



**Socio-Economic Impact  
Assessment:  
Taymouth Castle Estate**

**For Discovery Land Company**  
Final report | April 2024



SCOTTISH  
**Business  
Pledge**



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## **EKOS Ltd**

Established in 1993, EKOS is a leading consultancy practice specialising in economic and social research. Working across a broad portfolio, we help our clients to deliver economic growth and promote social well-being.

We support clients across the UK and our work includes providing a range of technical and specialist research services, including economic impact assessment, business case development and evaluation. Importantly, we are an independent company which allows us to bring transparency, rigour, and objectivity to our work.

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We are aware of the wider interest in the emerging development proposals from the media and groups that are both for, and opposed to, the proposals. The following report has been carried out in a non-partisan way based on HM Treasury Green Book appraisal guidance and informed by data provided by the client team and EKOS' professional judgment. Neither EKOS nor the report make a position on either supporting or opposing the development proposals with the core focus of the research to present the forecast economic and social value that could be delivered if the project proposals are developed and occupied as outlined.

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# Executive Summary

This report has been prepared by EKOS Ltd, who have been commissioned by Discovery Land Company to assess the potential economic and social value impacts that could be generated from the proposals for Taymouth Castle Estate in Kenmore, Perth and Kinross.

## Project Proposal

The site was purchased in 2019 by Discovery Land Company with the proposal to develop a residential community on the site, called Taymouth Castle Estate. The proposal will encompass a direct investment of around £370 million from Discovery Land Company and will deliver the following:

- The renovation of 19<sup>th</sup> century Taymouth Castle to create 23 suites; 2 restaurants; multiple bars and gym facilities.
- Construction of a new North Wing at Taymouth Castle to house purpose-built spa facilities.
- Six housing zones encompassing approximately 145 homes.
- Construction of 'Golf House' (a new restaurant/bar).
- Renovation of Taymouth Golf Course.
- The restoration of the historic East gatehouse.
- Construction of an on-site equestrian centre.

The developers also anticipate leveraging a further circa £360m<sup>1</sup> in private sector investment during construction of the 145 homes earmarked for the site. The Taymouth Castle Estate business model allows prospective homeowners to buy a plot of land on the site, and then develop, construct, and furnish the property.

There will also be an additional £30 million of capital expenditure spent by Discovery Land Company on developing/renovating assets they own in the village of Kenmore, including the Kenmore Hotel, village shop, Taymouth trading (restaurant) and various residential village properties/cottages. These assets are located outside the grounds of the Taymouth Castle Estate and are therefore not modelled as part of the quantitative economic analysis; however, further details are noted within Section 4 of the main report.

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<sup>1</sup> It is anticipated that a further circa £60m could be spent by homeowners on furnishing/fitting out the homes.

## Economic Impacts

The economic impacts of the Taymouth Castle Estate have been measured against five key receptors, namely:

1. **Capital/construction impacts** - the physical build and construction activity associated with the Taymouth Castle Estate development.
2. **Operational on-going impacts** - the on-going operation and staffing of the estate e.g., castle, restaurant, golf course, spa etc.
3. **Off-site spend impacts** - visitors/guests of the Taymouth Castle Estate spending money within the wider economy during their visit e.g., at local visitor attractions, cafes, restaurants, shops etc.
4. **Household spend impacts** - spend from households furnishing and fitting-out their homes on the site.
5. **Financial impacts** - taxes generated through the purchase, capital expenditure and on-going operation of the site.

All economic impacts have been calculated as per HM Treasury Green Book Guidance for economic appraisal, and are contingent on the development being built, occupied, and operated as outlined.

The economic impacts are measured as gross impacts, which describes the direct impacts created through the capital investment (construction impacts) and ongoing operations/activities of the development (on-going activities, off-site spend, household spend). These gross impacts are then calculated as net-direct impacts, which focuses on the outturn of the gross impacts, taking account of displacement (the impact the development is estimated to have on other businesses and the labour market), leakage (the proportion of impacts that will benefit those outside the defined spatial area i.e., Perth and Kinross, and Scotland) and multiplier effects (the positive spin-off benefits generated within the wider economy from on-site activity).

A summary of the estimated economic impacts under each of the receptors is presented in **Table E.1** below.

**Table E.1: Summary of Economic Impacts**

Measure	Gross Impacts	Net-Direct Impacts	
		Perth and Kinross	Scotland
<b>One-off Capital/Construction Impacts</b>			
Total Jobs	4,970	2,620	4,510
GVA (£m)	302	160	275
Wages (£m)	134	70	121
<p>The construction activity on the Taymouth Castle Estate site is expected to create <b>2,620 one-off construction jobs</b> in Perth and Kinross, generating <b>£70 million in wages</b> and contributing <b>£160 million of GVA</b> to the local economy.</p>			
<b>On-going Operational Annual Impacts</b>			
Measure	Gross Impacts	Perth and Kinross	Scotland
FTE Jobs	250	200	270
GVA (£m)	17	14	19
Wages (£m)	10	8	11
<p>The on-going net direct impact generated through the operations at the Taymouth Castle Estate are estimated at <b>200 FTE jobs</b>, <b>£8 million in salaries/wages</b> and a <b>GVA contribution of £14 million</b> per annum to the Perth and Kinross economy.</p>			
<b>Off-site Spend Annual Impacts</b>			
Measure	Gross Impacts	Perth and Kinross	Scotland
FTE Jobs	110	55	75
GVA (£m)	3.0	1.5	2.0
Wages (£m)	2.0	1.0	1.5
<p>Off-site spending by those staying at the Taymouth Castle Estate, will have net direct effects in Perth and Kinross in creating <b>55 FTE jobs</b>, with associated wages of <b>£1.0 million</b> while contributing <b>£1.5 million of GVA to the local economy</b>, annually.</p>			
<b>One-off Household Spend Impacts Impact</b>			
FTE Jobs	380	200	280
GVA (£m)	23	12	17
Wages (£m)	10	5	7
<p>One-off spend by households moving into and furnishing/fitting out houses on the Taymouth Castle Estate site will support <b>200 one-off FTE jobs</b> in Perth and Kinross, supporting <b>£5 million in wages</b> and <b>£12 million in GVA</b> to the local economy.</p>			

In assessing the potential long-term impacts of the development (over a 25-year period)<sup>2</sup>, we have identified that the cumulative one-off construction, ongoing on-site operations, off-site spend and

<sup>2</sup> HM Treasury Green Book identifies that appraisals should be undertaken for the anticipated lifetime of the new asset, up to 25 years.

one-off household spending associated with the development will generate net direct GVA and wages for Perth and Kinross as well as Scotland, as presented in **Table E.2**.

