Isle of Man Government
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TT & Festival of Motorcycling Economic Impact Assessment Part 2

Economic Affairs

Cabinet Office

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Contents

Foreword

It is my pleasure to introduce this second part of the economic impact assessment of the TT and Festival of Motorcycling.

I would like to thank the Economic Affairs Division of the Cabinet Office for their work on compiling the assessment and all those individuals, government departments and businesses who contributed to the process.

Motorsports have become an important part of the identity of the Isle of Man for many people and generate revenue for numerous businesses on the island. The first part of this report concentrated on the costs and benefits of these two unique events to government and was published in June 2018.

What we have tried to do since then is quantify the economic benefits to the island in a wider way by consulting with those who have direct links to the events but not forgetting those individuals and businesses who may not engage in any of the events during the two festivals but are still impacted either positively or negatively because they occur.

By their very nature, these economic costs and benefits can only be estimates. The Economic Affairs Division has used validated methods of estimating visitor spend and also some of the healthcare costs. By consulting with as wide a group as possible I hope this reports provides a useful commentary on the range of different views expressed and highlights the overall positive impact that motorcycling festivals have on the island's economy.

Towards the end of the report the impact of injuries and fatalities is explored. It is a sad reality that during these major international events competitors are injured during the races and also increased accidents happen on our public roads. The increased volume of traffic during these busy periods adds to the issues faced by our emergency services. I apologise if this may be seen as insensitive as serious injuries or deaths of riders and their passengers are always a personal tragedy which cannot be quantified merely by medical costs and loss of income. None the less it is important that these costs are recognised and acknowledged. My hope is that the Government's Road safety strategy can help further identify causes and lead to initiatives to make our roads safer in the future for all of us.

Dr Alex Allinson MHK

Member for Cabinet Office

Executive Summary

The TT and Festival of Motorcycling are two events that have a wide reaching impact across almost all of the economy. The following report, in conjunction with the first part of this assessment, attempts to quantify, where possible, the impact these events have on the Island.

The assessment relies heavily upon the co-operation of businesses across the Island from a wide range of sectors and is therefore limited by those who chose to participate in the call for evidence or respond to the invitations to more detailed interviews.

The evidence gathered through this process shows that the events have a significant positive benefit upon the Island's economy, by supporting a number of sectors throughout the year and benefiting the residents of the Island through achieving economies of scale for businesses that might not otherwise be possible on domestic consumption alone.

Given the duration of the events, the number of visitors and the value of their expenditure is considerably disproportional, with the events accounting for 20% of all visitors to the Island, and 39% of all spending. In context, the 61,000 visitors that attend the two events spend the equivalent of 98,000 visitors.

Based on the visitor expenditure of £44m by those attending both events, it is estimated that up to 815 jobs are supported.

As the two events account for such a large proportion of visitors over a small time period, they provide a significant level of income to tourist accommodation providers and to transport providers.

For hotels and other providers, the two events result in very high occupancy rates which allows those businesses to create significant levels of revenue, which both helps support their activities through the rest of the year, particularly during the winter season, and to reinvest in renovations and expansions.

For transport providers, specifically the Isle of Man Steam Packet Company, the loss of the events would represent a significant challenge to continuing their operations and the events help to secure strategic routes, which would not be sustainable without the premium income that the two events allow for.

Both sectors were also keen to stress that the events, the TT especially, provide a level of international brand awareness of the Island that it would struggle to achieve otherwise.

There is a similarly strong positive impact on the Retail, Wholesale and Catering & Entertainment sectors, and a wider benefit to the Island. For those in Retail or Wholesale, the events provide a 20-30% increase on normal trading and can, for some, amount to a significant proportion of annual revenue. For those in Catering & Entertainment the events can contribute between 10 to 45% of annual turnover. All three sectors noted that due to the increase in sales volumes they are able to achieve greater economies of scale with suppliers, meaning that prices throughout the year are lower than they would be without the events.

However, the events do present difficulties to other sectors of the economy due to the road closures which either limit customer's access to them, or their access to customers. Of particular note by many was the comparison between the 2018 TT and Festival of Motorcycling, where the TT ran to schedule with no additional road closures for disrupted racing, whilst the Festival of Motorcycling presented a much more significant challenge due to weather disruption, causing racing to be postponed to other days.

The events also have a human impact, for competitors who risk injury and unfortunately death. This also applies both residents of the Island and visitors who may be involved in incidents on the Island's roads during these periods.

