	3.6	4.0	3.9	3.9

2.12 Due to confidentiality, employment data from the 2007 Annual Business Inquiry (ABI) are only available for the Uists as a whole. The figures below exclude self-employment in crofting, fishing, tourism, etc, but still demonstrate the relative importance of the primary sector and tourism, and the lack of manufacturing and financial services employment, both of which pay relatively well on average elsewhere in the UK.

Table 4: Employment by Sector, 2007

	North Uist, Berneray, Benbecula, South Uist & Eriskay		Western Isles	Scotland
	No. of employees	% of Employees	% of Employees	% of Employees
Agriculture & fishing	137	7.3	3.7	1.6
Energy & water, manufacturing & other services	147	7.9	11.1	16.3
Construction	183	9.8	7.2	5.7
Distribution, hotels & restaurants	414	22.2	18.6	22.0
Transport & communications	144	7.7	6.1	5.4
Banking, finance & insurance, etc	198	10.6	9.8	18.8
Public administration, education & health	640	34.3	43.6	30.3
Total	1,680			

2.13 2001 data from the Census of Population confirm the relative importance of construction to South Uist and Eriskay residents (14.6% of those in employment). This experience of working in this sector will help in maximising the local benefit from the Phase 1 Regeneration and subsequent construction work.

2.14 Baseline employment in Lochboisdale includes:

Lochboisdale Hotel – 2008/09
All Year: 9-12 staff (including proprietors), approx 9 ftes
Peak Season: up to 24 staff, approx 19 ftes

Marine Harvest – 2008/09
(salmon farming): 8 ftes; (mid 2009: 7.5 ftes)

2.15 The local garage, shop and post office are all supported by the fish farm, and local services are also sustained by the hotel and its customers. Fishing statistics are provided at 2.17 below.

Unemployment

2.16 Recent unemployment in the area is shown below from Government statistics. The unemployment rate has been relatively high in the Lochboisdale area, although in South Uist and Eriskay as a whole the rate has been lower than in the Western Isles and Scotland. Generally, the Highlands and Islands has suffered less than Scotland or the UK from the international recession (at least to-date). There is little for an unemployed person to do in South Uist and a low job turnover in the area (except for seasonal hotel work), and moving out of the area has been the traditional response to poor job prospects, especially by young people (and women in particular, as illustrated above).

Table 5: Unemployment

July 2009	Total		Male		Female	
	Number	%	Number	%	Number	%
Lochboisdale	11	3.8	8	4.8	3	2.5
Southern South Uist & Eriskay	15	2.3	11	3.0	4	1.4
South Uist & Eriskay	26	2.4	21	3.2	5	1.1
Western Isles	523	3.4	417	5.0	106	1.5
Scotland	132,568	4.1	98,208	5.9	34,360	2.2
August 2008 - July 2009	**Average Number**	**%**	**Average Number**	**%**	**Average Number**	**%**
Lochboisdale	10	3.6	7	4.2	3	2.7
Southern South Uist & Eriskay	15	2.3	11	2.8	4	1.5
South Uist & Eriskay	29	2.6	23	3.6	6	1.2
Western Isles	491	3.2	384	4.6	107	1.5
Scotland	108,970	3.4	82,117	4.9	26,854	1.7

Fishing

2.17 Fish landings into Lochboisdale and South Uist and Eriskay as a whole in 2008 are given below from Marine Scotland records.

Table 6: Fish Landings, 2008

	Lochboisdale		South Uist & Eriskay	
Species	**Liveweight (tonnes)**	**Value (£)**	**Liveweight (tonnes)**	**Value (£)**
Brown Crabs	42.30	41,246	102.62	113,906
Velvet Crabs	8.58	16,974	72.35	168,424
Green Crabs	6.03	3,022	3.72	1,906
Nephrops *(Norway Lobster)*	16.98	113,529	81.74	654,175
Lobsters	1.24	14,793	36.98	375,211
Scallops	9.19	14,425	25.19	46,046
Other	0.65	1,708	3.02	50,483
Totals	**84.97**	**205,697**	**325.62**	**1,410,151**