**Table E.2: Cumulative 25-year Net Direct Present Value Impacts<sup>3</sup>**

Measure	Perth and Kinross	Scotland
<b>GVA</b>	£390m	£590m
<b>Wages</b>	£210m	£320m
Over 25 years the proposed Taymouth Castle Estate development is estimated to generate <b>£390 million of GVA</b> for the Perth and Kinross economy, whilst supporting <b>£210 million in local wages</b> .		

We further anticipate that the project will generate tax receipts for local and national government via:

- **Land and Buildings Transaction Tax** - generated through the purchase of the land and the on-site buildings.
- **Income Tax and National Insurance** - generated from on-site employees' salaries.
- **Council Tax** - generated via the 145 houses occupied on site.
- **Non-domestic rates** - generated through the on-going operation of the Taymouth Castle Estate business (these have not been modelled in this analysis due to on-going assessments into the level that the development would be subject to).

The financial impacts from the Taymouth Castle Estate are presented in **Table E.3** below.

**Table E.3: Financial Impacts**

Financial Impact	Annual (£)	25-year period - Discounted
Land and Buildings Transaction Tax	£3,200,000 ( <i>one-off</i> )	
Income Tax and National Insurance	£3.1m	£55m
Council Tax	£0.6m	£11m
Over a 25-year period the Taymouth Castle Estate will generate <b>£55million in income tax and national insurance receipts</b> , as well as <b>£11million in council tax</b> .		

## Note on Findings

It should be noted that these are preliminary estimates of the potential economic impact of the development proposals for Taymouth Castle Estate in Kenmore, Perth and Kinross. The analysis

<sup>3</sup> The values within this table represent the estimated GVA and salaries generated via the one-off construction investment as well as the continuous operational jobs, off site spend and on-off household spend. They exclude the financial impacts e.g., income tax, council tax etc. These impacts have been discounted at 3.5% (HM Treasury's Social Time Preference Rate) for a period of 25 years to reflect the Present Value (PV).



and calculations are based on project-specific data (as noted above) and current market conditions, as well as using [HM Treasury Green Book](#) best practise guidance for economic appraisal. Therefore, as the project continues to develop and be refined, the assessment may be subject to change.

Further information on the methodology used to calculate the economic and financial impacts are detailed in Section 3 of the report.

# 1 Introduction

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EKOS has been commissioned by Discovery Land Company to carry out a Socio-Economic Impact Assessment (SEClA) of Taymouth Castle Estate, a mixed-use development in Kenmore, Perth and Kinross, Scotland. The aim of the document is to measure and quantify the potential economic and social impact that could be generated from the development.

## 1.1 Proposed Development

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The proposed mixed-use development, located in Kenmore, includes an extensive refurbishment of Taymouth Castle (which has been largely unused since the 1980s) and golf course, alongside the creation of new estate properties, as well as the construction of a variety of other new amenities e.g. a spa and equestrian centre.

Based on the masterplan documents as well as discussions with Discovery Land Company, the Taymouth Castle Estate development includes the following deliverables:

- **Renovation of Taymouth Castle** - creating 23 suites; 2 restaurants; multiple bars; and gym facilities.
- **Spa** - construction of spa facilities as part of the new 'North Wing' of Taymouth Castle.
- **Six housing zones** - with a total of 145 houses proposed.
- **'Golf House'** - a new restaurant/bar to be built on-site.
- **18-hole golf course** - renovation of the James Braid designed Taymouth Golf Course.
- **East Gatehouse** - restoration of gatehouse entrance to the castle site.
- **Glenlyon Estate** - purchase of mixed sporting estate at Glenlyon (circa 3 miles north of Loch Tay).
- **Equestrian Centre** - details are still to be finalised therefore currently excluded from economic assessment.

The development represents one of the largest private sector investments in Perth and Kinross' history, with Discovery Land Company planning to directly invest in the region of £370 million on refurbishment, renovation, engineering, sales and marketing, and enabling infrastructure works at the site.

The project is also expected to entail a further circa £420 million in private sector investment during the construction, fit-out and furnishing of the private owner-occupied properties proposed for the Estate. The total estimated value of the development is £790m.

Construction has already started on various elements of the development, including castle and golf course renovations, as well as much of the enabling infrastructure, with an anticipated completion date of year-end 2029 for everything on-site to be fully operational.

Outside of the Taymouth Castle Estate, Discovery Land Company also own a number of properties in Kenmore, including the Kenmore Hotel, village shop, residential cottages and Taymouth Trading, as well as the Moness Resort in Aberfeldy, all of which are to be subject to extensive renovations - somewhere in the region of £30-40 million. These aren't included within the formal economic impact assessment, however, are considered as part of the Wider Socio-Economic Benefits section (**Section 4**).

### **Note on Project Data**

The socio-economic analysis has been informed by several information sources, including the development masterplan and accompanying planning application documents, primary data supplied by Discovery Land Company and Scott Hobbs Planning (The Planning Consultant Lead), as well as wider secondary socio-economic data from official data sources such as Scottish Annual Business Statistics ([SABS](#)), Skills Development Scotland ([SDS](#)) and the Office for National Statistics ([ONS](#)).

## **1.2 Approach**

The study takes the form of four distinct work streams:

Firstly, a desk-based review of local and national socio-economic indicators to set the context in which the project will be delivered. We have identified and highlighted relevant:

- Economic and social data, including demographics, employment, value add activities and tourism performance.

Secondly, an Economic Impact Assessment (EIA) of the Taymouth Castle Estate development to identify the gross and net effects (direct, indirect, and induced) of the:

- Employment.
- Salaries/wages.
- Gross Valued Added (GVA).

Thirdly, an assessment of the wider financial impact, through the generation of various tax receipts, including:

- Land and Buildings Transaction Tax (LBTT).
- Income Tax.
- Council Tax.

Fourthly, an analysis of the wider socio-economic impacts of the development, including:

- The use of local contractors
- The use of local suppliers.
- Moness Resort.
- Kenmore Village Assets.

## **1.3 Report Structure**

The report is structured as follows:

- Chapter 2: Socio-Economic Baseline.
- Chapter 3: Economic and Financial Impact Assessment.
- Chapter 4: Wider Socio-Economic Benefits.

# 2 Socio-Economic Baseline

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## 2.1 Introduction

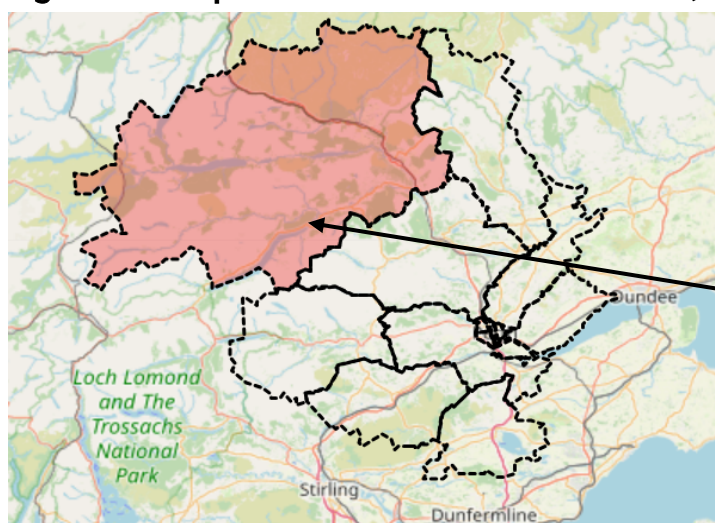
This chapter sets out the socio-economic data used to establish the baseline. The baseline is a reference point reflecting the current underlying market conditions and performance of the local economy.