There were also a number of sectors and businesses who are not represented in this study who are likely to be impacted by the events, such as taxis, fuel companies, telecommunications and construction companies. Whilst it is likely that the events increase spending by local residents, there is no specific data available to assess this impact.

Based on the information that has been provided, alongside that of the TT and Festival of Motorcycling surveys, there is strong evidence that the two events provide a net economic benefit to the Island, supporting a number of industries, securing transport links and providing economies of scale that domestic consumption would not allow for.

Introduction

The TT and Festival of Motorcycling Economic Impact Assessment was commissioned because of Recommendation two from the Economic Policy Review Committee in relation to Vision Nine, which was approved by Tynwald in January 2018.

The first report[1], which was laid before Tynwald in June 2018, was focussed on the impact the two events have upon the Government. It found that whilst the TT generated a net income of £605,000, the Festival of Motorcycling incurred a net expenditure of £835,000. After shared costs which are required by both events of £725,000, the net cost to Government of both events was £955,000.

However, as the report mentions, in both the introduction and next steps, that report does not take into account the wider impact upon the economy, which may either offset the net expenditure of the events or amplify them.

This second report looks at the wider impact upon the economy of both events and combines data from the TT and Festival of Motorcycling visitor surveys with information gathered from interviews with a wide range of businesses on the Island and estimates of the impact upon the local population.

The report is structured by economic sector, discussing both the benefits and costs to the wider economy that arise from the events.

From the interviews that were held, it is important to note that benefiting from the events and being negatively impacted by them are not mutually exclusive and neither is it the case that both events provide an additional benefit over what might occur without them.

Due to the events long running nature there was a significant difficulty for a number of businesses to identify what the impact of the events were. Where possible this was approached from the hypothetical situation of what would your business look like if the events did not happen. However it was not always possible to obtain financial information from participants and therefore this second report provides much greater commentary around the issues that were highlighted by participants.

[1] TT & Festival of Motorcycling Economic Impact Assessment – Part 1, GD 2018/0036, https://www.gov.im/media/1361842/2018-05-08-tt-and-festival-of-motorcycling-economic-impact-assessment-part-1.pdf

Methodology

Due to the scope of the assessment to not only consider the impact on Government, but the wider impact on the whole economy, the methodology that was approved by the Council of Ministers in March 2018 will split the process into two sections.

The first section, which the previous report focused on, was about the internal costs and benefits of the event to the Isle of Man Government. This second report focuses on the impact on the wider economy.

The approach, which has been taken into the cost and benefits to the wider economy, has been drawn from multiple sources.

The first source of data is the TT and Festival of Motorcycling visitor surveys that were conducted in 2017. Whilst 2018 data is available, the first part of the report utilised data from 2017 due to the 2018 events not yet having taken place and therefore it is most appropriate to use the same year's data for part 2.

The second source of data comes from a Call for Evidence that was conducted during April and May 2018 which received 86 responses and contained a wide variety of views that recognised positive and negative implications of the events.

Building on this second source of data, invitations for further detailed interviews were sent to 70 businesses from a range of sectors to discuss the impact of the surveys, of which 18 businesses agreed to take part.

Additional data will also be utilised from the Passenger Survey in order to estimate whether or not there is an increase in the number of residents leaving the Island during that period.

Visitor Spending

The visitor spending is derived from the TT Visitor Survey 2017[2] and the Festival of Motorcycling Survey 2017[3]. Amongst other things, these surveys estimate the average spend per visitor and total expenditure by all visitors for both events. This spending is captured in three categories of Travel, Accommodation and Expenditure whilst on the Island.

Call for Evidence

A call for evidence was issued in April and May 2018[4] which invited any businesses, charities and self-employed people and other groups to provide initial evidence on whether the events have a positive or negative impact upon them. It was intended as a starting place for conducting further investigations, however a number of respondents provided detailed and

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[2] TT Visitor Survey 2017, Department for Enterprise (then Economic Development), https://www.gov.im/media/1358080/tt-survey-2017-report.pdf

[3] Festival of Motorcycling Visitor Survey 2017. Department for Enterprise (then Economic Development), https://www.gov.im/media/1359721/fom-2017-report.pdf

[4] TT and Festival of Motorsport Economic Impact Assessment - Call for Evidence, https://consult.gov.im/cabinet-office/tt-and-festival-of-motorsport-economic-impact/

extensive responses which are suitable for use in the report. There were 86 respondents to the Call for Evidence.