2.18 Seventeen boats landed into Lochboisdale in 2008, of which ten are locally owned (excluding scallop diving). Landings of high value lobsters and nephrops were relatively low in Lochboisdale in 2008 compared with South Uist and Eriskay as a whole. Most Lochboisdale landings are in the winter months, Misty Isle being the only boat to have made significant landings in the summer months in the year. Kilbride Shellfish – a co-operative located close to the Eriskay causeway – purchase a good proportion of local landings. Its sales in the year to May 2009 totalled £774,557. The ten Lochboisdale boats are crewed by twenty fishermen (two per boat).

2.19 The existing facilities at Lochboisdale fishing harbour are in a tidal bay with limited space and a small slipway. Many boats anchor offshore and there is only a small area where fishermen can store creels and ropes, with no secure storage area. Fishing boats need to use the ferry pier at low tides and are frequently required to move when the ferry comes into port to make room.

2.20 Consultation by Storas Uibhist with the Western Isles Fishermen's Association and individual fishermen highlighted the following needs and development potential.

Harbour Services

- A non tidal deep water harbour is vital for 24 hour access to harbour facilities.

- Fuel storage facilities for supply to commercial and non commercial boats should result in reduced costs and easier access for fuel for commercial and leisure vessels.

- A hauling out and positioning cradle would be useful, along with undercover maintenance facility, for quick and convenient maintenance and repair. Currently, boats need to be craned by a contract operator, which is inconvenient and inefficient.

Storage Facilities

- Individual small units for storage of live lobster would increase profitability by enabling lobsters and prawns to be held for peak markets such as the highest priced Christmas period. This represents an opportunity for a 50% mark up in price received. Currently there is only one on-island facility for storage, in Grimsay, North Uist, which is running at full capacity.

- Affordable units or storage facilities could be used for business development and business test-trading. For example, if all the by-catch of squat lobsters in the Southern Isles were gathered and stored in one place, there could be a sufficient quantity to market.

Processing

- A processing facility would offer significant added value opportunities. At present the prawns etc are packed in portable tanks, and a Spanish lorry transports them to Spain via Lochmaddy.

- Shellfish processing facilities would increase profitability by adding value to a Scottish Island quality product, enabling fishermen to open up new markets for their value added product, while developing existing supply chain relationships by meeting existing customers' developing needs.

- There are no fishing business units available in the Southern Isles, resulting in fishermen having to sell their catch on straight away, or use portable tanks which are not efficient and are easily damaged.

- Currently no central storage facility for bait is available and this would provide an opportunity for a local business to supply local bait. Presently, local fishermen use baited static gear for crab etc, with bait bought in from the mainland. Transportation is 20% of cost.

Markets

- The provision of increased on-shore facilities would enable the fishing boats to develop new products and reach a wider market, including servicing the local market which is not done at present.

Ferry Crossings

2.21 Annual carryings on the Oban to Castlebay / Lochboisdale route are summarised below. The growth over the 2003-08 period in passengers and cars was largely due to growth between 2006 and 2007. Carryings are not split by Caledonian MacBrayne between Castlebay and Lochmaddy, but Lochboisdale probably accounts for less than 50% of the total.

Table 7: Annual Carryings – Oban-Castlebay / Lochboisdale

	Passengers	Cars	CVs
2003	44,665	12,268	1,323
2004	45,939	13,099	1,057
2005	43,319	12,607	981
2006	46,603	12,632	1,008
2007	46,562	13,761	1,009
2008	46,153	13,597	980
% change 2003-2008	+3%	+11%	-26%

2.22 Over the first nine months of the Road Equivalent Tariff (RET) pilot, which runs from October 2008 to 2011, car carryings on the route increased by 26% and passengers by 19% on the same period a year earlier. These are slightly higher increases than on the Uig-Tarbert / Lochmaddy route (cars +25%, passengers +16%), and Ullapool-Stornoway (cars +24%, passengers +13%).

