

SAVILLE THEATRE

135 SHAFTESBURY AVENUE

ECONOMIC IMPACT ASSESSMENT

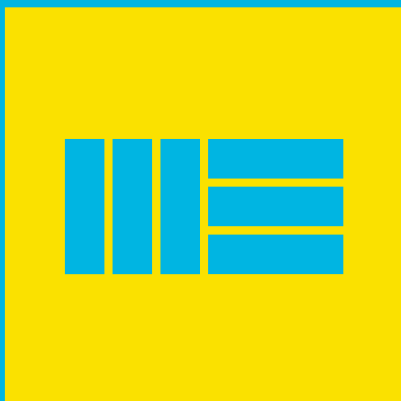
MONTAGU EVANS LLP

ECONOMIC IMPACT ASSESSMENT

SAVILLE THEATRE, SHAFTESBURY
AVENUE, CAMDEN

PREPARED ON BEHALF OF YC SAVILLE THEATRE
LIMITED

05 MARCH 2024



THIS IS THE CONTENTS

EXECUTIVE SUMMARY	3
1.0 INTRODUCTION	6
2.0 POLICY CONTEXT	10
3.0 ECONOMIC BASELINE	15
4.0 IMPACT ASSESSMENT	24
5.0 CONCLUSION.....	35

EXECUTIVE SUMMARY

- This Economic Impact Assessment appraises the multiple ways in which the Saville Theatre development is expected to contribute to the local economy, both during construction and on completion, and how this aligns with key aspects of local and national policy agendas.
- The approach of National Planning Policy and Guidance (NPPF and PPG) provides clear direction that sustainable development should be supported unless material considerations dictate otherwise. For the Proposed Development, this means promoting sustainability and ensuring that the economic, social, and environmental conditions will improve as a result.
- The London Plan recognises the importance of the visitor economy to London. The London Plan and Camden Local Plan also set their support of the creative and cultural industries in the area, arguing for its strengthening and enhancement within the West End, which the Proposed Development will facilitate.
- Non-statutory policy documents published by both the GLA and LB Camden which are focused on economic development also include support for the creative industries including how they contribute to a vibrant nighttime economy and create multiplier economic effects on surrounding businesses through their operation.
- The construction of the Proposed Development will create an estimated 538 person years of employment directly, reflecting the complex and sympathetic nature of the proposed alterations to the building and the quality of spaces to be provided.
- The existing use of the site generates relatively few economic benefits. As a small cinema, the number of jobs sustained is low, and with a large number of alternative cinemas located within close walking distance, the likely net effect of closing the Odeon is expected to be minimal.
- A total of 129 Full Time Equivalent (FTE) jobs are expected to be created on completion by the proposed operators (Cirque du Soleil, Insipio Group and citizenM); The vast majority of these roles are expected to be taken up by Londoners, and with efforts to promote local employment through the Applicant's proposed Social Value strategy, as many as possible will be drawn from within LB Camden.
- The Proposed Development, once in operation, is expected to generate c. £12.9m per annum in Gross Value Added – which is comprised of employment costs and operating surplus. This represents a significant uplift on the direct economic contribution of the site in its current use, which is estimated at c.£0.7m per annum. As with employment, the vast majority of this GVA benefit is likely to be realised within Greater London – including within LB Camden.
- Once in operation, it is also predicted that the business rates liability of the Proposed Development could be as much as 20x higher than the rates liability for the current Cinema use.
- The wider spin-off benefits for complementary businesses in the local area are also expected to be significant; research by the Society of London Theatre has found that nationally, for every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in local economies, adding up to £1.94bn per annum of extra value added to local economies by theatre audiences. For London specifically, research by Sound Diplomacy identifies that £1.27 is spent in the wider economy for each £1 spent on theatre tickets – meaning that visitors to the proposed theatre could be responsible for spending up to £23m per annum with other businesses in the local area during their visit.

- Finally, the proposed Social Value programme will help to strengthen the economic impact of the Proposed Development by enhancing its links into the local community and ensuring that as many jobs as possible are able to be taken up by local residents.
- The economic benefits highlighted within this report emphasise the strength of alignment between the Saville Theatre project and the approach of local and London-wide planning and economic development policy. The project represents an excellent opportunity to maximise the value of the site to society, bringing it into a significantly more productive use and enhancing its role within the local community.

SAVILLE THEATRE, SHAFTESBURY AVENUE
ECONOMIC BENEFITS OF PROPOSED DEVELOPMENT

yooCAPITAL



During Construction	538	724	£49m	£614k
	Person Years of Direct (on site) Construction Employment Created by the Development	Total Direct, Indirect and Induced Construction Jobs Sustained in Greater London	Net GVA Contribution to the Regional Economy During Construction Period	Local Spend by Construction Workers on Food, Drink & Accommodation
	125	£12.6m	20x	25
	Permanent Net Additional Direct Jobs Created (Full Time Equivalent)	Gross Value Added Generated per annum within the Greater London Economy	Potential increase in Business Rates compared with current use	Indirect and Induced jobs created within Greater London
Wider Social Impacts	£1.27	£23m	£1.4m	20
	Guest Spend with other businesses in local area for every £1 spent on Tickets	Potential linked trip spend by Theatre Guests per annum	Minimum anticipated value to the LB Camden economy (GVA) per annum	Number of Social Value proposals to further enhance value to Camden residents

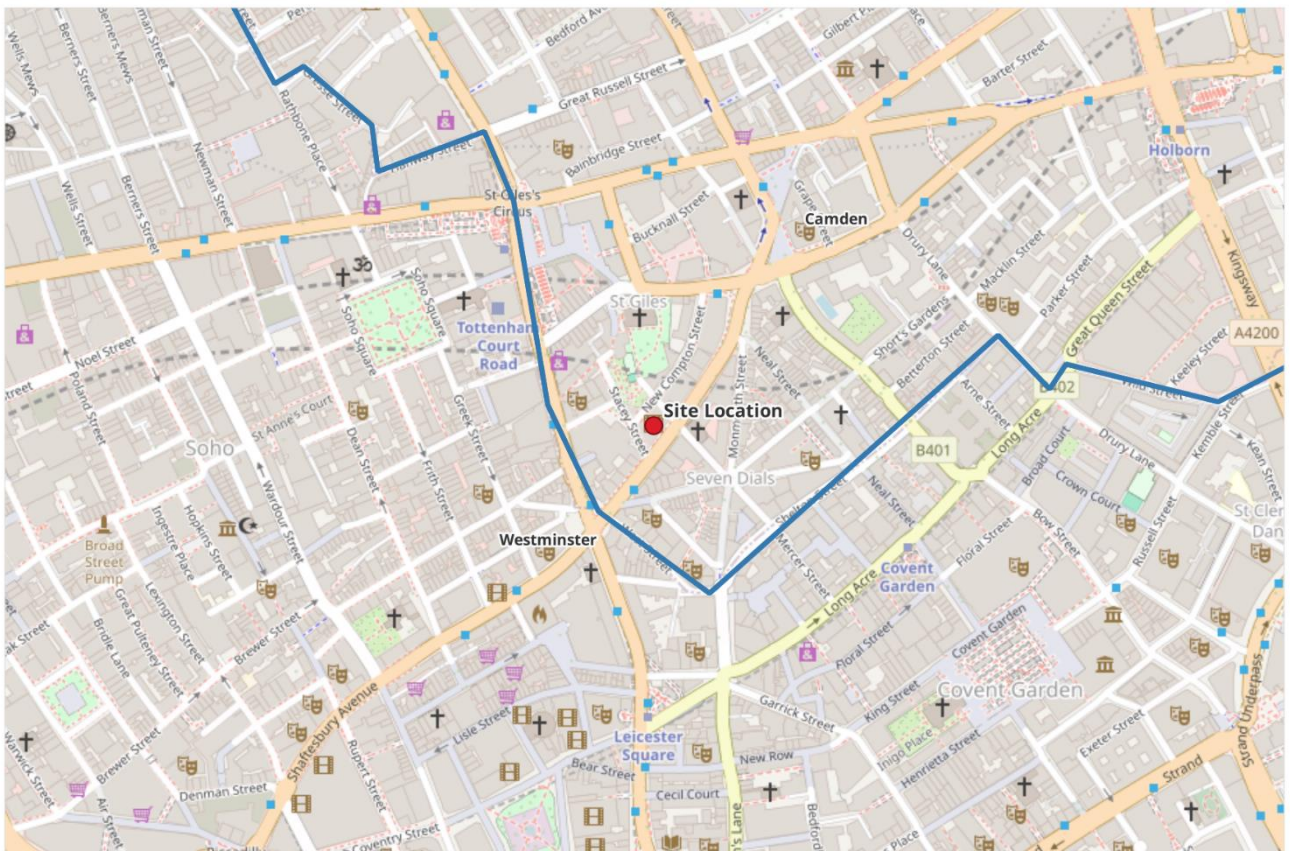
1.0 INTRODUCTION

- 1.1 This Economic Impact Assessment has been prepared by Montagu Evans on behalf of YC Saville Theatre Limited, who is seeking full planning permission and listed building consent for the partial demolition, restoration and refurbishment of the Grade II listed 135-149 Shaftesbury Avenue, London, WC2H 8AH (“the Site”).
- 1.2 This statement defines the multiple ways in which the Proposed Development (described in full below) is expected to contribute to the local economy, both during construction and on completion, and how this aligns with key aspects of local and national policy agendas.

SITE CONTEXT

- 1.3 The Site is located within the London Borough of Camden (LB Camden) as shown in Figure 1 below, within the Holborn and Covent Garden Ward, and is located a short distance from London Underground and Elizabeth Line connectivity at Tottenham Court Road, plus additional Tube connections at Leicester Square and Covent Garden.