Subsequent to this call for evidence, invitations to take part in the impact assessment were sent to 70 businesses from a wide range of sectors across the economy. From this, 18 businesses responded as being prepared to take part in the assessment. The list of companies who were contacted and responded is provided in Appendix One. Data regarding those who responded to the Call for Evidence is also included in Appendix Two.

Visitor Impact

The 2017 TT and Festival of Motorcycling (FOM) Visitor surveys estimated that there were 45,054 and 16,218 visitors respectively who came to the Island. This represents 20% of the total visitor numbers to the Island during 2017.

For both events, those visitors also stay on Island longer than average, with TT visitors staying for 6.5 days and FOM for 7, compared with 5.3 days for all visitors during the year. Their expenditure is also significantly higher as well, which whilst this would be expected for both travel and accommodation due to the two events being considered peak season and capacity being limited, visitor spend on the Island is also much greater than average, as Table 1 shows.

Table 1 Visitor Expenditure by Event (£)

	TT	FOM	Total Yearly Average[5]	Estimated Adjusted Spend without events
Travel	191	159	126	99
Accommodation	157	154	113	85
On Island Expenditure	409	299	209	149
Total per person	**757**	**612**	**448**	**333**
Total spend (£m)	**34.1**	**9.9**	**112.6**	**68.6**

Along with the events generating a disproportionate number of visitors compared with their length over the year, the visitors for these events are responsible for a considerable level of total spend on Island by visitors. The 2017 Passenger Survey estimated that £112.6m was spent during the year, of which TT and FOM visitors accounted for £44m, which is 39% of all visitor spending.

It is therefore clear that TT and FOM visitors are highly valuable to the tourist industry on the Island and would be very difficult to replace if the events did not happen, given their willingness to spend considerably more than other visitors. At the current rate of expenditure, the Island would require 98,000 visitors spending at the average in order to replace the 61,000 visitors that come for the events.

Based on studies undertaken in the UK[6] into the link between tourism expenditure and job creation, to which Isle of Man data shows a similar trend, it is estimated that for every £54,000 of tourism spend a job is created. On this basis, the TT and FOM spend of £44m could be supporting up to 815 jobs in the Island's economy. Based on the average salaries, income tax and national insurance payments, these jobs result in £5.4m in wages, and contribute around

[5] Table 12, Isle of Man Passenger Survey 2017, Cabinet Office, February 2018, https://www.gov.im/media/1361023/2018-01-25-passenger-survey-annual-report-2017-final-v2.pdf

[6] Pages 35 and 36, Tourism: jobs and growth, The economic contribution of the tourism economy in the UK, Deloitte and Oxford Economics, November 2013, https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/Tourism_Jobs_and_Growth_2013.pdf

£1.06m to the Government through taxation (£307,000 in Income Tax and £755,000 in National Insurance).

However, against the volume of visitors which the events bring to the Island, it is often said that there are a large number of 'TT Escapers', who are Manx residents who leave the Island during the TT period in order to avoid the events. Investigating this is made more complicated by the fact that regardless of the TT happening, there is the school half term, which takes place at the same time as TT race week, meaning that people are likely to be departing the Island due to this.

Data from the Isle of Man Steam Packet shows the number of residents departing the Island drops considerably during the week prior to TT, then further still between practice and race week. It then rapidly recovers the week after TT has finished back to normal levels. Whilst the same data is not available from the various airlines to look at a weekly movement of residents (and the passenger survey is not suitable for such detailed analysis), the monthly estimated resident departures by air from 2013 through to 2018 show that resident departures during June do not markedly increase compared with previous months. In a number of years the number of residents departing the Island reduces compared with May or remains relatively static.

So whilst within those that are departing may be a number of people who are looking to avoid the TT, there does not appear to be an unusual level of increase that would suggest large numbers of residents are doing so.

In relation to the visitor impact, the data shows that:

- The two events draw in a disproportionate number of visitors given the duration of them, whose expenditure is even more disproportionate to the number of visitors;
- Visitor expenditure could be supporting upwards of 815 jobs in the economy, amounting to £1.06m in Government income.
- The data does not support the concept of 'TT Escapers' being any greater than at other times of the year, with resident departures being similar to other times of the year.

Tourist Accommodation

Given the large number of visitors that the two events draw to the Island, one of the most significant beneficiaries of the events are tourist accommodation providers, which range from home stay and camping through to luxury apartments and hotels. As part of the assessment, interviews were held with 10 accommodation providers, with a further 1 providing information only through the call for evidence. Between them, they employ 312 staff, which is 40% of all jobs within the sector.