Having an understanding and appreciation of the baseline conditions will help contextualise the scale and scope of the economic impacts that the Taymouth Castle Estate development is anticipated to deliver. It should also provide the reader with a greater understanding of some of the socio-economic challenges and opportunities currently facing the local area and wider region. Within the assessment, a short analysis of the potential impact in which the development may have to each baseline element is provided.

### Context - The Location

Before analysing the data, it's important to set out the geographic location of the development, which is located within the 'Highland' ward of the Perth and Kinross local authority. This area encompasses the largely rural North-West of the region, with the ward encompassing the village of Kenmore as well as the settlements of Aberfeldy, Dunkeld, Blair Atholl, Pitlochry, and Kinloch Rannoch. For this socio-economic baseline, the Highland ward will be used as the local reference point when reviewing data across the Perth and Kinross region, which is highlighted in red within **Figure 2.1** below.

**Figure 2.1: Map of Perth and Kinross data zones (Highland in red)**



Taymouth Castle Estate location

Source: NOMIS, 2023

## 2.2 Population

### Overview

The population of the local area (Highland ward) has increased by 1.3% over the past 10 years (2011 to 2021), lower than the rate of growth recorded at both a regional (Perth and Kinross) and national (Scotland) level, as shown in **Table 2.1** below.

**Table 2.1: Population Change (2011 to 2021)**

Area	2011	2021	Change (%)
Highland Ward (Local Level)	9,245	9,363	<b>+1.3%</b>
Perth and Kinross (Regional Level)	146,850	153,810	<b>+4.7%</b>
Scotland (National Level)	5,299,900	5,479,900	<b>+3.4%</b>

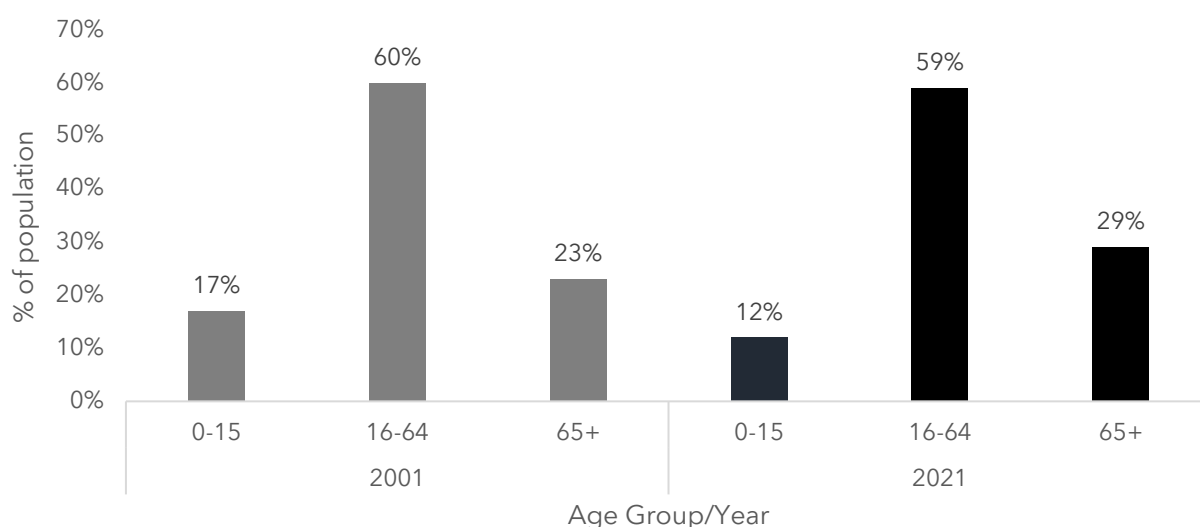
Source: National Records of Scotland (2022)

### Local Level

Like much of Scotland, the population of the local area has also grown older over the past 20 years, with the proportion of the population aged 65+ increasing from 23% in 2001 to 29% in 2021, while the proportion of the population aged under 16 has reduced from 17% to 12%, **Figure 2.2**.

Although Scotland's overall population has aged over the same period, the proportion of people aged 65+ is considerably lower, at 20% in 2021 (compared to 29% in the Highland ward).

**Figure 2.2: Proportion of population by age category - Highland ward**

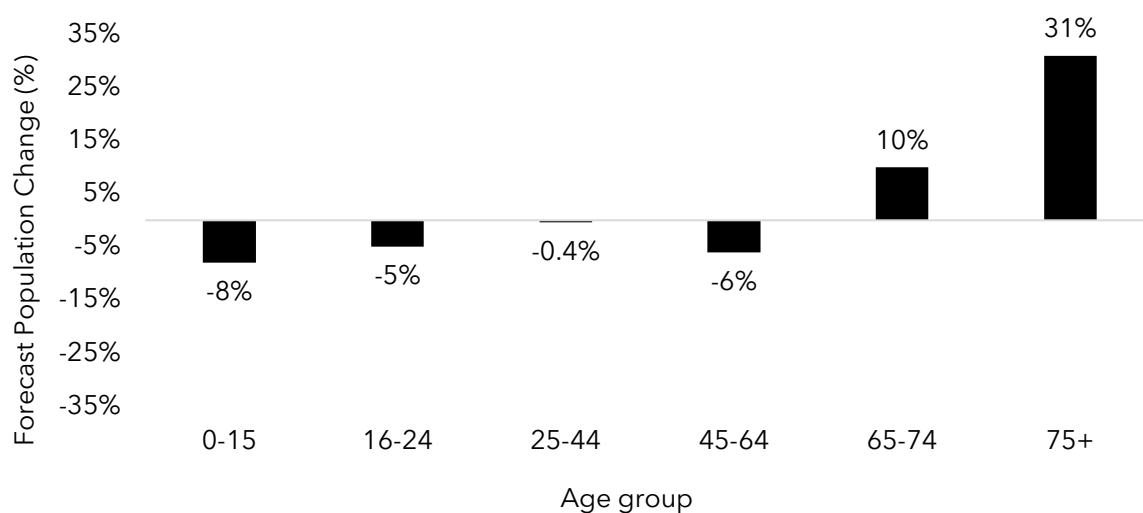


Source: National Records of Scotland (2023)

## Regional Level

At a regional level, the demographic profile of Perth and Kinross is expected to get older over the coming decade, with those aged 65 to 74 and 75+, expected to increase over the period (2018 to 2028). In turn, the working age population (16-64 years old) and those under 16 is expected to decrease, as shown in **Figure 2.3**.