2.23 Traffic waiting to board the ferry in Lochboisdale has increased from c35-40 to 50 or more cars, and vehicles have had to be loaded from the Council-owned car park. Commercial traffic has not increased to the same extent. Lochboisdale Hotel reports an increase of some 35% in occupancy due to RET and the more favourable sterling exchange rate, and the Tourist Office in Lochboisdale has also benefited from the RET boost – *"people have said that they had always thought about coming"*. Retailing through the Visitor Centre has increased 18.4% to-date on 2008, with visitor numbers up 1.8%.

Tourism

2.24 The Lochboisdale Hotel (Scottish Tourist Board 2 star) has 15 rooms and 25 beds, and has achieved occupancy of 75-90% this summer, although trade is generally very low in the winter.

2.25 The other hotels / inns in South Uist are the 3 star Borrodale Hotel (12 rooms, 24 beds), the 4 star Polochar Inn (13 rooms, 27 beds) and the 3 star Orasay Inn at Iochdar (9 rooms, 16 beds). This gives a total of 92 bedspaces in hotels and inns.

2.26 Other accommodation registered with VisitScotland in 2009 comprises 2 guest houses, 9 bed and breakfasts, 14 self catering properties (including one on Eriskay), 5 caravans to let, one chalet, and one hostel (in Howmore).

2.27 Tourist attractions and facilities include Kildonan Museum (including crafts and tearoom), Studio Gallery (Askernish), Salar Smokehouse Shop (Lochcarnan), Hebridean Jewellery (Carnan), Askernish Golf Course (18 holes) and Loch Druidibeg (National Nature Reserve).

2.28 8,314 visitors to the Lochboisdale Tourist Office were recorded in the year to September 21st 2009, compared with 8,167 for the same period in 2008.

Yacht Moorings

2.29 Six moorings are currently available in Lochboisdale for visiting boats. Accurate usage figures are not kept by the Council (Comhairle nan Eilean Siar), but it is estimated that there were some 100 visiting boat nights in 2008 (with fewer in 2009 to-date). The highest number this year has been 13 boats at one time (which exceeds capacity). The nearby Lochboisdale Hotel provides showers and a laundry service for visiting boats and is popular for meals.

Cruise Liners

2.30 Cruise liners cannot currently berth at Lochboisdale, but the Western Isles have been attracting an increasing number of ships. Between April and July 2nd, 2009, six different ships berthed at 20 locations, including 6 at Eriskay and 4 at Lochmaddy. During the longer April-September period in 2008, five different ships berthed at 20 locations, including 6 at Eriskay and 3 at Lochmaddy. These 9 stops were all by the Hebridean Princess, but two other ships (Polar Star and Quest) had berthed at Eriskay by 2nd July 2009. The main berthing location in Lewis and Harris is Callanish.

2.31 The scope to increase cruise liner visits to the Western Isles and to attract larger ships with improved deep water berthing facilities is illustrated by the impacts that have been achieved in Shetland and Orkney. Around 25,000 passengers from about 50 liners are expected in Lerwick this year, with cruise liners estimated to have generated £1.5 million for the Shetland economy in 2007. In Orkney, cruise ships boost the economy by £2.8 million per year through the spending of c30,000 passengers and 10,000 crew from 60-70 cruise ships. 94% of passengers came ashore, according to a survey, and their average spend on touring and shopping was £49.

Commercial Property

2.32 UBC Group Ltd, who have a base in Daliburgh, have 16 letting units in Lochboisdale, of which two (not adjacent) are currently vacant (40-50 metres square). The units are too small for certain uses, and otherwise unsuitable for others, having social housing above. Enquiries over the past year for which the units were not suitable have included creel manufacture, boat repair, shellfish processing, soap making, an artist studio (sculpture) and general stores.

3.0 PHASE 1 IMPACTS

Construction Stage Impacts

3.1 The Phase 1 infrastructural work has been provisionally costed at £6.5 million, including £600,000 contingencies. For the purposes of assessing employment impacts, the work has been disaggregated into:

(i) Quarrying and transporting rock.