The most common response that was received from all of the tourist accommodation providers that were interviewed was that TT and FOM are periods at the beginning and end of the tourist season that guaranteed high, often 100%, occupancy. Due to having this high level of occupancy and the attraction of the event, many businesses are able to charge a premium, particularly at TT and to a lesser extent the FOM for their rooms and still maintain healthy occupancy rates. There were considerable variations in the 'TT premium' which businesses charged, ranging from a 15% increase above the standard rate through to 150% increase.

There were some businesses which felt that they may be able to maintain good occupancy levels during these periods but that there would not be the scope to recover the lost premium or the occupancy would be through single person room occupancy whereas the TT and FOM attract groups of visitors.

There was also a very clear distinction between the two events in the opinion of many businesses, both in terms of importance to the them, generally in favour of the TT over FOM but also in the kind of visitor as TT has a generally younger aged audience than the FOM. It was noted that they tend to go out around the Island, enabled by the number of events going on, whereas those coming for FOM tended to spend more money within the hotels on food and drink as well as accommodation.

Businesses were queried on whether or not their staffing levels are impacted by the events, or whether if the events did not happen, would they considerably reduce their levels of employment, and for most, particularly hotels, this would not change. The reasons given were usually due to the fact that with a fixed number of hotel rooms, they still require cleaning and servicing. Although staffing overall may not change, a number of comments were made that whilst seasonal staff would probably still be employed, they would likely be employed for a shorter period, starting in mid to late June rather than in May and perhaps finishing earlier.

There was a mix of responses from businesses as to whether or not they would continue to be viable without the events and the responses generally, but not always, depended on the size of the organisation. Of the businesses in this sector that were spoken to, those smaller, often family run businesses, come across as being most vulnerable with the two events subsidising their operations throughout the rest of the year and in particular the winter season. Smaller hotels in particular noted that it would probably be more viable to convert to being a House of Multiple Occupation (HMO) rather than to continue to operate as a hotel, which would a loss of capacity for the Island.

Whilst the larger businesses within the sector were of the opinion that they could probably survive the loss of the events, there would, without an obvious replacement for the draw of the events, be an impact upon them. The most common response from businesses which we spoke to, both small and large, was that they would have to scale back investment in their properties and facilities, such as renovations and improvements to buildings. This could take the form of either extending the time period over which such work was done, or cancelling it. This would have an impact upon the local construction industry who carry out this work.

Many businesses within the sector also remarked that the TT provided some brand recognition of the Island internationally which most believed would be lacking if we did not have it and that it functioned as an important marketing tool outside of the events, especially with the capacity issues around the TT. However it was also noted by some that the TT brand may have disadvantages, mostly around perceptions that the Island is always a road racing destination and therefore not being as suitable for families or those looking for a quieter destination.

In summary, for the accommodation sector, their responses show that:

- A strong proportion responded that it provides high occupancy and high value premium income;
- A strong proportion responded that it underpins investment and renovations
- A strong proportion recognises it as our biggest level of brand promotion; and
- The level of accommodation available on the Island during the rest of the season would be lower due to the events supporting the viability of a number of businesses.

Transport and Communication

Included within this sector are those providing transport to individuals, such as the Isle of Man Steam Packet Company, but also those providing haulage and delivery services to both companies and individuals.

Transport

From the transport providers, information was only available from the Isle of Man Steam Packet Company whilst none of the airlines chose to take part, so whilst it not has been possible to directly estimate the value of the events to them, data is available from the two surveys regarding the number of passengers by air. This data shows that visitors to both events make up around 12% (18,413) of total visitors coming to the Island by air. Based on data from the passenger survey, these visitors spend at least £2m on travel although it is likely that they spend a greater amount due to the premium associated with travelling at peak times of these events.

For the Isle of Man Steam Packet, given the user agreement requirements, the events are vitally important to their operations. Given the stipulations of the user agreement and the high volume nature of the TT, the current fleet is much larger than would otherwise be required for the volumes of passengers and freight that are carried to and from the Island.

Combined the two events are highly valuable to the Steam Packet, particularly as the high level of interest in the TT leads to capacity restrictions which facilitates a premium price over and above what would be charged for any other period during the year.

Similar to the accommodation providers, the Steam Packet also believed that the events provided a level of brand awareness of the Island that there might not otherwise be.

Delivery and Haulage Services

Responses were received from three delivery and haulage businesses in the call for evidence and one as part of the interview process. One was based inside the course, and therefore most impacted operationally, whilst three are based outside of the course, but were similarly impacted, but to a lesser extent.