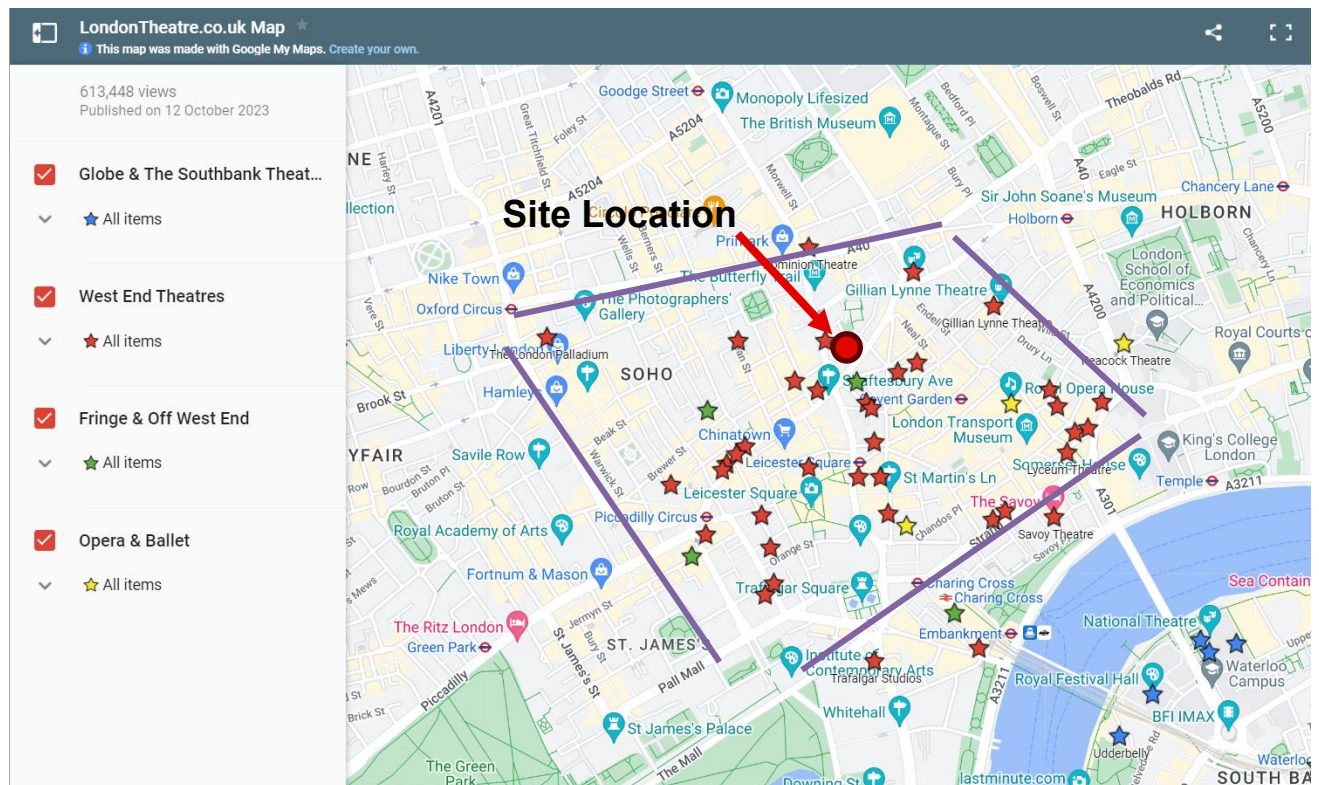
Figure 1 – Site Location within London’s West End



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- 1.4 The Site is located in the heart of London's West End, a world-renowned destination for theatre and performing arts and a major tourist attraction – with attendance of more than 16.4m visitors in 2022¹.
- 1.5 There are more than 40 major and fringe theatres located within the West End, the majority of which are located within a cluster approximately bounded by Oxford Street to the north, Strand to the south, Drury Lane to the east and Regent Street to the west.

Figure 2 – Site Location within the West End Theatre Cluster



Source: LondonTheatre.co.uk

SITE HISTORY, CURRENT USE AND PROPOSED DEVELOPMENT

- 1.6 The existing structure was originally built as a theatre in the early 1930s (the origin of the 'Saville Theatre' name), designed by architect T.P Bennett & Son. The building features a sculptured 40m frieze by Gilbert Bayes running along its front, representing 'Drama Through The Ages'.
- 1.7 In the 1960s, the Saville Theatre was bought by Brian Epstein and opened as a music venue in 1966, hosting artists such as The Who, Jimi Hendrix and Elton John. After Brian Epstein's death in 1967, The Saville hosted shows created by Cameron Mackintosh.
- 1.8 In 1970, the building reopened as the newly refurbished two-screen ABC Cinema. It was subsequently acquired by Cannon Cinemas as part of a takeover in 1986, which then folded into the MGM chain in 1992. The Site was taken over by Odeon in 2001 as a four-screen cinema, which continues to operate today.

¹ Society of London Theatre, 'Box Office Data Report', available at: <https://solt.co.uk/data-and-research/>

- 1.9 The Proposed Development seeks to re-introduce a live performance venue (theatre) to this Site and introduce a new hotel use on upper floors. The Proposed Development includes a 6-storey extension, plus plant, on top of the existing Building.
- 1.10 The Proposed Development would include part-demolition, part-retention and stabilisation and refurbishment of the existing Grade II listed building. New basement levels will be excavated to accommodate the theatre, with the introduction of ancillary retail and theatre lobby, box office and front of house facilities at ground floor level.
- 1.11 The Proposed Development would become the first UK-based permanent home of Cirque du Soleil. At upper levels, a luxury affordable hotel would be operated by citizenM.
- 1.12 Specifically, the Proposed Development comprises the following elements:
- Extensive refurbishment of the listed building façade;
 - Demolition and reconstruction of north façade;
 - Excavation of two additional basement levels;
 - Erection of 6-storey roof extension include set back at upper floors;
 - Creation of a new 6,154 sqm hotel for citizenM;
 - Provision of 2,239 sqm of theatre space, comprising Cirque du Soleil’s first permanent UK home;
 - Ancillary retail at ground floor level, associated with the theatre use; and
 - Addition of 2,046 sqm ancillary floorspace, including servicing facilities and cycle parking.
- 1.13 The Proposed Development is expected to deliver a wide range of benefits for local West End residents, residents of the wider LB Camden and of Greater London as a whole, and the purpose of this report is to capture the economic benefits which are likely to have a positive impact on the lives of those affected – either directly through economic activity associated with the construction and operation of the Proposed Development, or indirectly through the support it will give to its supply chain and the wider visitor economy.
- 1.14 This Economic Impact Assessment should be read in conjunction with the accompanying **Social Value Strategy**, which outlines practical proposals for enhancing the beneficial social, economic and environmental outcomes arising from the Proposed Development.

REPORT STRUCTURE

- 1.15 This report incorporates the following principal sections.
- Section 2.0: Policy Context – briefly reviews relevant aspects of local and national policy relating to the economic role of development and the need to create jobs to sustain local communities;
 - Section 3.0: Economic Baseline – analyses official data on the local population, workforce and economy, highlighting key areas where the Proposed Development is likely to impact upon the status quo;

- Section 4.0: Impact Assessment – establishes the multiple ways in which the Proposed Development is likely to impact upon local people and the local economy – quantifying these key impacts where possible to do so.

1.16 The Conclusion section then draws together the information contained within the preceding sections to summarise the overarching impact that the Proposed Development is likely to make.

2.0 POLICY CONTEXT

NATIONAL PLANNING POLICY AND GUIDANCE

- 2.1 The National Planning Policy Framework (NPPF) was published in its current form in December 2023. The NPPF highlights the importance of sustainable development and identifies the ways in which the planning system is expected to support it. The NPPF highlights the importance of three specific dimensions of sustainability: Economic, Environmental and Social.

*“Achieving sustainable development means that the planning system has **three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways** (so that opportunities can be taken to secure net gains across each of the different objectives):*

*a) an economic objective – to help build a **strong, responsive and competitive economy**, by ensuring that sufficient land of the right types is available in the right places and at the right time to **support growth, innovation and improved productivity**; and by identifying and coordinating the provision of infrastructure;*

*b) a social objective – to support **strong, vibrant and healthy communities**, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering well-designed, beautiful and safe places, with accessible services and open spaces that **reflect current and future needs and support communities’ health, social and cultural well-being**; and*

c) an environmental objective – to protect and enhance our natural, built and historic environment; including making effective use of land, improving biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy”² (Our Emphasis)

- 2.2 Aligned to the economic objective, Section 6 of the NPPF concerns the aim of ‘building a strong, competitive economy’ whereby planning policies and decisions should ‘recognise and address the specific locational requirements of different sectors’, including creating clusters for key sectors – including creative industries³.
- 2.3 Section 6 also states how, in planning decisions, significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development and that the approach taken in planning should allow an area to build on its strengths, in line with any local policies for economic development and regeneration.
- 2.4 Section 7 of the NPPF concerns ensuring the vitality of town centres, and states that planning policies and decisions should support the role that town centres play by taking a positive approach to their growth.

LOCAL PLANNING POLICY

LONDON PLAN (2021)

- 2.5 The London Plan, most recently updated in 2021, sets out the planning policies which apply at the regional level and are focused on ‘Good Growth’. Here, Good Growth is proposed to be achieved by six objectives, one of which (number 5) concerns ‘Growing a Good Economy’. This objective aims to conserve and enhance London’s

² DLUHC, National Planning Policy Framework, Paragraph 8

³ DLUHC, NPPF, Paragraph 87

global economic competitiveness and ensure that economic success is shared amongst all Londoners through eight criteria, which criterion E stating an aim to 'promote and support London's rich heritage and cultural assets, and its role as a 24-hour city'⁴.

- 2.6 Chapter 6 of the London Plan concerns London's Economy. Parts A and F of *Policy E8 – Sector growth opportunities and clusters* states that employment opportunities for Londoners across a diverse range of sectors should be promoted and supported and that clusters should be promoted where opportunities exist.
- 2.7 The supporting text to this policy highlights the existence of the Mayor's Economic Development Strategy⁵ which contains sector specific opportunities across the city, including for the cultural and creative industries.
- 2.8 *Policy E10 – Visitor infrastructure* concerns the tourism and visitor economy within the city. This policy highlights that 'London's visitor economy and associated employment should be strengthened by enhancing and extending its attractions' and that 'special characteristics of major clusters of visitor attractions and heritage assets and the diversity of cultural infrastructure in all parts of London should be conserved, enhanced and promoted'.
- 2.9 Relating to the provision of 'serviced accommodation' (which includes Hotels), Part C of Policy E10 states that 'a sufficient supply and range of serviced accommodation should be maintained'. The supporting text of the policy highlights that to ensure London is able to meet the accommodation demands of tourists who want to visit the capital, it is estimated that London will need to build an additional 58,140 bedrooms of serviced accommodation by 2041, which is an average of 2,236 bedrooms per annum. LB Camden's share of total hotel accommodation requirements has been estimated at 2,133 (net, taking account of anticipated losses of existing accommodation). The Proposed Development would therefore respond positively to this identified need and help to maintain the resilience of the West End visitor economy.
- 2.10 Policy HC5 of the London Plan concerns Supporting London's culture and creative industries. Part A of the policy states that 'The continued growth and evolution of London's diverse cultural facilities and creative industries is supported'.
- 2.11 The supporting text to this policy highlights the contribution of the creative industries to the city as a whole through providing both economic and social benefits to the population. In 2015, the Gross Value Added (GVA) of the creative industries in London was estimated at £42 billion, accounting for just under half of the UK total from these industries and contributing 11.1% to London's total GVA. In 2013, cultural tourism supported 80,000 jobs and contributed £3.2 billion of GVA to London, just under a third of the overall contribution from the tourism sector as a whole⁶.
- 2.12 *Policy HC6 – Supporting the night time economy* sets out that town centre strategies and planning decisions should promote the night-time economy, particularly in the Central Activities Zone, and protect and support evening and night-time cultural venues such as pubs, night clubs, theatres, cinemas, music and other arts venues.
- 2.13 *Policy SD4 – The Central Activities Zone (CAZ)* highlights that the unique concentration and diversity of cultural, arts, entertainment, nighttime economy and tourism functions should be promoted and enhanced. Paragraph 2.4.7 states that 'The West End is a vibrant mixed-use business location, an internationally-renowned shopping, cultural and visitor destination and home to several world-leading academic institutions as well as a significant

⁴ The London Plan (2021), pg 24

⁵ The Mayor's Economic Development Strategy for London (2018)

⁶ The London Plan (2021), p300

residential population. The unique roles of these locations and their strategic contribution to the economy, culture and identity of the capital should be promoted and enhanced’.