(ii) Blacktop.

(iii) Miscellaneous services, including trenches, pipes, etc and professional fees.

3.2 Following discussion with the engineers currently carrying out a feasibility study on the Phase 1 project for Storas Uibhist, the approximate local labour content of each of these aspects is estimated below (inclusive of indirect – i.e. local supply chain – inputs). Contractors are likely to be mainly local (at least to the Western Isles), and local labour would generally be used. 90% of on-site construction related employees are assumed to be normally resident in South Uist and Eriskay.

3.3 A third of the cost of the rock-related work is assumed to be labour and approximately 40% plant. This work might represent c50% of the total project cost.

3.4 The blacktop work might represent approximately a sixth of the total cost, and at least half of the cost would be labour.

3.5 The miscellaneous civil engineering work might be two thirds labour, but professional fees (perhaps in the region of £650,000, i.e. 10%) would not be local.

3.6 Altogether, approximately £3.5 million of the total contract cost might represent labour costs. At an average gross rate of pay of £31,500 per fte, this would represent **100 fte job years** work for local employees (assuming that they would obtain 90% of the work).

3.7 For the remaining £3 million of contract costs, it is assumed that 1 fte job year would be supported locally for each £100,000 of contract expenditure – on local services, plant hire, accommodation for itinerant staff, local profit, etc (inclusive of indirect impacts). This would give **30 fte job years** work for local employees.

3.8 As most of this local work will be relatively well paid, a local induced multiplier of 0.15 is assumed. This would generate a further **19.5 fte job years** (100 + 30 x 0.15).

3.9 Summing these three categories of impact would give a total local employment impact of **c150 fte job years**. Conventionally job year impacts are divided by ten to bring them into equivalence with employment impacts that are sustained over a longer period, i.e. most of the employment impacts assessed in Section 4 below. These 150 fte job years would thus equate to **15 ftes** (where an fte is expected, on average, to last for at least ten years).

3.10 At the Highlands and Islands level, the construction stage impacts are assumed to be 20% higher than the local impacts due to supply chain linkages, professional fees, transport costs, the wages of most of the non-local on-site labour, etc. This would give a Highlands and Islands direct plus indirect impact of 10 + 3 = 13 x 1.2 = **15.5 ftes**. Adding an induced impact multiplier of 0.25 would give a total employment impact from the construction stage of **19.5 ftes**.

Other Short Term Impacts

3.11 It is considered that approximately 5% of the impacts from development phases of the overall initiative subsequent to Phase 1 might be generated within about a year of the completion of the £6.5 million infrastructural work through immediate usage of the new facilities and available land with relatively modest additional investment. This would give a further short term local impact of 4.5 ftes in addition to the 15 ftes from the construction phase, and a further 5.5 fte impact in the Highlands and Islands in addition to the 19.5 ftes from the construction phase.

4.0 POTENTIAL FUTURE IMPACTS

4.1 Impacts that might be generated through the overall initiative over 10-20 years once the Phase 1 investment has been completed are categorised below as follows:

(1) Fishing-related impacts.
(2) Marina-related impacts.
(3) Cruise liner impacts.
(4) Askernish golf course impacts.
(5) Other tourism impacts.
(6) Additional tourism impacts (Mallaig service established).
(7) Miscellaneous industrial and commercial development impacts.
(8) Housing construction impacts.
(9) Other property and further infrastructural development impacts.
(10) Population growth-related impacts.

(1) ***Fishing-related Impacts***

The developments will enable holding facilities to be provided at the harbour to allow continuity of supply to customers and sales when prices are highest. The main cost would be pumping. Holding facilities would be useful particularly for lobsters and velvet crabs, and potentially for crawfish (which generate a high return), brown shrimps and squat lobsters. Looking after and feeding fish stocks being held might support 2 ftes, and extra packing and distribution a further 2 ftes (part-time work in practice).