As expected, there is an impact from the events upon those that require extensive use of the road network and are prevented from having access to it due to the road closures that are required for the events. The impact however varies between businesses in this sector, with some only having to re-arrange their operations for that week but are largely financially unaffected whilst others have additional costs that they incur through staff overtime and lost productivity.

The Isle of Man Post Office noted that the TT and FOM only had an operational impact upon themselves rather than incurring additional costs, as they are able to re-organise most of their delivery routes so that those on or inside the course where there is no access are delivered to first. The biggest impact was expected to be on the sub-post offices, which are run by other local businesses, not only those on/within the course who may have to close, but also those in areas where parking restrictions are put into place. This limits the amount of passing trade that these offices get.

A comment common across the various delivery businesses that were spoken to was the impact of the changing of freight deliveries from the Ben-my-Chree to the Arrow which can often result in later deliveries to the Island. This has impact on deliveries making the cut off for the sailings to the Island (which are earlier than usual) and also once they arrive on Island, being delivered the same day (as some couriers are contractually bound to do).

The additional costs for some couriers tend to come from having to operate earlier and later hours which incurs overtime rates of pay. There are also issues with a loss of productivity, particularly with deliveries to and from the port which often leaves drivers waiting to collect deliveries.

A number of comments were made in relation to health and safety with the higher volume of traffic on the Island's roads presenting an increased risk to drivers who are out making deliveries during this period. A number of businesses in this sector noted that there was a higher incidence of near misses during the two periods, although there had been no reports of actual incidents.

However the most common difficulty with the events that was cited by businesses was the unpredictability of the events, as whilst, if running to plan, the events could be planned around, bad weather or other delays which result in racing being moved to another day was the most disrupting impact. A number of businesses used the contrast between the two events in 2018, where the TT due to good weather and no other delays ran to schedule and was relatively simple to work around whilst the FOM, impacted by bad weather, was very disrupting and difficult to work around.

The limitations of the access roads around the Island were also raised as an issue.. Schemes to alleviate these restrictions are already being considered by a range of bodies and institutions.

In summary, for the Transport and Communication sector, their responses show that:

- A disproportionate level of visitors travel during the two events, and represent a greater value to transport providers;
- Critical routes may not be sustainable for the rest of the year without the events;
- Investment in facilities, such as vessels, may be lower without the events; and

- The unpredictability of when road closures may take place, as a result of poor weather, is the greatest issue for hauliers and delivery businesses.

Retail and Wholesale

The impact upon the retail and wholesale sectors of the economy was generally positive in terms of the feedback received from various retailers and wholesalers. In financial terms, according to those that responded to either the call for evidence or interview requests, it would appear that the events generated a net benefit for the two sectors.

The negative impact of the events generally fell on those in the sector who are located on or inside the course where there is either no access or very limited access which dissuades or prevents customers from being able to get to the businesses. Estimates of the loss in business for those that were closed during the period were estimated to be up to a 10% revenue reduction over the year from the two events, however this estimate was heavily dependent on whether or not the events ran to schedule. As with delivery/courier businesses, the impact of the events is worse if weather or other delays forces racing to be held on additional back up days. It was noted by a number of businesses that management of these delays had become better in recent years, with road closures being delayed rather than enforced in accordance with the schedule when there was no prospect of racing but that customers were still generally reluctant to travel in case they were trapped inside the course.

There was a long term positive benefit from the events for some of those whose trade is negatively impacted by them. For those supplying building supplies, the events can limit trading whilst they take place, however they benefit from extra revenue that tourist accommodation providers generate and then reinvest in the business through renovations or improvements at a later date.

For those that benefit, the increase in revenue from the two events is significant and can amount to 30% of annual revenue. Without the events, the businesses would not be viable. However for the majority of businesses who were positively impacted, whilst the events did not represent such a large proportion of revenue, the increase in revenue that the events provide compared to usual expected trade was in the region of 20-30% for three weeks during TT and two weeks for the FOM. Whilst many of the businesses that responded estimated that they would be able to adapt if the events did not happen, most did note that they would have to consider scaling back their operations.

Whilst the lift in revenue was a significant benefit reported by most businesses, many also stressed that due to the increased volume of sales from both events, wholesalers and retailers were able to secure better contract terms from suppliers. This has a greater benefit for the Island more generally as the prices for various goods are lower than they might otherwise be.