MAYOR OF LONDON, DEVELOPING A NIGHTTIME STRATEGY (PART 2) (2020)

- 2.14 In 2020, the Mayor of London published guidance for local authorities producing night time strategies. Part two of this guidance is focused on guidance, precedents and case studies. A section of this guidance concerns the economy after 6pm. This section encourages council departments to work together to encourage clusters of complementary uses to encourage clustering of evening and night time activity as clustering and diversification of activities at night can help attract people to specific areas with corresponding multiplier economic effects on surrounding businesses.
- 2.15 GLA research has shown that in relation to theatres and culture, 40% of visitors to London watch a live theatre show. Research by the Society of London Theatre estimates that over two thirds of theatre goers also spend money at local restaurants and cafes during their trip, and almost a quarter spend money on accommodation, contributing significantly to the immediate economy and that of the city as a whole⁷.

CAMDEN LOCAL PLAN (2017)

- 2.16 The Camden Local Plan (2017) sets out the Council's planning policies and sets out the Council's vision for the borough, through strategic objectives. These strategic objectives include creating the conditions for growth, to create secure, safe, socially mixed and balanced areas and strengthening Camden's nationally important economy, in terms of business and employment, the knowledge economy, shopping and entertainment, culture, entertainment and tourism.
- 2.17 *Policy C3 – Cultural and leisure facilities* highlights how cultural and leisure facilities contribute to Camden's attractiveness and that the council will seek opportunities for new cultural and leisure facilities.
- 2.18 The Camden Local Plan includes a focus on economic development and recognises that Camden as a borough has a successful economy, with 24,000 businesses and 300,000 jobs across a range of sectors. *Policy E1 – Economic Development* states that the council will support local enterprise development and will also encourage concentrations of creative and cultural businesses in the borough.
- 2.19 The creative industries are identified as a growth sector in the Local Plan, with a Creative and Cultural Industries Research Report and Action Plan (2009) finding that these types of businesses create around 40,000 jobs and have an annual gross turnover of about £1 billion in Camden alone.
- 2.20 *Policy E3 – Tourism* focuses on the contribution of tourism to the borough and recognises the importance of this, and in turn supports it in the borough. The policy states that the council expect new, large-scale tourism development and visitor accommodation to be in Central London, particularly the growth areas of King's Cross, Euston, Tottenham Court Road and Holborn.

OUR CAMDEN PLAN (2018)

- 2.21 Our Camden Plan is Camden Council's response to the vision which was set out following a Citizen's Assembly exercise with members of the community as part of the Camden 2025 vision and sets out how the council aims to achieve the ambitions set out in the vision between 2018-2022. The key 'call to actions' are: Everyone in Camden should have a place they call home; Growth in Camden should be strong and inclusive –

⁷ Mayor of London, *Developing a Night Time Strategy, Part 2: Guidance, precedents and case studies*, (2020) p106.

everyone should be able to access the work that is right for them; Camden should be safe, strong and open, and everyone should be able to contribute to their community; Camden should be a clean, vibrant and sustainable place; and, Everyone in Camden should be able to live a healthy, independent life.

- 2.22 The priorities set out in the Camden Local Plan are reflective of the previous version of the Camden Plan which covered the period 2012-2017.

DRAFT NEW CAMDEN LOCAL PLAN (REGULATION 18) (2024)

- 2.23 Camden Council published their Draft New Camden Local Plan as part of the Regulation 18 Consultation in January 2024. This is not yet adopted. The Draft Plan sets out the council's vision for future development in Camden.
- 2.24 The Council's vision for the plan period reflects the vision set out in 'We Make Camden', which is the updated version of 2025 Camden. Its priorities include creating a strong, sustainable and inclusive local economy and actively tackling in justice and inequality. The objectives are supported by three key missions which impact the Local Plan: Young people - *By 2025, every young person has access to economic opportunity that enables them to be safe and secure*; Food - *By 2030, everyone eats well every day with nutritious, affordable, sustainable food*; and Estates and neighbourhoods - *By 2030, Camden's estates and their neighbourhoods are healthy, sustainable and unlock creativity*.
- 2.25 The council's strategic objectives as set out in the Draft Local Plan include strengthening Camden's nationally important economy and maximise opportunities for Camden's residents, businesses and voluntary sector, ensuring town and neighbourhood centres are accessible and sustainable to enhance their unique characters and promoting high quality, inclusive and sustainably designed development which protects resident's amenity and respects the unique character and history of Camden's neighbourhoods.
- 2.26 Chapter 9 – Delivering an Inclusive Economy contains policies on growing a successful and inclusive economy and hotels and visitor accommodation. This chapter reiterates the importance of Camden's economy, with the total number of jobs in the Borough growing by over 24% from 2008-2021 and this density of jobs reflecting the scale and mix of businesses, research and cultural activities in the Central Activities Zone.
- 2.27 *Policy IE1 – Growing a successful and inclusive economy* states that to secure a strong, diverse and inclusive economy, the council will seek the provision of premises and sites that meet the specialist requirements of sectors including creative industries and that they will prioritise the delivery of space for key growth sectors.
- 2.28 *Policy IE5 – Hotels and visitor accommodation* recognises the importance of the visitor economy in Camden and will therefore support proposals involving additional hotel and visitor accommodation that are appropriately sited. The policy requires new large-scale hotel and visitor accommodation to be located in the Central Activities Zone, with preference given to locations with a commercial / tourism character, a concentration of existing visitor accommodation or with an established commercial / mixed-use character.
- 2.29 The Draft New Plan outlines that the council is preparing an Evening and Night Time Economy Strategy that will look at ways of increasing the social and economic benefits arising from evening and night-time activity. This will be focused on Camden's part of the West End and in Camden Town as this contains the broadest mix of uses, including important cultural and performance spaces.

ALIGNMENT BETWEEN PROPOSED DEVELOPMENT AND LOCAL ECONOMIC POLICY

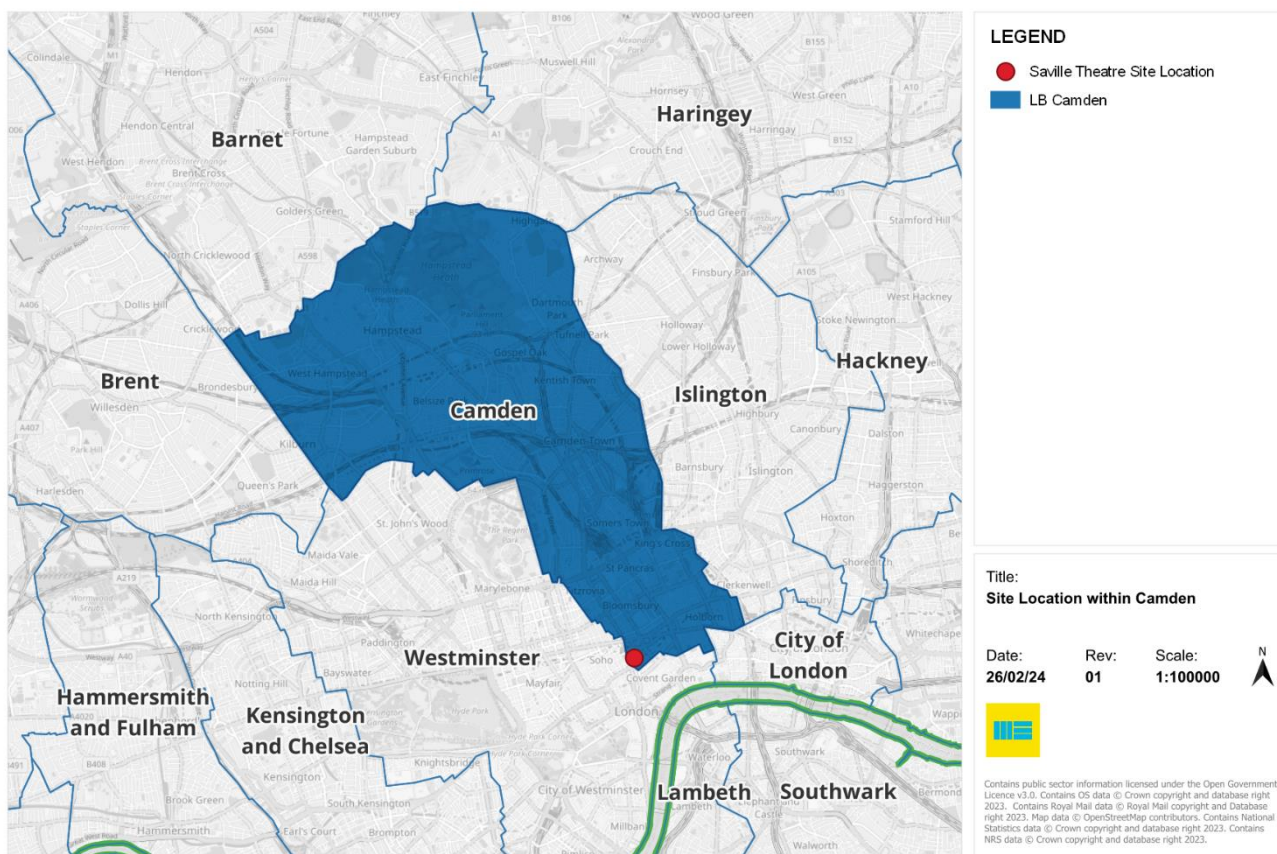
- 2.30 The Proposed Development of a theatre, food and beverage offer, and hotel responds to local and regional need as set out in both local and regional planning and economic development policy.
- 2.31 The London Plan clearly states its recognition of the importance of the visitor economy to London's economy. The Proposed Development of an approximately 210-bed hotel directly contributes to meeting the need for an additional 58,140 bedrooms of serviced accommodation by 2041, which is an average of 2,236 bedrooms per annum as set out in Policy E10.
- 2.32 The Camden Local Plan and Draft New Camden Local Plan (Reg 18) highlight the particular importance of tourism to its own local economy and directs development of visitor accommodation to the Central Activities Zone and in areas with an existing commercial or tourism character. The Proposed Development directly addresses these spatial policies by providing high quality visitor accommodation in the CAZ and within the West End which is a key tourism location for both the borough and the city.
- 2.33 The London Plan also sets out its support for the creative industries as a key sector for the city as well as its focus on the Central Activities Zone as the space to provide this offer of culture. Policy HC5 concerns supporting the city's culture and creative industries, with the policy stating that the 'evolution of London's diverse cultural facilities and creative industries is supported'.
- 2.34 In terms of the spatial element of where the visitor economy element of the creative and cultural industry should be concentrated, policy SD4 highlights that the unique concentration and diversity of cultural, arts, entertainment, nighttime economy and tourism in the CAZ, and that the West End's vibrant mixed-use business location, cultural and visitor destination should be promoted and enhanced. The Proposed Development aims to do this by returning the Saville Theatre to its original function and giving Cirque du Soleil its first permanent home in the UK.
- 2.35 LB Camden policy also mirrors this focus on the creative industries, with the Camden Local Plan highlighting the importance of the creative industries to the borough, with a Creative and Cultural Industries Research Report and Action Plan (2009) finding that these types of businesses create around 40,000 jobs and have an annual gross turnover of more than £1 billion in Camden alone.
- 2.36 The Mayor of London has also published non-statutory policy documents which are focused on economic development including through an industrial strategy and guidance for creating a strong nighttime economy. Both documents highlight the role of the theatre as a key activity for the evening economy, which can help attract people to the West End, creating corresponding multiplier economic effects on surrounding businesses. For the Proposed Development, it can be assumed that retail and hospitality businesses in the vicinity could expect an uplift associated with the operation of the Site as a theatre.