Also, razorfish could be prosecuted if the new Inshore Fisheries Group is given management responsibility for this species. There is market demand in Japan, Spain and other countries, and there are extensive stocks around Lochboisdale and along the east side. This could support around 10 fte jobs onshore and at sea.

More dive-caught scallops, which are valued in the restaurant trade, could be sold (possibly through a new brand), which might support 2 ftes in catching, managing and transporting to the mainland.

The future TAC regime, with creel limitations which would increase the minimum size of prawn brought ashore, should enable the existing local fleet to survive and the age profile of crews is encouraging for long term sustainability. The harbour improvements will increase fishing efficiency, and the value added opportunities outlined above should also improve productivity and average returns to fishermen. Thus, it is considered that c20% of existing employment (4 ftes) will be retained by the developments.

In total, fishing-related developments are expected to create and retain **20 direct ftes** in South Uist and Eriskay. Adding indirect and induced impacts at 0.2 of direct impacts (see 1.11 above) would increase this impact to **24 ftes**.

The above developments should not displace trade significantly from other existing businesses in the Highlands and Islands, and the overall Highlands and Islands impact is estimated at 20 direct ftes + 6 indirect ftes + 4 induced ftes = **30 ftes** (see 1.12 above).

(2) ***Marina-related Impacts***

The Lochboisdale proposals are included in a recent report for HIE by EKOS on the Economic Impact of Sailing in the West Highlands, and the estimates below are consistent with the thrust of this report. In particular, the report assumes that existing moorings will benefit from an average of 10% increased demand following installation of new pontoons / moorings elsewhere through the increased sailing generated.

The increase in impact from boats visiting Lochboisdale assumed for the purposes of this impact study (after a few years) is:

500 additional boats x 4 crew x £40 per head average spend = £80,000 per annum.

This level of expenditure includes the purchase of supplies for boats and takes account of local spending opportunities (meals, drinks and other services), which will be enhanced.

£80,000 of visitor spending would support **2 ftes** (see 1.9 above), inclusive of the multiplier.

Further employment, an estimated 3 ftes, would be supported by overwintering boats, engineering work, managing the marina, maintenance, marketing, etc. This assumes that appropriate buildings, craneage, etc would be provided, which should be an economic proposition with the level of visiting boats anticipated and the active use of 15-20 pontoons by "permanently" berthed boats. Adding the local multiplier would increase local impact to **3.5 ftes**, giving an additional **5.5 ftes** in total marina-related local impact.

At the Highlands and Islands level, there would be some displacement from other sailing areas, but it is assumed that this would be balanced by new generated cruises. Taking the higher Highlands and Islands multiplier into account would thus give an additional **6.5 ftes** in total marina-related impact.

(3) ***Cruise Liner Impacts***

The following assumptions are made for average annual impact:

10 Liners x 400 passengers/crew x £50 average onshore spend = £200,000 per annum.

The assumed onshore spend of £50 per head would require the liners to stay in port for most of the day, enabling passengers to be transported to facilities such as Hebridean Jewellery, Kildonan Museum, Askernish golf course, etc and to visit sites with high nature and archaeological interest. Traders would also take their produce to Lochboisdale.

This £200,000 of visitor expenditure would support **5ftes** in South Uist and Eriskay and **5.5 ftes** in the Highlands and Islands.

There would be some displacement from other Highlands and Islands ports, but over time this should be at least balanced by additional cruises generated by the deep water facility available at Lochboisdale (and at other ports of call).

(4) ***Askernish Golf Course Impacts***

The Old Tom Morris course recently extended to its original 18 holes is on target to achieve its objective of attracting at least 1,000 people to South Uist in 2009 specifically to play golf. The harbour improvements, especially if the Mallaig ferry service is established, and the scope for sea planes to bring visitors up from the Central Belt, might give the course (over time) an additional 500 extra day visits per annum, some of which would involve an overnight stay (in some cases at Grogarry Lodge – with scope for other outdoor activities as a package). The course has a £220,000 seven year plan to improve and enlarge its greens, and is proving popular with Americans because of its history. Day trip packages with Flybe and overnight packages through Scotia Travel have been arranged.