In summary, for the Retail and Wholesale sectors, their responses show that:

- The events provide a 20-30% increase on normal trading and for some amount to up to 30% of total revenue for the year;

- Increased sale volumes provide an opportunity to negotiate better contract terms with suppliers; and
- That some types of wholesalers and retailers, particularly those supplying the construction industry, can be negatively impacted due to access or closure of customers for the time of the events, but that they often benefit from the spend of other sectors who are able to invest in renovations or expansions.

Catering and Entertainment

Similar to tourist accommodation providers, for Catering and Entertainment, the two events can represent a significant portion of the year's revenue for many businesses. Estimates of revenue generated from the events ranged from 10% of annual revenue through to 45% of annual revenue.

As would be expected, the greatest benefit came to those who were working in the pub and licenced premises trade, with significant increases in sales volumes over the period, however it was noted by a number of licensees that there had been an adverse impact of the competition which had arisen from the three tents which were present during 2018. A number of comments were made that due to the size of these tents and the competition between the three of them to attract customers, both local and visitors, that other premises footfall was considerably lower than was expected for the TT. There was a concern that should this continue that the benefit of the TT, although not the FOM where such facilities and events are not currently provided, would start to favour a smaller group of beneficiaries.

However the provision of these tents also provides a significant benefit to both visitors and local residents. As has been stated by one provider, an estimated 12,000 people attended their location in a single day.

Similarly to retail and wholesalers, a number of comments were made regarding the impact that the events have on order volumes which are placed with suppliers that are on better terms because the volumes that they are able to order over the year. As a result of the events, they are great enough to justify being given better terms, whereas without the events, suppliers would not offer these.

For the Catering and Entertainment sectors, their responses show that:

- The two events generally account for between 10 to 45% of annual revenue;
- Similar to retail and wholesale, contract terms for goods are better due to the events;
- The benefits of the two events may be becoming more concentrated as a result of competition between the three providers entertainment venues increases.

Other sectors of the economy

Whilst a number of other sectors of the economy were contacted as part of the process, there was limited response from them, however some commentary was provided through the call for evidence that can be used to provide some insight into the impact on some other sectors.

There was some commentary provided by the construction industry that noted that the events had a significant impact upon their ability to undertake work during the two events, both due to road closures and due to the closure, or lack of access to, supporting trades such as builder's merchants. However it is worth noting that many businesses stated that the extra revenue generated by TT and FOM is often used to invest into their properties and facilities which create work which may not otherwise happen.

Some comment was received from a number of engineering companies who are part of international groups or supply chains who found it difficult to continue to meet deadlines and knock on effects to production.

There was a mix of responses from those in the professional services and ICT sectors with some having issues with regards to staff not wanting to travel during TT or being able to access clients, either on Island or bring clients to the Island or getting to clients based elsewhere. This was caused due to the increased cost of travel or lack of availability of travel options. However, a number of comments were also made that the TT acted as a positive brand with new clients who might not have otherwise heard about the Island.

Impact of injuries and fatalities

The nature of the two events as road racing sports can result in injuries and fatalities happening, both to the competitors but members of the public who may be involved in incidents on the Island's roads which may not have happened but for the events. The majority of the fatal and serious injuries involve non-residents therefore the costs are not generally borne by the Island's economy in terms of the cost to economy from a loss of earnings. Those that are borne by the Island have already been included in part 1 of the report within the Department of Home Affairs in regards to police costs and the Department for Health and Social Care in relation to any medical costs incurred.

Since the beginning of the TT and FOM (previously the Manx Grand Prix) using the Snaefell Mountain Course there was been 258 competitor fatalities, which averages 2 competitor fatalities per year, although for past 20 years has been an average of 3.65 competitor fatalities per year. Data regarding serious injuries is more difficult to access compared with fatalities, however during 2018 there were 2 serious injuries noted to have occurred during the events.

Sectors not assessed

Whilst this impact assessment has looked to take into account as wide a range of sectors as possible, the assessment relied upon the willingness of companies and individuals to respond to requests for interviews and information. For some sectors of the economy, which are likely to be impacted by the two events, this data was not available. The following section details areas of the economy where there is likely to be an impact of the events, but it has not been possible to quantify due to a lack of response.

Taxis

With the exception of one response from a taxi driver in the call for evidence, none of the taxi companies responded to the call for evidence or to requests for an interview so it is not possible to provide an estimate of the benefit they may gain from the events. However in Part 1 the Department of Infrastructure showed significant additional income during TT and it is likely that this increased demand for public transport also feeds through to taxis.