**Figure 2.3: Forecast (%) change in Population of Perth and Kinross by Age Group (2018 to 2028)**



Source: National Records of Scotland (2023)

## Dependency Ratio

Under current projections, Perth and Kinross is expected to see a large increase in its dependency ratio, which considers the ratio of non-working age population (0-15 and 65+) to working age population, from 66% in 2018 (well above the Scottish rate of 56%) to 76% by 2043.

A 76% dependency ratio signifies that for 100 working age people there will be 76 of non-working age. This contrasts with a much smaller increase that is expected across Scotland, 56% in 2018 rising to 60% in 2043 (SDS RSA Data Matrix, 2023).

In 20 years' time under current conditions there is forecast to be a notably smaller working age population within Perth and Kinross, **Table 2.2**.

**Table 2.2: Dependency Ratio**

Year	2018	2043 (Predicted)	ppt change
Perth and Kinross	66%	76%	+10%
Scotland	56%	60%	+4%

Source: SDS RSA Data Matrix (2023)

An ageing population alongside an increasing dependency ratio puts additional pressures on demand for public services such as healthcare and other services, whilst also impacting local economic activity and productivity rates.

The high and increasing dependency ratio in Perth and Kinross can likely be attributed to multiple factors, including: a lack of inward migration of young/working age people, increasing rates of outward migration (particularly of young people) as well as an ageing local population.

## **Impact of investment on local population**

The Taymouth Castle Estate will create a range of employment opportunities both directly (construction, hotel, commercial, hospitality etc) as well as within the wider supply chain (e.g., the logistics and transportation of goods to and from the site). With an estimated 250 FTE jobs (gross) based on-site at the peak of its operation.

These new jobs located in the Kenmore area could contribute towards re-dressing some of the demographic challenges facing the local area, both by attracting working age people to live and work in the region and by providing job opportunities for local young people - reducing the likelihood of them leaving the area to access employment opportunities elsewhere. Though, there is no guarantee that jobs on-site will go to people already living locally.

In addition, some of the new workers are likely to have children that will enrol in the local schools. The number of children under the age of 16 has declined locally by almost one-third over the period of 2001 to 2021, from 1,528 to 1,079 (National Records of Scotland, 2023). The in-migration of workers and their families could help contribute towards addressing the wider issue of falling school rolls in the local area.

Although a number of the new staff are likely to be young and therefore may not have children, it's likely that the development will at least in-part help create a more sustainable demographic profile for the local area going forward.



## 2.3 Business and Employment Base

### Business

In terms of the local business base, the proportion of businesses by employment size band tends to be relatively similar at a local level in comparison to Perth and Kinross and Scotland, with a marginally higher proportion of micro and small businesses locally (99% of business count) than the Scottish average (98%), **Table 2.3**.

**Table 2.3: Business Count - Enterprises by employment size band**

Business Size	Measure	Rannoch and Aberfeldy*	Perth and Kinross	Scotland
Micro (0-9)	%	85%	88%	87%
	Count	300	5,360	149,665
Small (10-49)	%	14%	11%	11%
	Count	50	650	18,170
Medium-sized (50-249)	%	1%	2%	2%
	Count	5	95	2,820
Large (250+)	%	0%	0.3%	0.4%
	Count	0	20	700

Note: \*Data was not available at 'Highland' level but was available at a more granular local level (Rannoch and Aberfeldy). Percentages do not add up for Perth and Kinross due to rounding.

### Employment

In terms of employment, the total number employed within the local 'Highland' ward is 3,995 but has decreased by over 5% since 2016, which is quite a notable contrast given that employment has grown across Perth and Kinross (+0.8%) and nationally (+1.6%) over the same period.

The largest levels of employment in the local area (by number of employees) are in the categories of 'Accommodation and food services', 'retail', and 'Arts, entertainment recreation and other services', which demonstrates the importance of the tourism/visitor economy to the local area,

**Table 2.4.**

**Table 2.4: Total Employment and % change between 2016 and 2021**

Industry	Highland Ward - Perth and Kinross		Perth and Kinross		Scotland	
	Employment (2021)	% Change since 2016	Employment (2021)	% Change since 2016	Employment (2021)	% Change since 2016
Agriculture, forestry and fishing	50*	0%	4,000	+33%	46,000	+28%
Mining, quarrying and utilities	100	-20%	4,500	+80%	62,000	-6%
Manufacturing	150	0%	5,000	+43%	176,000	0%
Construction	250	+43%	4,000	0%	151,000	+13%
Motor trades	20	-43%	1,500	-33%	41,000	-13%
Wholesale	20	0%	1,250	-38%	64,000	-16%
Retail	800	+14%	7,000	+17%	254,000	+9%
Transport and storage	50	0%	1,750	-13%	104,000	-3%
Accommodation and food services	1,000	-20%	7,000	0%	189,000	+3%
Information and communication	25	-29%	700	0%	77,000	+5%
Financial and insurance	5	-75%	1,500	0%	77,000	-6%
Property	150	-14%	1,250	+25%	37,000	+6%
Professional, scientific and technical	150	20%	3,000	-14%	162,000	-5%
Business admin and support services	225	0%	2,500	-38%	199,000	+9%
Public admin and defence	150	+50%	4,000	+14%	164,000	+6%
Education	250	+11%	5,000	0%	216,000	+14%
Health	250	-17%	7,000	-13%	396,000	-2%
Arts, entertainment, recreation and other services	350	-22%	2,500	-29%	105,000	-18%
<b>Total</b>	<b>3,995</b>	<b>-5.1%</b>	<b>63,450</b>	<b>+0.8%</b>	<b>2,520,000</b>	<b>+1.6%</b>

Source: BRES (2022)

\*This figure excludes farm agriculture

## Impact of investment on local business and employment

The Taymouth Castle Estate can help address and replace some of the losses in employment that have been witnessed within the local area over the last 5 years. Based on the economic impact modelling, Taymouth Castle Estate (if developed as outlined) could contribute to an uplift of just over 6% in the number of local jobs. This can also help to support additional indirect and induced jobs within the wider supply chain.

As can be noted above, 'Accommodation and food services' as well as 'Arts, entertainment, recreation and other services' are sub-sectors that comprise the wider tourism sector and have both seen significant (proportionate) declines in employment over the period 2016-2021, falling by -20% and -22%, respectively, equating to some 350 jobs. Part of this decline will be a result of the Covid-19 pandemic and cost of living crisis. The Taymouth Castle Estate development will increase employment within these sub sectors and replace some of these lost jobs.