If the average visitor spends £100 per day or night, 500 extra visitors would spend £50,000 per annum. This would support **1 fte** in South Uist and Eriskay, and **1.5 ftes** in the Highlands and Islands.

There would be some displacement from other Highlands and Islands courses, but to compensate new tours of golf courses in the Hebrides or the wider Highlands and Islands would be generated, with repeat visit potential.

(5) ***Other Tourism Impacts***

Assuming that the price incentive of RET is retained, it is considered that Lochboisdale's improved facilities with associated marketing and package development (including off-season promotions) might increase visits by approximately 1,000 people per year (equivalent to an average of 25 people per week over 40 weeks). If these additional people spend an average of £50 per night and an average of 2 nights in South Uist and Eriskay, this would sum to £100,000 additional visitor expenditure per annum. A £50 average would span relatively low spending camper van parties and relatively high spending hotel visitors.

£100,000 of additional visitor expenditure would support **2.5 ftes** in South Uist and Eriskay and **3 ftes** in the Highlands and Islands. It is assumed that trade displaced from other parts of the Highlands and Islands would be balanced by new visits that would generate stays elsewhere in the region en-route.

(6) ***Additional Tourism Impacts if the Mallaig Service is Established***

It is beyond the scope of this study to assess the net impacts in South Uist and Eriskay from a new ferry service between Mallaig and Lochboisdale, although it is considered that the original STAG study by Halcrow for Caledonian MacBrayne was very conservative in its impact assumptions, especially in not taking account of longer term generated impacts.

Taking account, nevertheless, of the Halcrow report's assumptions about displacement from the Uig-Lochmaddy and Oban-Lochboisdale services, it is considered that at least an additional 5,000 non-displaced tourist visitors per annum would arrive in Lochboisdale from Mallaig (or leave Lochboisdale for Mallaig having entered the Uists via Lochmaddy or Berneray) assuming a seven day service with two sailings per day in each direction. It is assumed that the extra visitors would spend an average of two nights in the local area and an average of £50 per night. Approximately 20% of this additional trade might be attributed to the Lochboisdale harbour developments and associated marketing and services, giving the following impacts:

South Uist and Eriskay:	£100,000 per annum = **2.5 ftes**
Highlands and Islands:	£100,000 per annum = **3 ftes**

As for other generated tourism, it is assumed that displaced trade from other parts of the Highlands and Islands would be at least balanced by wider benefits from new (or repeat) visits.

Introduction of the Mallaig service would also enhance the potential to export fresh fish from Lochboisdale (and the Uists more generally). In particular, daily access by truck to Glasgow Airport via Mallaig would open up worldwide markets for prawns. This could create at least 3 fte jobs – through packing and preparation for air freight and a driver – as well as increasing the value of the catch for the fishermen. This potential impact is not attributed to the harbour development as the opportunity would arise without it, although it would be complementary and help to justify the overall investment in Lochboisdale's future as a fisheries hub.

(7) ***Miscellaneous Industrial and Commercial Development Impacts***

The land that would become available would provide scope for a wide range of industrial and commercial developments (subject to environmental and amenity considerations). Relatively land intensive uses might include, for example, a haulage depot and a base for a bus company to expand (both live prospects) and fishing and other marina-related services for which demand has already been expressed but which cannot currently be accommodated in Lochboisdale (e.g. shellfish processing and creel manufacture (see 2.32 above). Office and lighter work would help the area to retain and attract a higher proportion of younger females, and Storas Uibhist, with support from HIE and CnES, would strive to attract and provide incentives for new, nationally and internationally competitive, enterprises that would use IT for communication. This would be part of a broader diversification strategy for the Uists that should encompass the generation of interest in such work in young people while still at school in the area.