3.0 ECONOMIC BASELINE

STUDY AREAS

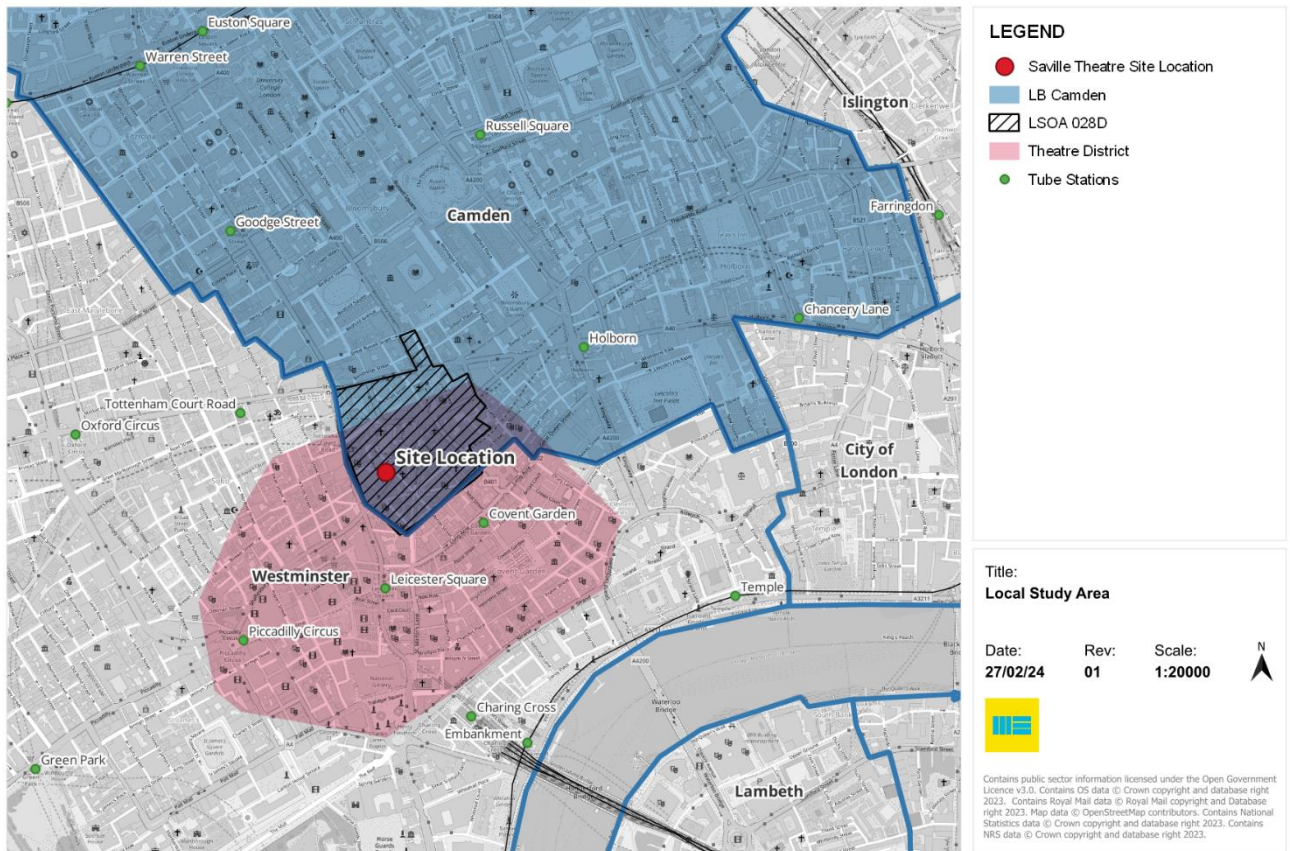
- 3.1 Before an economic impact assessment can be carried out, it is first necessary to define the study area over which economic impacts are likely to be made.
- 3.2 As noted within the Introduction, the Site is located in the south of LB Camden, within the Central Activities Zone (CAZ). As set out within the Social Value Strategy for the Proposed Development, the applicant and partnering organisations (Cirque du Soleil, Incipio Group and citizenM) have made a number of commitments to enhance the social value generated for Camden residents – including commitments to promote local employment practices and maximising the use of the local supply chain. This will help to maximise opportunities for the economic output of the Proposed Development to be retained locally.
- 3.3 Figure 3 below shows the location of the Site within LB Camden.

Figure 3 - Site Location within LB Camden



- 3.4 Though located in an area dominated by commercial activity, there is also a resident community living within close proximity of the Site. Figure 4 below shows the Site within Lower Super Output Area (LSOA) 028D – a statistical boundary used by the Office for National Statistics (ONS), in addition to showing the Site relative to the cluster of performing arts venues discussed within the Introduction section.

Figure 4 - Site Location within LSOA 028D and Theatre Cluster



3.5 Based on the above, a number of geographic areas are likely to be most impacted by the proposed development:

- Residents and businesses within LSOA 028D
- The visitor economy within the West End (focused on the Theatre District)
- The wider LB Camden

3.6 Whilst every effort will be made by the applicant to maximise the benefits retained within LB Camden, it is also likely that the Greater London economy will benefit from the temporary and permanent economic activity generated by the Proposed Development.

LOCAL POPULATION PROFILE

3.7 Table 1 below provides a snapshot of the local (LSOA), Camden and Greater London population at the time of the 2021 Census.

3.8 Based on 2021 Census data, the Local Area (LSOA) has a total population of 1,441, at a similar population density to LB Camden as a whole. Over 80% of the resident population is of core working age (16-64), compared with 73% for LB Camden as a whole and 69% for Greater London. There are relatively few children ages under 16 living in the local area, though there are relatively high proportions of residents in the 65-74 age bracket.

Table 1 - Local Population Profile

Indicator	Local Area (LSOA Camden 028D)	Local Authority Area (LB Camden)	Greater London
Total Population (2021)			
Population - 2021	1,441	210,135	8,799,725
Population Density	9,606 / km ²	9,635 / km ²	5,593 / km ²
Age Profile (2021)			
Age 0-4	2.3%	4.8%	6.0%
Age 5-15	6.0%	10.6%	13.3%
Age 16-24	22.1%	15.2%	11.1%
Age 25-44	34.4%	35.0%	34.1%
Age 45-64	24.0%	22.6%	23.7%
Age 65-74	7.2%	6.5%	6.5%
Age 75+	4.0%	5.3%	5.3%
Ethnicity (2021)			
White	56.3%	59.5%	53.8%
Mixed / Multiple Ethnic Groups	8.4%	6.6%	5.7%
Asian / Asian British	23.1%	18.1%	20.7%
Black / African / Caribbean / Black British	5.3%	9.0%	13.5%
Other Ethnic Group	6.9%	6.8%	6.3%

Source: ONS, Census 2021

- 3.9 The Local area has a diverse resident population, which particularly high proportions of Asian / Asian British and Mixed / Multiple Ethnic Group residents relative to Borough and Greater London average, though conversely there are smaller proportions of Black / African / Caribbean / Black British residents when compared against the benchmark.
- 3.10 Taken as a whole, the local population profile represents a diverse local community, with residents covering a wide range of age groups and ethnicities reflecting the vibrant, cosmopolitan nature of Central London.