Fuel Companies

Whilst the on-Island expenditure data gathered from visitors does include the amount that they have spent on fuel, it has not been possible to establish how significant this income is to petrol stations on the Island. However reviewing the petrol and diesel imports, in 2018 there was a 34% increase in fuel imports in May (in preparation for TT) and a 5% increase in August. Based on the prevailing prices of fuel in May, this would amount to an additional £813,000 in turnover for TT and £142,000 for the FOM.

Communication Providers

Both of the leading telecoms providers were contacted as part of the assessment, as it was expected that there would have been an increase in revenue with the additional number of visitors coming to the Island. However this has not been possible to quantify due to the non-response.

Construction

A number of construction companies were contacted to take part in the impact assessment, as it was expected that the events would have a negative impact on them, due to road closures. However as none chose to take part in the assessment it has not been able to quantify this impact, although it is clear from discussions held with other sectors that the two events provide the funding for renovations and expansions which the construction industry would benefit from.

Resident Spending

Alongside the expenditure of visitors for both events, there is also likely to be increased spending by residents, particularly on entertainment, with the increased number of facilities available. However no data is available to quantify what impact may exist.

Net Economic Benefit

The first part of the TT and Festival of Motorcycling report investigated the cost of running the two events for Government. Within this report the exchequer benefit, being the increase in taxes received to Government as a result of the spending by visitors, was included an amounted to £4.4m for the TT and £1.3m for the Festival of Motorcycling.

Whilst this was appropriate for that part of the report, a wider measure of economic benefit needs to be adopted for this report, which shows the value of the events to the wider economy, rather than just Government.

Based on the visitor expenditure from the two surveys, the 'value added' to the Island from the events is £31.7m, of which £24.6m[7] is generated by the TT and £7.1m[8] is generated by the Festival of Motorcycling.

This represents a significant proportion of the contribution that the Tourist Accommodation, Catering & Entertainment and Retail sectors make to the economy. For the purposes of this comparison, the Isle of Man Steam Packet contribution has also been included as they significantly benefit from the events.

Those sectors combined contributed £186m to the Island's economy in 2016/17, so the £31.7m that the TT and Festival of Motorcycling events generate towards National Income amounts to 17% of the total annual contribution that those sectors make to the Island's GDP.

As mentioned in the section prior to this, resident spending during the events is not possible to assess and therefore the value to the economy is likely to be higher than stated £31.7m but it is not possible to quantify.

Whilst the first report concluded that the TT and Festival of Motorcycling resulted in a net expenditure of £955,000 for Government, there is a much greater benefit to the wider economy of £31.7m, supporting an estimated 815 jobs in the Island's economy, and being a significant source of revenue for many businesses across various sectors.

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[7] Table 8(b), TT Survey 2017, Department for Enterprise, August 2017, https://www.gov.im/media/1358080/tt-survey-2017-report.pdf

[8] Table 9(b), Festival of Motorcycling Survey 2017, Department for Enterprise, December 2017, https://www.gov.im/media/1359721/fom-2017-report.pdf

Conclusion

From the information that has been provided by those who took part in either the call for evidence held in June 2018 or the interviews that were conducted in the final quarter of 2018, the two events demonstrate an overall positive impact upon the Island economy.

From the discussions held with those in the Tourist Accommodation and Catering and Entertainment sectors, the events provide a significant support for businesses and employment throughout the year. From their feedback it is clear that the capacity on the Island would be considerably lower but for the events. It was very clear from the discussions which were held that the additional profits that the events created were clearly used to drive reinvestment in current business properties and that regardless of the size of the businesses that this investment would be at risk, with the corresponding impact on the construction industry.

The events are clearly important to the Island's visitor economy with nearly 40% of annual visitor spending been driven by two events during the year, alongside 20% of total visitors.

Throughout the interviews with businesses, a significant advantage for those who benefit from the events it was that they allowed them to achieve certain economies of scale in securing better terms for contracts that benefit Island residents throughout the year. This is particularly relevant to those in Retail, Wholesale and Catering and Entertainment sectors.

The events are not without a negative impact, however, particularly for businesses that are dependent on the use of the road network, with the most noticeable impact being when the events do not run to schedule and delays occur with racing being moved to other days. This was very clearly articulated by many business owners through the comparison between the TT and the FOM in 2018. However, a number of businesses also noted that the negative impact on them could be alleviated with improvements to the access road, to allow better flowing traffic which currently acts as a barrier to trade for customers visiting their premises. Another proposal was as to whether support could be provided to create 'pop up' shops that are located outside of the course to allow continued customer access.

A number of the businesses that felt the events, at the time of their operation had a negative impact upon did note however that they benefited from others being able to reinvest in their businesses, such as through renovations or expansions, that they subsequently benefited from.