Further, the construction capital activity associated with the development will provide local companies the opportunity to bid for construction contracts - building upon the strong growth witnessed within this sector over the past 5 years.

This can have other knock-on effects to the local economy, for example, an increase in the number of construction workers in the local area, who will stay in local hotels/B&Bs and spend money in local businesses.

## 2.4 Claimant Count

The claimant count describes the proportion of people of working age claiming unemployment related benefits. The figures for the Highland Ward (Local), Perth and Kinross (Regional) and Scotland (National) are presented in **Table 2.5** below. It can be noted that the local area generally performs better on this measure than the regional and national average, although this could be explained by the larger older population living locally (retirees) who are not counted in this measure as they are above 'working age'.

**Table 2.5: Claimant Count - % of 16 to 64-year-olds**

Gender	Highland	Perth and Kinross	Scotland
Total	1.7%	2.2%	3.0%
Male	1.8%	2.7%	3.6%
Female	1.5%	1.7%	2.3%

Source: Office for National Statistics (2023)

## Impact of investment on claimant count

The development is unlikely to have any notable impact at the local level given the relatively small number of claimants. At the regional level, the impact can be more significant if the development were to employ people who are currently unemployed and receiving unemployment benefits.

## 2.5 Earnings and Value-Add Activities

The Perth and Kinross area generally performs well in comparison to the national average when considering Gross Value Add (GVA) per job (a metric for productivity) and gross weekly earnings,

**Table 2.6.**

**Table 2.6: GVA and Earnings**

Measure	Perth and Kinross	Scotland
GVA per Job	£59,700	£54,100
Gross Weekly Earnings (Median)	£659	£640

Source: Office for National Statistics (2022)

It should be noted however, that the city of Perth is likely to skew the wider Perth and Kinross data given the presence of large well-paying employers, such as SSE and Aviva.

## Impact of investment on local earnings

The mean GVA per job at the Taymouth Castle Estate is estimated at circa £65,000 (approximately 9% above the regional average, and 20% above the Scottish average), with several jobs on the estate to be highly skilled and senior roles, including the golf operations director, director of agronomy, operations manager, IT director and finance VP - all of which (amongst many others) have average salaries of more than £60,000 a year.

These high value jobs can provide opportunities for people to develop successful and rewarding careers in rural Perthshire without the need to relocate to the cities (e.g., Edinburgh, Glasgow, etc), where most of Scotland's higher paid jobs are located - access to higher wages is a noted driver for out-migration of young people from rural/semi-rural areas.

## 2.6 Tourism Performance

At present the average length of stay for visitors to Perth and Kinross is 2.9 nights, which is 0.5 nights less than the average across Scotland. Where Perth and Kinross does outperform the national average is on spend per visit, with visitors to the area tending to spend more money than the average visitor across Scotland.

**Table 3.7: Visitor Data (2019)**

Area	Average length of stay	Average spend per day	Average spend per visit
Perth and Kinross	2.9 nights	£81	£237
Scotland	3.4 nights	£69	£232

Source: VisitScotland (2019)

### Impact of investment on tourism

Owners of property on the Taymouth Castle Estate, as well as visitors/guests to Taymouth Castle, will generate economic impacts through their spend while visiting Scotland. Guests/visitors of the estate visiting local attractions, restaurants, shops, café etc should help positively contribute towards raising total visitor spend in the area - which is modelled in Section 3.2.3.

## 2.7 Key Points from the Baseline Data

The socio-economic baseline data shows that Perth and Kinross and the local area around Kenmore face some challenges, particularly regarding demographics, with the population increasing at a much slower rate than the regional and national average, whilst it's also ageing faster. If unaddressed, this could cause significant challenges for economic activity and productivity in the local economy.

Employment levels locally have also been declining (specifically in important areas such as tourism), with employment levels down -5% in the local area over the last 5 years (2016-21). On economic value add and salaries, Perth and Kinross performs relatively well in comparison to the national average, with the development likely to further strengthen this position through the provision of well-paid and high value add roles.

The data helps demonstrate there is potential benefit to be had from attracting large-scale inward investment and development activity to the local area.

# 3 Socio-Economic Impact Assessment

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The following section presents the findings of the socio-economic impact assessment, which is based on five key receptors, namely:

1. **Capital/construction** - The construction activity associated with the Taymouth Castle Estate development.
2. **Operational On-going activities** - The on-going operations of the entire site e.g., castle, restaurant, golf course, spa etc.
3. **Off-site spend** - Consumer/visitor spend outside the development, by those either staying in the homes or at Taymouth castle.
4. **Household spend** - The spend from households furnishing and fitting out their homes on-site.
5. **Financial Impact** - The taxes generated through the purchase, capital expenditure and on-going operation of the site.

## 3.1 Method of Assessment

We have used several technical terms when describing the likely social and economic impacts:

### Employment

- **Full Time Equivalent (FTE) jobs** - used to measure the direct employment created as a result of the project, considered to be an equivalent post that is contracted to 30+ hours per week for a period of 10 years. It is assumed that 2 part-time jobs equal 1 full-time job.
- **Person Year Equivalent (PYE) jobs** - this method allows the number of people on-site over the whole construction period (which will vary over the period between full-time, part-time, permanent, temporary and contract) to be estimated as an annual (or yearly) equivalent job - job years. PYEs are also used to measure the employment impacts from one-off spend on home furnishing/interior design.

### Economic Contribution

- **GVA** - a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment.

- **Wages** - (gross) financial remuneration paid to employees.

## Impacts

- **Gross impacts** - the direct impacts created through the capital investment and ongoing operations/activities of the development (on-going activities, off-site spend, household spend).
- **Net-direct impacts** - the out-turn of the gross impacts (both on- and off-site) taking account of:
  - the impact the development is estimated to have on other businesses and the labour market (**displacement**).
  - the proportion of impacts that will benefit those outside the defined spatial area (**leakage** outside of the Perth and Kinross and Scotland regions).
  - the positive spin-off benefits generated through income and supplier **multiplier effects** - the indirect and induced effects.
- **Net cumulative discounted impacts** - the total quantified value of the net direct GVA and wages over a 25-year period taking account of the construction works, the date at which the development will be completed and occupied, and the time value of money (i.e., £1 today is worth more than £1 next year). Impacts are discounted at the HM Treasury Social Time Preference Rate (3.5%).

## Note on Rounding

To avoid 'spurious accuracy' data has been rounded as follows:

- Construction impacts: Jobs are rounded to the nearest 10 jobs, while GVA and wages are rounded to the nearest £1 million.
- On-going economic impacts: Jobs are rounded to the nearest 10 jobs, while GVA and wages to the nearest £1 million.
- Off-site spend impacts: Jobs are rounded to the nearest 5 jobs, while wages and GVA rounded to the nearest £500K.
- Household spend impacts: Jobs are rounded to the nearest 10, while wages and GVA rounded to the nearest £1million.