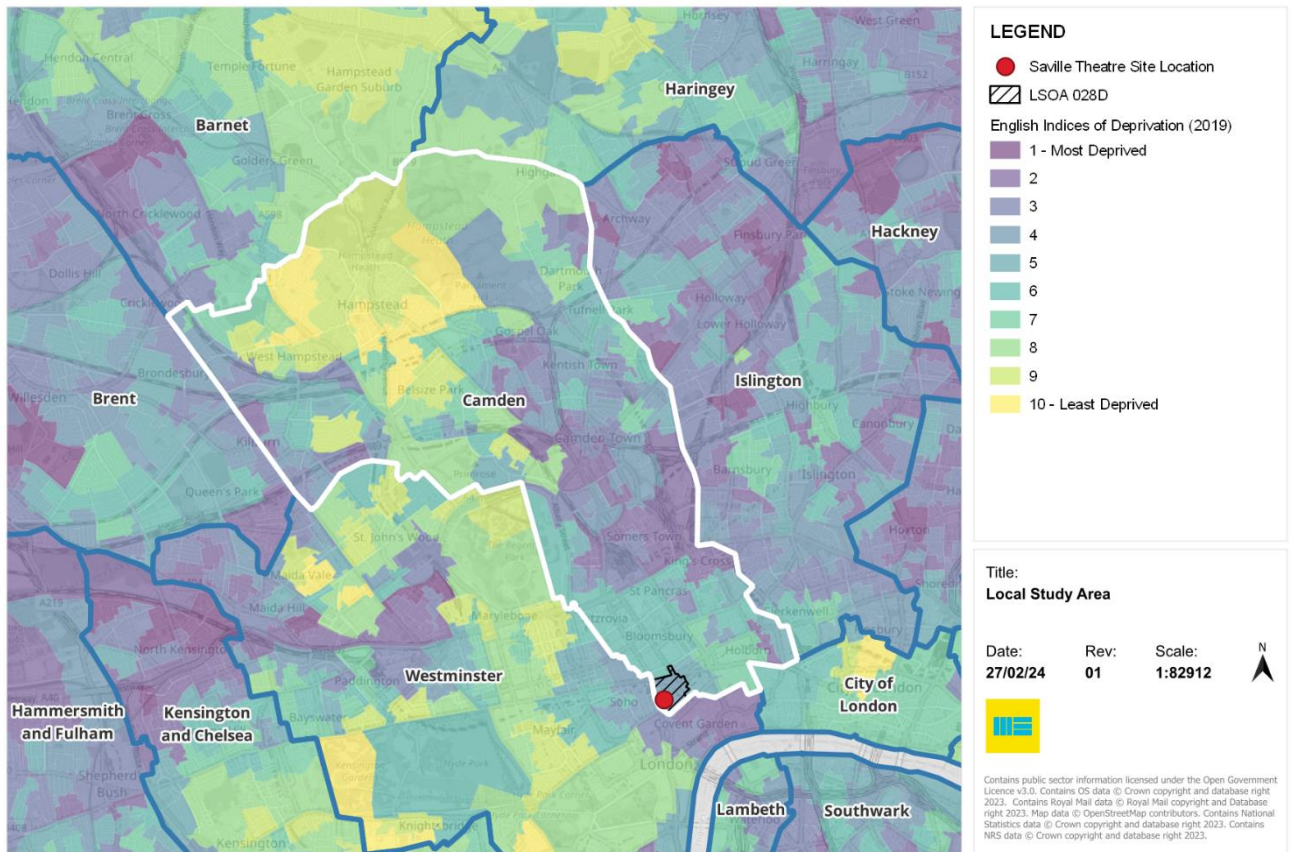
MULTIPLE DEPRIVATION

3.11 Figure 5 below shows spatial patterns of Multiple Deprivation within LB Camden. Multiple Deprivation occurs when a given local area is deemed to be suffering in more than one of the following 'domains' of deprivation:

- Income (weighted 22.5%)
- Employment (22.5%)
- Health (13.5%)
- Education, Skills and Training (13.5%)
- Crime (9.33%)
- Barriers to Housing and Services (9.33%)
- Living Environment (9.33%)

3.12 Creation of economic opportunity is widely regarded as one of the key routes out of multiple deprivation, with improved employment and income prospects often leading to improvements in health, crime and other key indicators⁸. Creation of new jobs and economic output through development can therefore lead to reduced deprivation over time.

Figure 5 - Deprivation in LB Camden



Source: ONS, English Indices of Deprivation 2019

3.13 Within LB Camden, there are clear inequalities between more prosperous areas (such as Hampstead in the north) and more deprived areas in the central part of the Borough (such as Somers Town and Camden Town).

3.14 The area closest to the Site falls within the middle range of the deprivation classification, with LSOA Camden 028D (the LSOA where the Site is located) being ranked around the 40th percentile for deprivation. By individual domain of deprivation, the local area performs most poorly on ‘Living Environment’ deprivation, reflecting the area’s relative lack of open space.

LABOUR MARKET PROFILE

3.15 Table 2 below summarises key indicators relating to the labour market within the local area (LSOA), LB Camden and Greater London as a whole. It is important to note that as the figures in Table 2 are derived from the 2021 Census, the impact of the Covid-19 Global Pandemic is likely to have had an impact – particularly on Economic Activity and Unemployment statistics due to lockdown conditions in place at the time of the census.

⁸ As shown above, Income and Employment are weighted most strongly by the Index of Multiple Deprivation

Table 2 – Labour Market Baseline

Indicator	Local Area	Local Authority Area (Camden Borough)	London
Economic Activity and Unemployment (2021)			
Economic Activity Rate	54.4%	62.7%	66.2%
<i>Unemployed</i>	5.0%	5.1%	4.8%
Economically Inactive	45.6%	37.3%	33.8%
<i>Retired</i>	9.7%	10.8%	12.9%
<i>Student</i>	20.7%	12.4%	7.2%
<i>Looking after home or family</i>	4.2%	5.4%	6.0%
<i>Long-term sick or disabled</i>	6.2%	4.6%	3.6%
<i>Other</i>	4.7%	4.2%	4.1%
Claimant Count (2021-2023)			
Claimant Count Oct 2021	60	8,825	372,890
Claimant Count Oct 2022	40	6,680	278,680
Claimant Count Oct 2023	35	6,735	296,780
% Change 2021-22	-33.3%	-24.3%	-25.2%
% Change 2022-23	-12.5%	+1.0%	+6.5%
Highest Level of Qualification (2021)			
Level 4+ Qualifications	54.7%	57.3%	46.7%
Level 3 Qualifications	15.2%	14.1%	13.2%
Level 2 Qualifications	8.3%	7.2%	10%
Level 1 Qualifications	6.0%	5.1%	7.7%
Other Qualifications	3.3%	2.6%	3.1%
Apprenticeship	1.7%	1.9%	3.2%
No Qualifications	10.8%	11.8%	16.2%
Occupation (2021)			
Management / Professional / Technical	70.7%	70.9%	55.7%
Administrative / Skilled Trades	9.0%	9.9%	16.0%
Care / Leisure / Sales / Customer Service	13.2%	11.1%	14.0%
Operative / Elementary Occupations	7.2%	8.1%	14.2%

Source: ONS, Census 2021

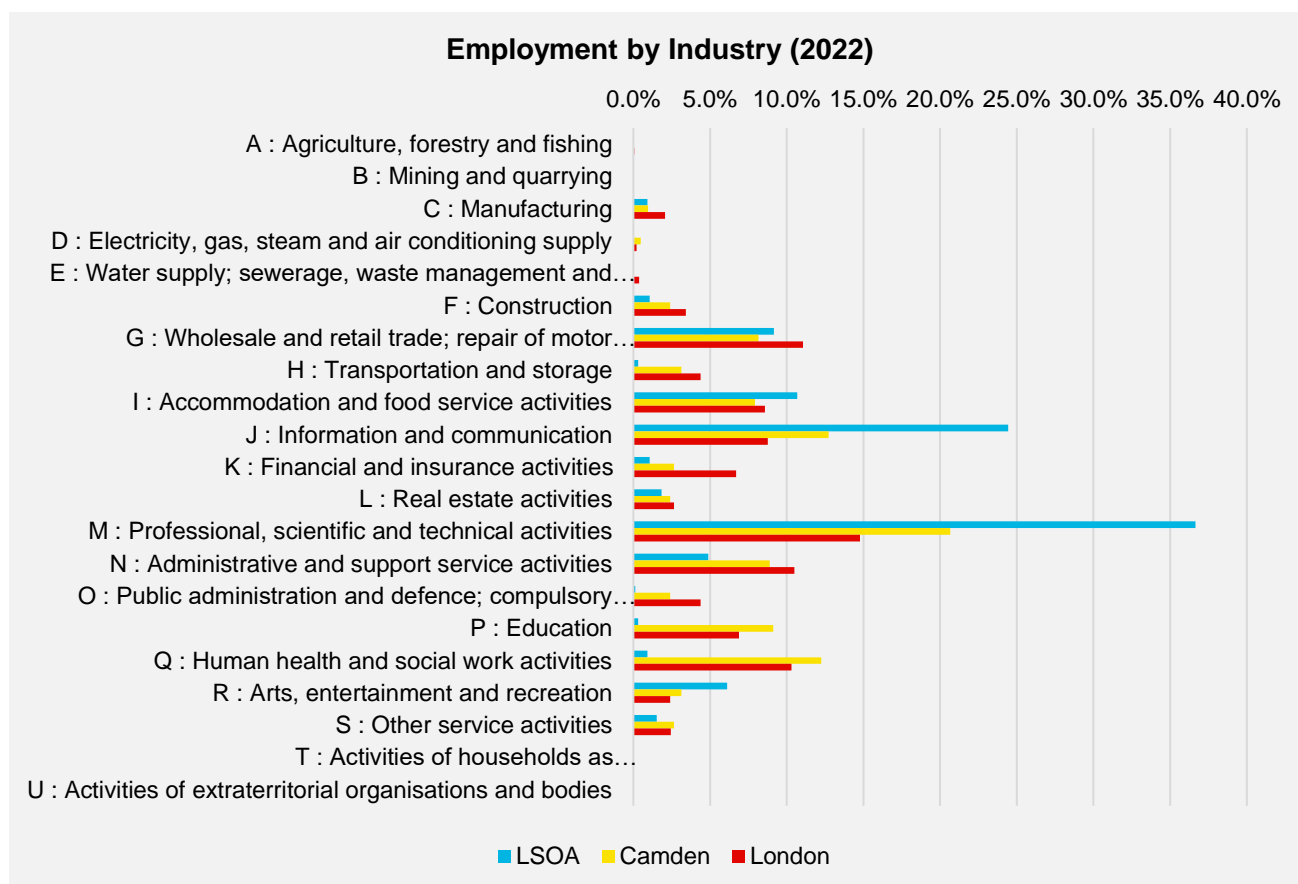
- 3.16 As shown above, 54.4% of the local area population aged 16+ was classed as Economically Active on Census day – a significantly lower rate than the Borough average and the average for Greater London. This high economic inactivity rate is largely driven by the high proportion of Students within the local area – with around 1 in 5 residents aged 16+ being an economically inactive student.
- 3.17 Unemployment rates are in line with Borough and London average, whilst the claimant count is very low (and falling).

- 3.18 Local Residents have very high levels of qualification, with over half (55%) having Level 4+ (Degree or higher) qualifications – a similar rate to LB Camden average and significantly higher than Greater London average. Despite this, 11% of local residents (and 12% of LB Camden residents) still have no formal qualifications, and residents with apprenticeship-level qualifications are below Greater London average – highlighting scope for further enhancement of training and skills development locally.
- 3.19 For those in employment, the vast majority were found to be in Management / Professional / Senior Technical occupations (71% in both the LSOA and wider Borough), with comparatively fewer (relative to Greater London) residents working in Administrative / Skilled Trades or Operative / Elementary Occupations. Employment in Care / Leisure / Sales / Customer Service was higher in the Local Area than the Borough as a whole, though remained slightly below Greater London average.

THE LOCAL ECONOMY

- 3.20 ONS data on employment by industry across the LSOA, LB Camden and Greater London highlights that the Local Area has a particularly strong Professional, scientific and technical activities industry, with 36.7% of employment in the area within this sector. This is a greater proportion than what is seen across Camden (20.7%) and London (14.8%).

Figure 6 - Employment by Industry



Source: ONS, Business Register Employment Survey (2022)

- 3.21 The Local Area also has a particularly strong Information and communication sector (24.4%) and Accommodation and food services sector (10.7%) compared to LB Camden and London, the latter of which highlight's the area's existing strength as a focus for leisure and tourism.