In total, it is considered plausible that at least 20 new commercial and industrial fte jobs will have been created to occupy units on the newly available land within ten years (excluding fishing, marina and tourism related employment generated through impact categories (1) to (6) above). This would increase to **24 ftes** through the multiplier.

Within the Highlands and Islands, it is inevitable that there will be some displacement from this new employment, depending on activities and markets, and 20% is assumed (which could be high since HIE support for business growth will tend to favour businesses that do not displace trade from other businesses in the region).

Applying this displacement and Highlands and Islands multipliers to these assumed additional direct fte jobs would give a net impact of **24 ftes**.

(8) ***Housing Construction Impacts***

Providing 40 new homes in Lochboisdale would be consistent with the employment generation estimates given in this impact report in terms of enhancing the local labour supply. There would be an element of stemming population decline and improving the area's age structure as well as population growth.

Evidence from other housing developments suggests that an average new house provides c1.5 fte job years of work for local builders and tradesmen (including additional infrastructural work), inclusive of indirect impacts. Thus, 40 new houses would provide 60 fte job years of work locally, i.e. 6 ftes. Applying a multiplier of 0.15 for induced impacts would give impact of **7 ftes**.

At the Highlands and Islands level, the impact would be higher by an estimated 20%, i.e. **8.5 ftes**.

(9) ***Other Property and Further Infrastructural Development Impacts***

Providing premises and other property to support 20 new fte jobs (some of which would be part-time) would create c30 fte job years of work in the local area based on the ratios assumed at 1.10 above, an average floorspace per fte employee of 60 square metres, and an average construction cost of £2,000 per square metre, i.e:

20 x 60 x £2,000 = £2,400,000 ÷ £80,000 = 30 fte job years = 3 ftes

Adding induced impact at 0.15 would give a total local impact of **3.5 ftes**.

Given the level of displacement at the Highlands and Islands level assumed at (7) above, the HIE area impact would also be **3.5 ftes**.

(10) ***Population Growth-Related Impacts***

The 40 new houses (once built) would give the local area a population approximately 100 higher than it would otherwise have been. If the annual spend in the area per resident per year is £2,000, this would give additional local spend of £200,000 per annum. This miscellaneous expenditure would support **4 ftes** at an average turnover to employment ratio of £50,000: 1 fte (inclusive of the multiplier).

The extra population at the Highlands and Islands level might be half of this 100, i.e. 50. If their annual spend in the Highlands and Islands is £5,000 per annum, this miscellaneous expenditure would support **5.5 ftes** at an average turnover to employment ratio of £45,000: 1 fte (inclusive of the multiplier).

Other Employment Retention

4.2 In addition to the employment creation and retention estimated above, the viability of existing employers in and around Lochboisdale would be protected by the developments, including Marine Harvest, who use the harbour facilities, and miscellaneous local traders who might otherwise face future population decline.

5.0 SUMMARY OF IMPACTS

5.1 Exclusive of potential impacts from related renewable energy development (trial and/or full scale projects), the impacts assessed in Sections 3 and 4 above give the following total net additional annual impacts (rounded to the nearest 0.5 of an fte):

	Ftes	
	South Uist & Eriskay	**Highlands & Islands**
Phase 1 construction	15.0	19.5
Fishing-related	24.0	30.0
Marina-related	5.5	6.5
Cruise liner-related	5.0	5.5
Askernish golf course	1.0	1.5
Other tourism	2.5	3.0
Additional tourism (Mallaig service)	2.5	3.0
Miscellaneous industrial and commercial	24.0	24.0
Housing construction	7.0	8.5
Other construction	3.5	3.5
Local population growth-related	4.0	5.5
Totals	**94.0**	**110.5**

5.2 It is estimated that the average fte of the types that would be generated would pay £22,000 in South Uist and Eriskay and £22,500 in the Highlands and Islands. Although the average wage is higher in the Highlands and Islands than in South Uist and Eriskay, many of the jobs will be the same in both areas.

5.3 This would give additional annual household income of £2.07 million in South Uist and Eriskay and £2.49 million in the Highlands and Islands.