The socio-economic impacts are presented at a Perth and Kinross and Scotland level.

## 3.2 Impact Assessment

### 3.2.1 Capital Expenditure/Construction Impacts

#### Overview

The construction element of the project will generate one-off economic impacts, from the site preparation, remediation works and physical construction/renovation of the castle/residential/golf course/housing etc. The economic impacts of the construction are derived using [Scottish Annual Business Statistics](#) data, which provides up-to-date statistics for the construction sector in Perth and Kinross.

#### Method

To calculate the number of jobs in the wider construction sector, we have used the capital spend estimate of circa £370 million<sup>4</sup>, which Discovery Land Company is committed to investing on the development, as well as the circa £360 million<sup>5</sup> that is expected to be leveraged from the private sector in constructing the homes on site. There is also estimated to be a further circa £60 million leveraged from the private sector in furnishing/fitting out the homes, which is analysed later in **Section 3.2.4** - Household Spend Impacts.

To date, Discovery Land Company have already invested £45million on land and building acquisition, which is not included within the £370 million figure above as it is a 'sunk cost', but is assessed, in its contribution towards raising significant Land and Buildings transaction taxes for government - discussed in further detail in **Section 3.2.6**.

The analysis is based on financial data provided by Discovery Land Company, which captures cost estimates for future work as well as costs that are either committed or have already been spent on the project. To calculate jobs, the construction spend figure above was divided by the average Scottish construction industry turnover/capital expenditure ratio of £153,321, which estimates the spend required to sustain one construction job for a period of one year - a Person Year Equivalent (PYE) job.

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<sup>4</sup> Investment includes: Infrastructure, castle and golf course renovation/construction, offsites, soft costs, sales/marketing/admin, Club/HOA subsidies and a contingency budget. It excludes the £45million that has been spent acquiring the land.

<sup>5</sup> Investment includes home construction costs (excludes fit-out/furnishing of home).



The ratio is derived from Scottish Annual Business Statistics (SABS) data and averaged across the period of 2018-2021. The data has then been adjusted to reflect present day prices using the Office for National Statistics (ONS) GDP Deflator<sup>6</sup>.

## Impacts

The gross construction impacts by investment are presented in **Table 3.1** below.

**Table 3.1: Gross Construction Impacts**

Group	Measure	Total
<b>Discovery Land Company Investment (£370m)</b>	PYE Jobs	2,610
	GVA	£159m
	Wages	£71m
<b>Private Sector Leveraged Investment (£360m)</b>	PYE Jobs	2,360
	GVA	£143m
	Wages	£63m

Note: These impacts are one-off and only occur during the construction period

As highlighted in **Section 3.1**, the gross impacts are then calculated as a net direct impact, which involves applying a displacement and leakage rate to the figures, as well as applying local and national multipliers to account for the wider indirect and induced economic impacts at both a Perth and Kinross and a Scottish level, **Table 3.2**.

**Table 3.2: Net-direct Construction Impacts (Discovery Land Company + Leveraged Investment)**

Region	Measure	Total
<b>Perth and Kinross</b>	PYE Jobs	2,620
	GVA	£160m
	Wages	£70m
<b>Scotland</b>	PYE Jobs	4,510
	GVA	£275m
	Wages	£121m

Note: These impacts are one-off and only occur during the construction period

<sup>6</sup> ONS GDP Deflator, available here: [GDP Deflators Spring Statement March 2022 update.xlsx \(live.com\)](https://www.ons.gov.uk/gdp-deflators-spring-statement-march-2022-update.xlsx)

The construction activity on the Taymouth Castle Estate site is expected to create **2,620 one-off construction jobs** in Perth and Kinross, generating **£70 million in wages** and contributing **£160 million of GVA** to the local economy.

## 3.2.2 Operational On-going impacts

### Overview

On completion of the infrastructure and wider capital works, the Taymouth Castle Estate development will contain a variety of different mixed-use operations, as set out in **Section 1.1** – the castle (operating as visitor accommodation), housing, restaurants, spa, golf course and Glenlyon farm and field activities. These will create and generate on-going economic benefits in the form of jobs, salaries/wages, and GVA to the local and national economy. Staff are likely to live relatively nearby, therefore for modelling purposes we can assume a fairly low leakage rate, with staff living and likely to be spending their wages within relatively close proximity of the site (helping to circulate and retain wealth locally).

### Method

EKOS' assessment of gross and net impacts was informed by financial and employment data provided by Discovery Land Company (annual FTE employment and salaries) as well as utilising phasing data set out in the development masterplan document. To calculate GVA, an average GVA/Salary co-efficient of 60% for the Perth and Kinross region (taken from Scottish Annual Business Statistics<sup>7</sup>) was applied to the salary data, which was then converted to 2024 prices using Office for National Statistics (ONS) deflators.

### Impacts

The gross impacts associated with the on-going running of the Taymouth Castle Estate when the development is fully operational is presented in **Table 3.3** below.

**Table 3.3: Gross Onsite on-going Impacts**

Measure	Total
FTE Jobs	250
GVA	£17m
Wages	£10m

<sup>7</sup> <https://www.gov.scot/publications/scottish-annual-business-statistics-2021/>

Note: These impacts are on an annual, on-going basis.

Considering displacement, leakage and multiplier effects, the net-direct impacts at both a Perth and Kinross and Scotland level are presented in **Table 3.4** below.

**Table 3.4: Net-direct Onsite on-going Impacts**

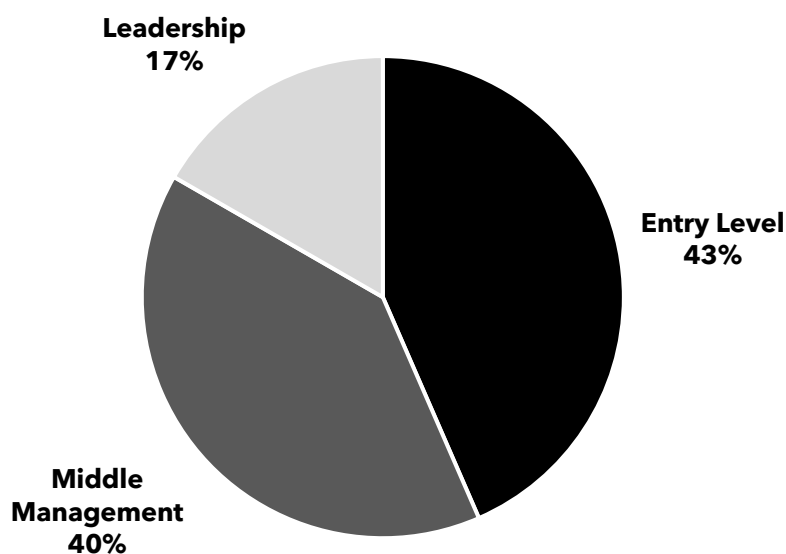
Region	Measure	Operational
<b>Perth and Kinross</b>	FTE Jobs	200
	GVA	£14m
	Wages	£8m
<b>Scotland</b>	FTE Jobs	270
	GVA	£19m
	Wages	£11m

Note: These impacts are on an annual, on-going basis.