3.22 Within the Arts, Entertainment and Recreation sector (accounting for 6.1% of jobs within the LSOA), it is possible to isolate employment in the 'Performing Arts' and 'Support Activities to Performing Arts' sectors. According to ONS, there are 525 jobs within these sectors in the LSOA, plus a further c. 6,000 within the core Theatre District cluster. The importance of the performing arts sector to the West End and wider London economy is explored further below.

TRAVEL TO WORK FLOWS

3.23 The 2021 Census can also be used to identify commuter flows. Though data is not available at LSOA level, data is published at Middle Super Output Area (MSOA) level – which covers a broader area incorporating several LSOAs. Data is presented below for MSOA Camden 028. Again, it is important to note that Covid-19 is likely to have shaped this data, with significant numbers of staff working from home at the time of the Census due to lockdown conditions. To account for this, home-based workers have been excluded from the analysis – meaning that the figures below relate to those travelling from their permanent residence to a fixed workplace only.

Table 3 - Commuter Flows into Local Area (MSOA Camden 028)

Worker Origin Borough	Total Workers	% of Total Workers
Camden	940	5.3%
Southwark	884	5.0%
Lambeth	845	4.8%
Islington	825	4.7%
Haringey	781	4.4%
Newham	704	4.0%
Tower Hamlets	675	3.8%
Hackney	674	3.8%
Barnet	651	3.7%
Waltham Forest	646	3.6%
Rest of Greater London	7141	40.3%
Outside Greater London	2964	16.7%
Greater London Total	14,766	83.3%
Overall Total	17,730	100.0%

Source: ONS, Census 2021

3.24 As shown above, the built up nature of London, supported by excellent public transport links, means that the workforce for any given local area is likely to be drawn from a wide area – and in the case of MSOA Camden 028, only the Boroughs of Camden and Southwark account for more than 5% of the local workforce. Without intervention to promote local employment, it is likely that jobs created by the Proposed Development would benefit workers living across London.

3.25 Overall, around 83% of workers are residents of a London borough – meaning that 'leakage' of permanent stage benefits to areas outside of London is likely to be minimal (see Section 4.0 for further details on leakage).

3.26 By comparison, the same dataset from the 2011 Census identified that around 77.5% of jobs were filled by Greater London residents, with 5.3% of total jobs filled by Camden residents (the same share as in 2021). It is important to note, however, that commuting patterns tend to differ based on skill and remuneration; workers will

travel further for more highly skilled (and highly paid) roles – for example in professional services. By contrast, hospitality workers tend to be drawn from a more localised catchment; according to the 2021 Census (excluding those who did not travel to a workplace), 78% of customer service workers travelled less than 10km from home to their workplace, compared with 69% for professional services workers. As such, the proportion of hospitality workers in the local area who travel into work from an address in LB Camden is likely to be higher than 5.3% (workplace-based data from the 2021 Census has not yet been published to confirm the exact level, however).

THE WEST END VISITOR ECONOMY

- 3.27 Several research papers have explored the impact of the theatre and tourism sectors on local and city economic performance – key findings are summarised below.
- 3.28 In June 2023, research into the ‘Economic Impact of the UK Theatre Sector’⁹ was published by Sound Diplomacy on behalf of UK Theatre and the Society of London Theatre. The research found that nationally, the direct activities of the theatre ecosystem supported a total of 134,694 workers and directly contributed £1.04 billion GVA to the UK economy. Indirectly, the theatre ecosystem across the UK supported a further 39,209 jobs across the economy, generating a further £641 million of GVA.
- 3.29 Further, this also creates an induced impact whereby people that are directly and indirectly working in the UK theatre ecosystem create an additional impact in the economy because they spend their wages in other UK economic sectors. Sound Diplomacy state that 31,090 induced workers were supported by the theatre system, creating induced GVA of £706million in 2019. Taking these benefits into account, Sound Diplomacy state that **for every £1,000 of turnover generated by the theatre ecosystem in the United Kingdom, there is a positive effect of £1,909 turnover in the rest of the economy.**
- 3.30 Considering London specifically, research by Sound Diplomacy found that in 2019, **59,918 workers were supported by London’s theatre ecosystem**, with an estimated 11,777 direct employees and 27,563 direct freelancers. **The total turnover generated by London theatre was £2.57 billion and the total GVA was £1.38 billion.**
- 3.31 In terms of direct impact (not including induced and indirect employment), turnover totalled £1.1 billion and estimated GVA was £602 million, employing 39,340 workers. This represents 29% of the direct workforce of the UK theatre ecosystem, but the majority of the direct turnover of the UK (57.7%) – highlighting the strong economic ‘value add’ of theatre in London. Indirectly, London theatre generated an indirect turnover of £717 million and an indirect GVA of £370 million.
- 3.32 In terms of audience spend across the UK, the 41.6 million attendances to theatre performances in 2019 generated an estimated spend of £3.67 billion in the UK economy which is equivalent to a **spend of £88.46 per attendee (including ticket, food and drink, and accommodation)**. In London specifically, £1,956 million was generated in London by theatre goers (53% of the UK total) in 2019, with a higher concentration of this spend being made by non-local attendees (61%). The research undertaken by Sound Diplomacy found that the average ticket price in London is £52.17 and the average spend outside the theatre per person was £66.35, meaning **for every £1 spent on a theatre ticket in London, £1.27 is spent in the local economy.**
- 3.33 In terms of the wider impact of tourism on London’s economy, a 2016 report by London and Partners¹⁰ found that London’s event leisure tourism contributes £2.8 billion to the city’s economy which comprises £1.873 billion

⁹ <https://uktheatre.org/wp-content/uploads/sites/2/2024/01/Economic-Impact-Assessment-of-UK-Theatre-Sector.pdf>

¹⁰ https://files.londonandpartners.com/l-and-p/assets/event_tourism_report_web_2016.pdf

from domestic day visitors, £297 million from domestic overnight visitors and £644 million from international visitors. The report also found that **theatre-goers specifically make the biggest contribution to event related leisure spend in the city.**

- 3.34 The New West End Company, which is the Business Improvement District for the West End, has highlighted this impact of domestic and international visitors, stating how the West End is visited 200 million times each year, with half of these visits made by either international or domestic tourists, making it the most popular tourist destination in both London and the UK¹¹.
- 3.35 The West End Partnership's vision for 2030¹² also sets out the wider impact of the West End on the City and country's economy, with the West End representing a major national and international asset with economic activity that outpaces that of any other area of London which generates 3% of the country's economic output (£51.25 billion GVA in 2014), which is even greater than the City of London's contribution. The West End also has one of the largest and most diverse concentrations of jobs anywhere in the UK and hosts 610,000 employees. With over 120,000 employees per square kilometre, it is also one of the world's densest employment hubs.

¹¹ <https://committees.parliament.uk/writtenevidence/42129/pdf/>

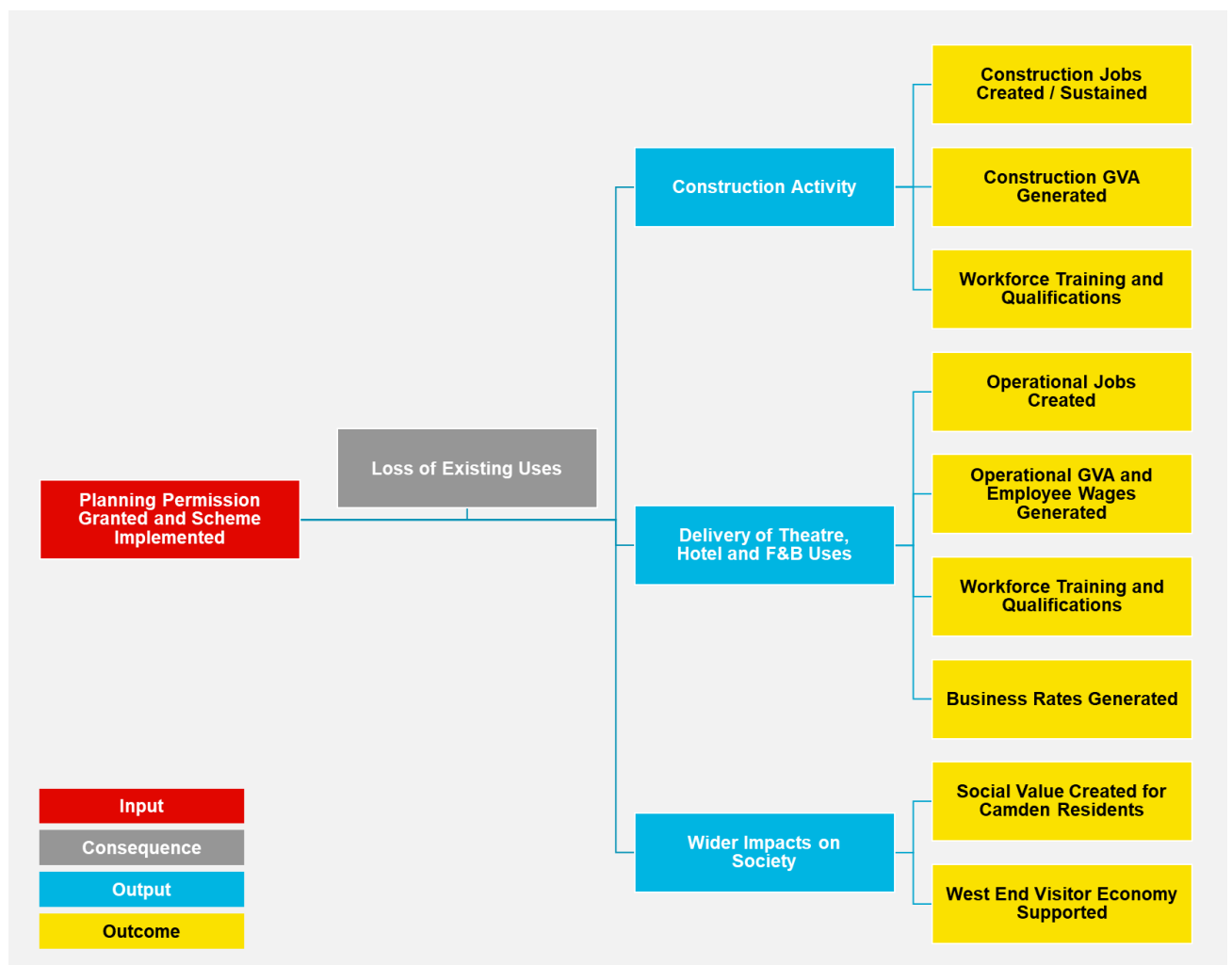
¹² https://committees.westminster.gov.uk/documents/s22627/Appendix%20B%20-wep_vision_2030.pdf

4.0 IMPACT ASSESSMENT

ANTICIPATED ECONOMIC IMPACTS

- 4.1 The delivery of the Proposed Development is likely to impact beneficially upon the local community and local economy in a variety of ways – primarily as a result of the transition from a less productive use to a more economically productive one – for example through the creation of net additional new jobs.
- 4.2 Figure 7 below shows the Socio-Economic Theory of Change for the Proposed Development, demonstrating how the project inputs (granting and implementation of planning consent) are expected to lead the delivery of outputs (the construction of physical assets and implementation of wider social value programmes), which in turn facilitate a range of socio-economic impacts.