It is also important to acknowledge the potential human cost of the events as well, with an average of 2 competitors per year being involved in fatal incidents, alongside members of the public, where there is typically 3 fatal incidents and 19 which result in serious injury.

Appendix One – Businesses invited to interview

Sector	Company Name	Interview Conducted
Accommodation	The Ascot	
Accommodation	Falcons Nest	
Accommodation	Regency Hotel	
Accommodation	Ellan Vannin	
Accommodation	Branwell Limited (Admiral House)	
Accommodation	Sleepwell Hotels Limited	Yes
Accommodation	Arrandale House Limited	
Accommodation	Ramsey Park Hotel Limited	
Accommodation	The Hydro Hotel (1977) Limited	
Accommodation	Devonian Guest House Ltd	Yes
Accommodation	Trevelyan Hotel Limited	
Accommodation	Welbeck Hotel Limited	Yes
Accommodation	Glenlough Campsite Limited	Yes
Accommodation	Adelphi Guest House Limited	
Accommodation	Knockaloe Beg Farm Limited	Yes
Accommodation	Ascot Hotel Limited	
Accommodation	St Helier's Hotel Limited	Yes
Accommodation	Rowany Cottier Ltd	
Accommodation	Savoy Hotel Limited	
Accommodation	Glendown Farm Limited	
Accommodation	Laxey Harbour Chalets Limited	
Accommodation	Melrose Guest House Limited	
Accommodation	Isle of Man Campsite Onchan Limited	
Accommodation	Surfside Holiday Limited	
Accommodation	Crowes Limited	
Accommodation	Balmoral Limited	
Accommodation	Ballafreer Farm Cottages Limited	
Accommodation	Glen Dhoo Holiday Developments Limited	
Accommodation	The Empress Hotel Limited	
Accommodation	Ballacottier Properties Limited	
Accommodation	Cunard Hotel Limited	Yes
Accommodation	Harbourside Limited	
Accommodation	Rosebud Limited	
Accommodation	Manx Mews Property Rentals Ltd	
Accommodation	Groudle Glen Limited	Yes
Accommodation	Platinum Retreats Limited	
Accommodation	Mannin Hotel Limited	Yes
Accommodation	Sefton Group Plc	Yes
Accommodation	Silly Moos Campsite	
Retail	Shoprite	
Retail	Tesco Stores Limited	
Retail	Manx Cooperative	

Retail	B&Q	
Retail	Marks & Spencer	
Retail	B&B Furniture	
Transport & Communication	Manx Telecom	
Transport & Communication	Sure	
Transport & Communication	Manx Independent Carriers Ltd	Yes
Transport & Communication	Freeport Courier Express Limited	
Transport & Communication	Island Taxis Limited	
Transport & Communication	Telecabs	
Transport & Communication	Isle of Man Steam Packet	Yes
Transport & Communication	Isle of Man Post Office	Yes
Construction	Dandara	
Construction	McArd Contractors Limited	
Construction	Three Legs Scaffolding Limited	
Construction	J.C.K. Limited	
Construction	Stewart Clague Services Limited	
Construction	Absolute Scaffolding Limited	
Construction	Colas (I.O.M.) Limited	
Construction	Hartford Homes Limited	
Manufacturing	Swagelok	
Catering and Entertainment	Heron and Brearley	Yes
Catering and Entertainment	Bushy's	
Catering and Entertainment	JAKS Bar & Steakhouse	
Catering and Entertainment	Hooded Ram	
Catering and Entertainment	Davisons Manx Dairy Ice Cream	Yes
Wholesale	Robinson's	
Wholesale	Ellan Vannin Fuels Limited	
Wholesale	Cuplas Callow	Yes

Appendix Two – Call for Evidence Respondent Profile

Impact of Events on business or organisation

Impact	No.
Mixed	16
Negative	29
Not Answered	7
Positive	34
Total	**86**

Type of Organisation

Organisation	No.
A Charity	4
A company	39
As a self-employed individual	24
Not Answered	19
Total	**86**

Economic Sector of Organisation

Sector	No.
Banking	1
Catering and Entertainment	8
Charitable and Third Sector	4
Construction	6
Corporate Service Providers	1
ICT	7
Manufacturing - Engineering	3
Manufacturing – Food & Drink	1
Medical and Health Services	2
Other Professional Services	10
Public Administration	1
Retail	8
Tourist Accommodation	15
Transport & Communication	4
Wholesale	2
Grand Total	**71**

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