The on-going net direct impact generated through the operations on the Taymouth Castle Estate are estimated at **200 FTE jobs, £8 million** in salaries/wages and a **GVA contribution of £14 million** per annum to the Perth and Kinross economy.

Of the aforementioned jobs, the split across seniority i.e., entry level, middle/management and leadership, is presented in **Figure 3.1** below. There is a mix of roles across levels of seniority, with a number of entry level positions available for those without formal training or those early in their careers, as well as senior and highly skilled roles for those building their careers or for those with significant industry experience.

**Figure 3.1: Proportion of headcount by role level**



The job roles can be categorised into the below 14 categories (**Table 3.5**), with the majority of roles falling under either culinary, food and beverage or residential services.

**Table 3.5: Jobs on-site by category**

<b>Job Category</b>	<b>Proportion of headcount (%)</b>
Culinary	21%
Food and Beverage	17%
Residential Services	13%
Facilities	8%
Member Services	8%
Security	7%
Golf Operations	6%
Gardens	5%
Farm and Field Sports	5%
Admin and General	5%
Development and Construction	2%
Spa and Fitness	2%
Outdoor Pursuits	1%
Sales and Marketing	1%

Source: Discovery Land Company

### 3.2.3 Off-site Spend

#### Overview

The proposed Taymouth Castle Estate includes accommodation offerings for members/visitors, including Taymouth Castle (23 suites) and the housing development (145 homes). This accommodation provision (attracting visitors to the local area) will generate an 'off-site spend' impact within the economy. Examples of this could be members/guests visiting local cafes/restaurants, spending money in shops or visiting local tourist attractions. This expenditure can (in large part) be attributed to the development itself, which has provided the accommodation provision for people to stay overnight, visit the area and spend money in the local economy.

#### Method

Impacts from off-site spend were informed by discussions with Discovery Land Company on the likely indicative spend patterns of visitors to Taymouth Castle Estate.

Spend patterns are modelled upon an indicative occupancy rate provided by Discovery Land Company, which is based on both the seasonality of the estate, i.e., likely to be primarily a summertime/holiday residence, as well as occupancy rates across other comparable Discovery Land Company estates.

The average spend data used in the analysis assumes an average per day per person spend of £100. The assumed off-site spend has been scaled up for the expected total number of visitors (based on the occupancy rate and assumed visiting group sizes) to give a total visitor spend. The visitor spend is divided by the average turnover per FTE across the 'Food and Beverage', and 'Arts and Entertainment' sectors of £53,000 - which is estimated using Scottish Annual Business Statistics.

## Impacts

The gross impacts of the off-site spend are presented in **Table 3.6** below.

**Table 3.6: Gross Off-site spending Impacts**

Measure	Total
FTE Jobs	110
GVA	£3.0m
Wages	£2.0m

Considering leakage, displacement and multiplier effects, the net-direct impacts at both a Perth and Kinross and Scotland level are presented in **Table 3.7** below.

**Table 3.7: Net-direct Off-site spending impacts**

Region	Measure	Impacts
<b>Perth and Kinross</b>	FTE Jobs	55
	GVA	£1.5m
	Wages	£1.0m
<b>Scotland</b>	FTE Jobs	75
	GVA	£2.0m
	Wages	£1.5m

Off-site spending by those staying at the Taymouth Castle Estate, will have net direct effects in Perth and Kinross in creating **55 FTE jobs**, with associated **wages of £1.0 million** while contributing **£1.5 million of GVA** to the local economy, annually.

## 3.2.4 Household Spend

### Overview

The 'household spending' covers the furnishings and internal appliance kit-out of the 145 proposed homes on the Taymouth Castle Estate. Spending impacts account for an initial one-off spend (i.e., furnishing/decorating the house) which will create jobs in the likes of the retail and wider construction industries.

### Method

The one-off spend impacts have been calculated using spend forecast data provided by Discovery Land Company, which estimates an average spend of £80 per square foot on an average home size of 5,000 square foot. This figure has been scaled up for the 145 homes and applied to a weighted turnover per FTE ratio of £154,321 for a 'basket of household spend goods/services'. This spend data has been used to calculate job creation, wages and GVA generated in the local (Perth and Kinross) and national (Scotland) economy.

### Impacts

The gross impacts of the household spend are presented in **Table 3.8** below.

**Table 3.8: Gross one-off household spend impacts**

Measure	Total
FTE Jobs	380
GVA	£23m
Wages	£10m

The net direct impacts associated with the initial one-off household spend, accounting for displacement, leakage, and multiplier effects, are presented in **Table 3.9** below.

**Table 3.9: Net Direct one-off household spend impacts**

Region	Measure	One-off Household Spend Impacts
Perth and Kinross	FTE Jobs	200
	GVA	£12m
	Wages	£5m
Scotland	FTE Jobs	280
	GVA	£17m
	Wages	£7m

Note: These impacts are one-off and only occur on initial furnish/kit-out of the property.

One-off spend by households moving into and furnishing houses on the Taymouth Castle Estate site will support **200 one-off FTE jobs** in Perth and Kinross, supporting **£5 million in wages** and **£12 million in GVA to the local economy**.

### 3.2.5 Long Term Net Impacts

In assessing the potential long-term impacts of the development (over a 25-year period)<sup>8</sup>, we have identified that the cumulative one-off construction, ongoing on-site operations, off-site spend and one-off household spending associated with the development will generate a significant level of net direct GVA and wages for Perth and Kinross as well as Scotland, as presented in **Table 3.10**.

**Table 3.10: Cumulative 25-year Net Direct Present Value Impacts<sup>9</sup>**

Measure	Perth and Kinross	Scotland
<b>GVA</b>	£390m	£590m
<b>Wages</b>	£210m	£320m

Over 25 years the proposed Taymouth development is estimated to generate **£390 million of GVA** for the Perth and Kinross economy, whilst supporting **£210 million in local wages**.

## 3.3 Financial Impacts

Apart from the economic benefits, the Taymouth Castle Estate will generate both one-off and on-going tax receipts, namely:

### Land and Buildings Transaction Tax (LBTT)

Through the purchase of land, accommodation, and buildings as part of the development, Discovery Land Company will pay LBTT on all purchases. LBTT data was provided directly by Discovery Land Company.

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<sup>8</sup> HM Treasury Green Book identifies that appraisals should be undertaken for the anticipated lifetime of the new asset, up to 25 years.