Figure 7 - Theory of Change



- 4.3 As shown above, the Proposed Development is expected to lead to beneficial impacts derived from three main outputs:

- **Construction Activity:** The construction works required to deliver the Proposed Development will generate temporary employment opportunities for construction sector workers (and the wider

construction supply chain) across the region. This in turn will boost regional Gross Value Added (GVA)¹³, and create opportunities for training and apprenticeships – which are likely to benefit local residents in particular.

- **Operational Activity:** On completion, the Proposed Development will create permanent employment opportunities, the majority of which are expected to be taken up by Greater London residents. This in turn will boost local GVA, generate additional economic benefits through workers spending their wages locally, and additionally generate additional business rates income.
- **Wider Social Value Programmes:** As set out within the Social Value strategy for the Proposed Development, local impact is set to be enhanced through the delivery of a wide range of social value programmes as proposed by the three proposed operators (Cirque du Soleil, Insipio and citizen) plus the main contractor during construction (Kier).

4.4 On the basis of the above, it is likely that the Proposed Development will deliver a wide range of beneficial impacts, which will have a positive effect on local communities and the local economy.

CONSTRUCTION PHASE IMPACTS

LOSS OF EXISTING USES ON SITE

4.5 Prior to commencement of construction works on the Proposed Development, the existing on-site operation (the Odeon cinema) will be closed, resulting in a number of economic consequences. These consequences will, however, be temporary, due to the proposed replacement employment-generating uses, the likelihood of Odeon redeploying staff to other sites, and the likelihood that customers will seek out alternative West End cinemas rather than cease to visit altogether.

Employment

4.6 Cinemas tend to operate with a very small number of staff relative to their size – with a typical cinema employing 1 Full Time Equivalent (FTE) member of staff per 200m² (GIA) of floorspace¹⁴. In practice, this is likely to include a larger number of part time staff, however to allow for comparison, this assessment reports all employment on an FTE basis.

4.7 It is understood that Odeon currently occupies c. 8,000ft² of the building¹⁵ (approx. 744m²), which equates to 3.7 FTE based on the employment density of 200m² per FTE noted above – and this has been rounded up to 4 FTE for the purpose of this assessment.

Gross Value Added (GVA)

4.8 According to research commissioned by the British Film Institution (BFI)¹⁶, the UK cinema industry as a whole generates c.£1bn per annum in GVA. This equates to, on average, £1.18m in GVA per cinema site (based on there being an estimated 860 cinemas in the UK). According to the UK Cinema Association, there are approximately 4,539 cinema screens in the UK (5.2 per site); on this basis, GVA per screen would equate to

¹³ GVA reflects the difference between output (the value of goods and services produced) and the cost of raw materials and other inputs, which are used up in production. The resulting figure reflects the 'added value' of a given economic activity, from which employment costs (including salaries) are drawn as well as profit/operating surplus to be reinvested, saved or paid out as dividends. GVA is therefore a good indicator of the value to the local economy generated by the Proposed Development.

¹⁴ Source: Homes and Communities Agency, Employment Density Guide, 3rd Edition, 2014

¹⁵ Source: Co-Star

¹⁶ BFI, Measuring the Economic Value of Cinema Venues, November 2023

c.£224k, and a small 3-screen cinema such as the Odeon at Shaftesbury Avenue would generate a GVA of c.£672k per annum.

Business Rates

4.9 In terms of business rates, the Odeon currently has a rateable value of £95,000 per annum – representing a liability of £48,640 per annum (based on the 2023/24 multiplier of 0.512).

Wider Value to Society

4.10 As demonstrated in Section 3.0 in relation to theatres, visits to the cinema also generate linked trips and spin-off spending – for example on Food & Beverage services. However, given the presence of a significant number of alternative cinema locations nearby (including four other Odeon branded cinemas alone within the West End), it is highly likely that cinema-goers would seek out an alternative nearby, rather than forego the visit to the cinema completely. As such, the impact of lost spin-off spending would likely be negligible, and businesses in the immediate local area which currently benefit from footfall generated by the cinema would soon benefit to a greater extent by the footfall generated by the Proposed Development.

4.11 The economic consequences described above would be temporary in nature, with the Proposed Development likely to replace (and exceed) the identified losses in each category, as explored later within this chapter.

CONSTRUCTION JOBS

4.12 The proposed development will create demand for local labour in the construction of the new building. As construction is highly dependent on its supply chain, construction of the Proposed Development is likely to affect those involved in the construction sector across the wider region, rather than simply within Camden.

4.13 The construction cost of the Proposed Development is confidential, and a cost of £85m has therefore been assumed by Montagu Evans for the purpose of this assessment.

4.14 Construction jobs have been calculated based on the ratio of turnover to employment for the Construction and Professional Services at a macro level. According to ONS¹⁷ the construction industry employs one person for each £156,200 of turnover.

Table 4 -

	Total
Estimated Construction Cost	£85m
Industry Turnover per Worker	£158,000
Person Years of Employment	538

Source: BCIS, ONS, Montagu Evans Modelling;

4.15 In total, the Proposed Development is expected to create a total of 538 person years of employment. This equates to c. 538 FTE jobs sustained for the entire 12 month build period.

4.16 The figures above relate to 'Gross' jobs, created directly by the project. In practice, a number of these jobs will:

¹⁷ ONS, Business Population Estimates 2022

- Be taken up by those based outside of the study area – referred to as **Leakage**
- Result in other projects not occurring or being delayed due to the workforce being committed to delivering the Proposed Development instead - referred to as **Displacement**
- Catalyse other economic activity, and therefore sustain employment, through the purchasing of goods and services to deliver the Proposed Development (supply chain) and through workers spending their wages in the study area economy – referred to as **Composite Multiplier** effects

4.17 For the purpose of this assessment, **Leakage** has been estimated at 15% - a low level of leakage in line with the HCA Additionality Guide reflecting the size of the construction workforce and supply chain within Greater London.

4.18 A relatively low level of **Displacement** (10%) has been assumed in line with the HCA Additionality Guide – on the basis that the Proposed Development is of a standard typology (i.e. is not a major infrastructure project) and that an extensive construction workforce and supply chain is available within the study area. This means that other projects are unlikely to be affected by the Proposed Development being brought forward.

4.19 Finally, research undertaken by the Scottish Government¹⁸ into indirect and induced multiplier effects by industry sector has been applied – with identifies a **Composite Multiplier** of 1.76 for the Construction sector (meaning that 76 indirect/induced jobs are created/secured for every 100 direct jobs). This broadly aligns with the HCA Additionality Guide’s ‘High’ estimate of composite multiplier effects at regional level – which is appropriate for a sector highly dependent on a geographically proximate supply chain such as Construction.

4.20 Table 7 below summarises adjustments made to account for these factors.

Table 5 – Additionality of Temporary Construction Employment

Step	Description	Value	Formula
A	Gross Direct Construction Jobs (person years)	538	
B	Leakage	15%	
C	Regional Direct Construction Jobs (person years)	457	$A * (100\% - B)$
D	Displacement	10%	
E	Net Regional Direct Construction Jobs (person years)	412	$C * (100\% - D)$
F	Composite Multiplier	1.76	
G	Indirect and Induced Regional Construction Jobs (person years)	313	$E * F$
H	Total Regional Construction Jobs (person years)	724	E + G

Source: Montagu Evans Modelling, CITB, HCA, Scottish Government

4.21 Of the 538 person years of employment created directly, 457 are expected to be taken up by residents of the regional study area, and 412 are expected to represent net additional economic activity to the study area. An additional 313 person years of employment are then expected to be created indirectly or through induced worker spending (of earnings derived from the construction of the Proposed Development). In total, this equates to 724 FTE Direct, Indirect and Induced Construction Jobs sustained during the construction phase.

¹⁸ Scottish Government, Supply, Use and Input-Output Tables, 1998-2019. The ONS does not produce Type II employment or GVA multipliers for England, however as noted above the Scottish Government multiplier aligns closely with the HCA Additionality Guide, and is therefore considered to be an appropriate multiplier to use for this purpose.

CONSTRUCTION GVA

- 4.22 Construction of the Proposed Development will also generate Gross Value Added (GVA) within the study area.
- 4.23 GVA reflects the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used up in production. The resulting figure reflects the 'added value' of a given economic activity, from which employment costs (including salaries) are drawn as well as profit/operating surplus to be reinvested, held on balance sheet or paid out as dividends. GVA is therefore a good indicator of the value to the local economy generated by the Proposed Development – the higher an area's GVA, the stronger and more resilient its economy is likely to be.
- 4.24 According to ONS, each worker in the Construction sector generates, on average, approximately £67,300 in GVA per annum¹⁹.
- 4.25 On this basis, the Proposed Development is expected to generate £36.2m in gross, direct GVA, and £48.8m in Net Additional Regional GVA, over the full duration of the build, as summarised in the calculation below (taking into account the same 'additionality' factors of leakage, displacement and multiplier effects discussed above).

Table 6 – Additionality of GVA from Construction

	Description	Value	Formula
A	Gross Direct Construction GVA	£36.2m	
B	Leakage	15%	
C	Regional Direct Construction GVA	£30.8m	$A * (1 - B)$
D	Displacement	10%	
E	New Regional Direct Construction GVA	£27.7m	$C * (1 - D)$
F	Composite Multiplier	1.76	
G	Indirect and Induced Regional Construction GVA	£21.1m	$E * (F - 1)$
H	Total Regional Construction GVA	£48.8m	E + G

Source: Montagu Evans Modelling, CITB, HCA, Scottish Government

CONSTRUCTION WORKER SPENDING

- 4.26 According to national-level estimates from ONS, employment costs account for around 42% of GVA within the construction sector. From these earnings, construction workers are likely to spend money in the local economy – including spending with businesses located close to site during the working day (for example by purchasing food and drink at lunchtime). Although the overall economic impact of such spending is captured within the 'Indirect and Induced GVA' estimate summarised above, it is useful to illustrate the potential scale of opportunity which could be created for relevant businesses located in close proximity to the Site.
- 4.27 According to the ONS Family Expenditure Survey 2019, the average household spends £40.80 per week on Food & Beverage away from the home. This equates to £50.36 in 2023 prices (inflated by RPI). Assuming two adults per household and an even spread of spend across the week, around £18 of this spend could be made close to the workplace (in this case, the Site) – equivalent to £827 per annum based on 46 working weeks per year. With 544 direct person years of employment predicted to be created by the Proposed Development, this

¹⁹ ONS, Output per Job, January 2023

means that **construction workers will spend an estimated £445,000 on food and drink over the course of the build.**

4.28 It is also likely that some construction workers will need to take up temporary accommodation during the build. According to CITB research²⁰, around 3% of construction workers on sites in the London have travelled more than 100 miles from home. Such a distance is unlikely to be commutable on a daily basis, meaning that many will choose to stay locally in hotels and B&Bs. With the Proposed Development generating an estimated 538 person years of employment in total, this equates to around 54 person years of employment from people travelling in excess of 100 miles. Assuming an average rate of £50 per person per night, this equates to a **spend on local accommodation of approximately £169,000 over the course of the build.**

4.29 The above illustrations are indicative of just two types of practical benefit which local businesses and their employees could realise during the construction of the Proposed Development – in practice there are likely to be many other opportunities for local businesses to benefit from the project.