<sup>9</sup> The values within this table represent the estimated GVA and salaries generated via the one-off construction investment as well as the continuous operational jobs, off site spend and on-off household spend. They exclude the financial impacts e.g., income tax, council tax etc. These impacts have been discounted at 3.5% (HM Treasury's Social Time Preference Rate) for a period of 25 years to reflect the Present Value (PV).

## Income Taxes and National Insurance

The on-going taxes generated and paid by staff working on the Taymouth Castle Estate site. These were calculated using the salary information provided by Discovery Land Company and then applied to the marginal Scottish tax rate<sup>10</sup>. This calculated the income tax and national insurance contributions on an annual basis.

## Council Tax

The local taxation system administered by Perth and Kinross council that will be applied to the domestic properties on-site. The 145 properties on site are assumed to be within council tax band H (the highest banding) which has an annual charge of £4,444 a year<sup>11</sup>. We have assumed that residents will pay the full 100% charge throughout their ownership.

## Non-Domestic Rates

Discovery Land Company are in discussions on assessing the level of non-domestic rates payable on the estate. At present it is too early to confirm the amount but given the scope and scale of the completed development these are likely to be significant.

## Overall Impacts

The financial and tax impacts deriving from the Taymouth Castle Estate development are detailed in **Table 3.11** below.

**Table 3.11: Financial and Tax impacts - £s**

Financial Impact	Annual (£)	25-year period - Discounted
Land and Buildings Transaction Tax	£3,200,000 ( <i>one-off</i> )	
Income Tax and National Insurance	£3.1m	£55m
Council Tax	£0.6m	£11m

Over a 25-year period the Taymouth Castle Estate development will generate **£55million in income tax and national insurance receipts**, as well as **£11million in council tax**.

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<sup>10</sup> See <https://www.mygov.scot/income-tax-rates-and-personal-allowances>

<sup>11</sup> See <https://www.pkc.gov.uk/Counciltaxbanding>



## 4 Wider Socio-Economic Benefits

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While the Economic Impact Assessment provides evidence as to the economic activity that potentially could be delivered by the Taymouth Castle Estate development, it is important that consideration is also made of the wider (often less tangible) impacts that could be realised through the development.

Below we have considered the wider benefits in terms of:

- Local Contractors.
- Local Suppliers.
- Kenmore Village Assets

### Local Contractors

The developers anticipate using local contractors as much as possible during the construction phase of the development. This includes the use of local architects/engineers, suppliers, and labour.

Several local businesses have already been contracted to carry out various elements of work, a selection of the services used and their location within Perth and Kinross is shown in **Table 4.1** below.

**Table 4.1: Local Contractors Used<sup>12</sup>**

Service	Business Location
Civil Engineering	Aberfeldy
Electrical Services	
Plumbing/Heating	
Joinery	
Cleaning	
Architecture Services	
Agricultural Engineer	
Painters/Decorators	Perth
Fire Training/medical training and HSE reviews	
Cost Consultants	
Environmental Consultants	
Archaeological Services	Perth and Kinross
Security Manpower	
Tree Management Services	Blairgowrie
Plumbing/Heating	

Source: Discovery Land Company

On top of the use of local contractors, any contractors travelling to work on-site from further afield have been staying in accommodation in the local area (predominantly in Aberfeldy), including:

- Moness Country Resort, Aberfeldy.
- Schiehallion Hotel, Aberfeldy.
- Breadalbane Hotel, Aberfeldy.
- Ailean Chraggan Hotel, Weem.

Two local homes have also been rented to house the contracted security team.

The use of local hotels/accommodation during construction - which will continue to scale up as the development progresses - will generate indirect and induced supply chain benefits to the local area, with contractors spending money in local businesses e.g., shops, restaurants etc, while on site.

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<sup>12</sup> A number of contractors from elsewhere in Scotland have also been utilised, although the table is intended to just show those local to the development site.

## Local Suppliers

As captured earlier in the report, the scale of the project will generate benefits for businesses within the supply chain (captured as part of the multipliers used). Several local businesses have already been used by the Taymouth Castle Estate, with many continuing to be used. This will help to retain and circulate wealth with the local and regional economy.

The developers are keen to use local suppliers as much as possible and help retain expenditure in the local economy. A selection of some of the local services already used during construction are shown in **Table 4.2**.

**Table 4.2: Local Suppliers used**<sup>13</sup>

Service	Location
Building Merchants	Perth
Biomass Units	Aberfeldy
Guiding services for guests	Aberfeldy
Guiding service, bike servicing and provision of biking equipment	Comrie
Supply of mountain bikes and equipment)	Perth
Construction of outdoor activity adventure courses	Aberfeldy
Supply of Haglofs outdoor clothing	Perth
Land-based training courses	Perth
Accommodation	Aberfeldy
Provision of all staff food on site - daily	Aberfeldy
Provision of fire extinguishers	Perthshire
Provision of lunches for estate employees	Aberfeldy
Use of local Gillies and Shooting instructor	Kenmore
Tyre work on all company vehicles	Perth

Source: Discovery Land Company

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<sup>13</sup> A number of suppliers from elsewhere in Scotland have also been utilised, although the table is intended to just show those local to the development site.

## **Moness Resort**

The Moness Resort in nearby Aberfeldy was recently purchased by an affiliate company, with approximately £10million invested in the facility so far. The resort continues to operate, with plans for considerable further renovations and investment to be made over the coming years to enhance and modernise the resort. It's anticipated that the resort can/will also be utilised as staff accommodation for the Taymouth Castle Estate.

## **Kenmore Village Assets**

Although not assessed as part of the economic impact assessment, affiliate companies own properties in the village of Kenmore that have, or will be, significantly renovated and refurbished. At present these include the following: Kenmore Hotel, the village shop, Taymouth Trading, Brae Cottages, Am Fasgadh and Gatehouse, Paper Boat, Police House, St. Margaret's and Willowbank, Nurses Cottage, and the Boathouse cottages.

The Kenmore Hotel closed in March of 2022 and is undergoing significant renovation works, including to the hotel's plumbing and electrical systems to bring it up to modern standards. It's anticipated that the fully renovated hotel will be re-open again in 2026. The village shop will be open again in 2024 after the renovation works are completed. Taymouth Trading is planned to be re-opened as a restaurant/pub and will be open to the public for meals and drinks.

In total, there is estimated to be approximately £30 million spent on capital works across the various village properties. Based on the construction co-efficient used to model the CAPEX impacts within the Taymouth Castle Estate, the investment would support in the region of 200 additional (gross) one-off construction jobs, as well as wages and GVA of circa £5m and £12m respectively, over the renovation period. We have excluded the on-going operational benefits from the report due to the fact that the Kenmore Hotel and Village shop were running prior to acquisition.