OPERATIONAL PHASE IMPACTS

OPERATIONAL JOBS

4.30 With Cirque du Soleil, Incipio Group and citizenM already onboard to operate the completed development (Theatre, Food & Beverage and Hotel elements respectively), it has been possible to obtain specific operational employment estimates for this site, which are summarised below.

Table 7 – Operational Phase Employment

Occupier	Typical Role Types	Estimated Jobs (FTE)
Cirque du Soleil	Performers, Front of House, Technicians	60
Incipio	Front of House, Back of House	20
CitizenM	Reception, Management, Housekeeping	49
Total Proposed Development Jobs		129
Less Current Odeon Employment	<i>Front of House, Projectionists</i>	-4
Net Additional Direct Permanent Jobs		125

4.31 As summarised above, it is anticipated that around 125 net additional FTE roles will be created directly as a result of the Proposed Development proceeding. These roles are likely to be created across a wide range of skill levels, ranging from professional performers to skilled technicians and customer service specialists. This is likely to create opportunities for a wide range of people locally and from across London.

4.32 As with construction employment, operational employment has also been adjusted to reflect the ‘additionality’ factors of leakage, displacement and multiplier effects.

4.33 Figures have been presented both for LB Camden and for Greater London. As set out within the Economic Baseline section (Section 3.0), the built up nature of London means that it is rare that a significant proportion of any workforce is drawn from a single borough, with around 5.3% of jobs in the local (MSOA) area currently being filled by Camden residents (see Table 3). As set out within the accompanying Social Value strategy, however, the applicant is committed to supporting local employment wherever possible, and for the purpose of this assessment it has been assumed that 10% of permanent jobs will be taken up by Camden residents. Should

²⁰ CITB, Workforce Mobility and Skills in the UK Construction Sector 2018-2019

this rate be exceeded, then localised economic benefits would likely be higher still. Table 3 also showed that around 85% of local jobs are filled by Greater London residents, with the remaining 15% filled by residents from outside the capital. For the purpose of this assessment, it has been assumed that 90% of jobs will be filled by Greater London residents (including LB Camden residents), reflecting the higher likelihood for hospitality and customer service staff in particular to work close to their place of residence. On this basis, leakage of 90% has been assumed for LB Camden, and 10% for Greater London.

- 4.34 An allowance of 10% has been made for displacement, reflecting low levels of unemployment in London at present (leading to strong competition for staff – that creation of new jobs by the Proposed Development could mean that jobs vacated by these workers remain unfilled). This is likely to be mitigated by proposed Social Value programmes which target bringing those currently outside the labour market into employment through skills development and provision of work experience opportunities.
- 4.35 Finally, a composite multiplier of 1.26 has been applied, again derived from the Scottish Government Supply and Use Tables (as discussed above in relation to construction employment). This is a blended rate between multipliers for the Food Service, Accommodation and Cultural Services sectors.
- 4.36 Table 8 below summarises the calculation of total local employment within LB Camden and within Greater London as a whole.

Table 8 - Additionality of Permanent Operational Employment

Step	Description	Within LB Camden	Within Greater London	Formula
A	Direct Operational Jobs (FTE)*	125		
B	Leakage	90%	10%	
C	Direct Local Operational Jobs (FTE)	13	106	$A * (100\% - B)$
D	Displacement	10%	10%	
E	New Direct Local Operational Jobs (FTE)	11	96	$C * (100\% - D)$
F	Composite Multiplier	1.26	1.26	
G	Indirect and Induced Local Operational Jobs (FTE)	3	25	$E * F$
H	Total Local Operational Jobs (FTE)	14	121	E + G

*129 FTEs, less 4 FTEs lost from the existing Cinema

- 4.37 As shown above, the Proposed Development is expected to deliver in a net increase of 121 jobs within Greater London, of which at least 14 are predicted to be taken up by LB Camden residents. This represents a significant uplift on current employment associated with the Odeon cinema, which was estimated to sustain just 4 FTE jobs.

OPERATIONAL GVA

- 4.38 The Proposed Development will also generate GVA during each year of operation.

Food & Beverage and Hotel GVA

- 4.39 GVA associated with F&B and Hotel operations has been derived from ONS data on the relationship between employment and GVA. According to ONS' Output per Job dataset, the 'Accommodation and Food Services' sector generates an average of £30,500 in GVA per job. When adjusted to reflect FTE jobs (a significant

proportion of the hospitality workforce works on a part time basis), this rises to £46,400. Gross direct GVA has therefore been calculated by multiplying the anticipated number of FTE jobs by £46,400. This produces a combined GVA of **£3.2m per annum**.

Theatre GVA

- 4.40 As theatres are less common than hotels and F&B venues, GVA of the sector is more difficult to establish from the ONS Output per Job data. However, as set out within Section 3.0, research by Sound Diplomacy found that the London theatre sector generated £2.57bn per annum in turnover and £1.38bn in GVA – putting theatre sector GVA at around 54% of Turnover. It is therefore possible to estimate GVA based on potential turnover for Cirque du Soleil. This estimate has been prepared for the purpose of this economic appraisal only, based on factual information about the Proposed Development and Montagu Evans assumptions around likely ticket sales rates and values.
- 4.41 The proposed theatre on completion will have c.300 seats, as set out within the Operational Management Plan accompanying this application. Two shows per day are expected to be performed (14 per week), with shows running 48 weeks per year – a total of 672 shows per year. Assuming that, on average, 90% of tickets are sold for each performance, this would equate to c. 181,440 tickets sold per annum. General sale ticket prices for Cirque du Soleil’s recent performance run at the Royal Albert Hall ranged from around £45 up to £300+ - the upper end of the range being for VIP seats with hospitality. Assuming an average ticket price of £100, this would mean that turnover from the Saville Theatre would total £18.14m per annum. This excludes additional sales of merchandise and refreshments, which would further add to turnover (but have been excluded from this assessment to present a conservative estimate of likely impact). Based on the above assumption of GVA accounting for 54% of turnover, this would imply GVA for the proposed theatre of **£9.7m per annum**. This equates to £162,400 per FTE.
- 4.42 When combined with GVA for the F&B and Hotel uses, the Proposed Development is estimated to generate a **total direct GVA of £12.94m per annum**. Less the estimated GVA of £672k associated with the current Odeon cinema, the Proposed Development generates **net additional direct GVA of £12.27m**.

Additionality and Local Impact

- 4.43 Table 9 below summarises the local GVA impact (to LB Camden and Greater London) arising from the permanent operation of the Proposed Development.

Table 9 - Additionality of Permanent Operational GVA

Step	Description	Within LB Camden	Within Greater London	Formula
A	Direct Operational GVA*	£12.3m		
B	Leakage	90%	10%	
C	Direct Local Operational GVA	£1.2m	£11.0m	A * (100% – B)
D	Displacement	10%	10%	
E	New Direct Local Operational GVA	£1.1m	£9.9m	C * (100% – D)
F	Composite Multiplier	1.26	1.26	
G	Indirect and Induced Local Operational GVA	£0.3m	£2.6m	E * F
H	Total Local Operational GVA	£1.4m	£12.6m	E + G

*£12.94m, less c.£0.67m lost from the existing Cinema

- 4.44 As with employment, it is anticipated that the vast majority of GVA benefit will be delivered within Greater London, owing to the presence of a large, skilled workforce and supply chain. The LB Camden economy is also likely to benefit, with potential for an even greater level of benefit to be achieved through use of local businesses within the supply chain where possible.

BUSINESS RATES

- 4.45 As noted above, the existing Odeon cinema has a rateable value of £95,000. On completion, the Proposed Development is likely to result in a significant uplift in rateable value, and therefore business rates payable, owing to the increase in productive floorspace and the higher value uses proposed.
- 4.46 It is not possible to accurately predict the future rateable value of the completed development, however it is noted that most nearby theatres have rateable values exceeding £250k – including the nearby Shaftesbury Theatre (rateable value of £310k, equivalent to c. £90 per square metre), Cambridge Theatre (£305k – equivalent to £73 per square metre) and Dominion Theatre (£600k – equivalent to £217 per square metre). On this basis, it is likely that the theatre element alone will attract a rateable value in the region of £200k.
- 4.47 Nearby hotels also attract significant rateable values, such as the more upmarket Radisson Blu at Seven Dials (£1.5m – equivalent to £10,900 per room) and budget Thistle High Holborn (£995k - £7,700 per room). On this basis, the proposed 210 bed hotel could attract a rateable value of c. £1.6m per annum.
- 4.48 With further rateable value to be added for the F&B space, the total RV of the completed development could reach c. £1.85m – with an annual rates liability of c. £950k based on current multipliers. This is around 20 times the current rates liability for the current use. Please note that these calculations are intended to be high level and indicative to understand the potential uplift compared with the current use of the site; the Valuation Office Agency will carry out its own appraisal of the completed development to determine its actual rateable value.

WIDER IMPACTS ON SOCIETY

SUPPORTING THE VISITOR ECONOMY

- 4.49 As noted in Section 3.0, the West End is a key asset for the London economy, attracting millions of visitors each year and supporting thousands of jobs. The Proposed Development will have an important role to play in helping the West End to maintain its attractiveness to visitors, providing a unique opportunity to secure one of the world's most famous performing arts shows on a permanent basis.
- 4.50 Visitors to the theatre spend significant amounts of money beyond the price of their ticket; as set out in Section 3.0, and additional £1.27 is spent in the local economy (for example on Food & Beverage, Accommodation and Retail) for every £1 spent on theatre tickets. As set out above, Montagu Evans have conservatively estimated that around £18m could be spent on tickets to Cirque du Soleil each year – meaning that an additional £23m could be generated for other businesses in Central London. This additional spending subsequently supports jobs and underpins the viability of complementary businesses operating within the same ecosystem as Saville Theatre.
- 4.51 Hotel guests will also help to support the local economy through their spending during their visit to London. Yoo Capital is working with citizenM as the hotel operator for the Site due to citizenM's positioning as an 'affordable luxury' hotel which, by design, aims to cater to young professionals who want to work, explore and play in the cities they stay in. CitizenM does this by creating well designed, comfortable spaces over a smaller footprint

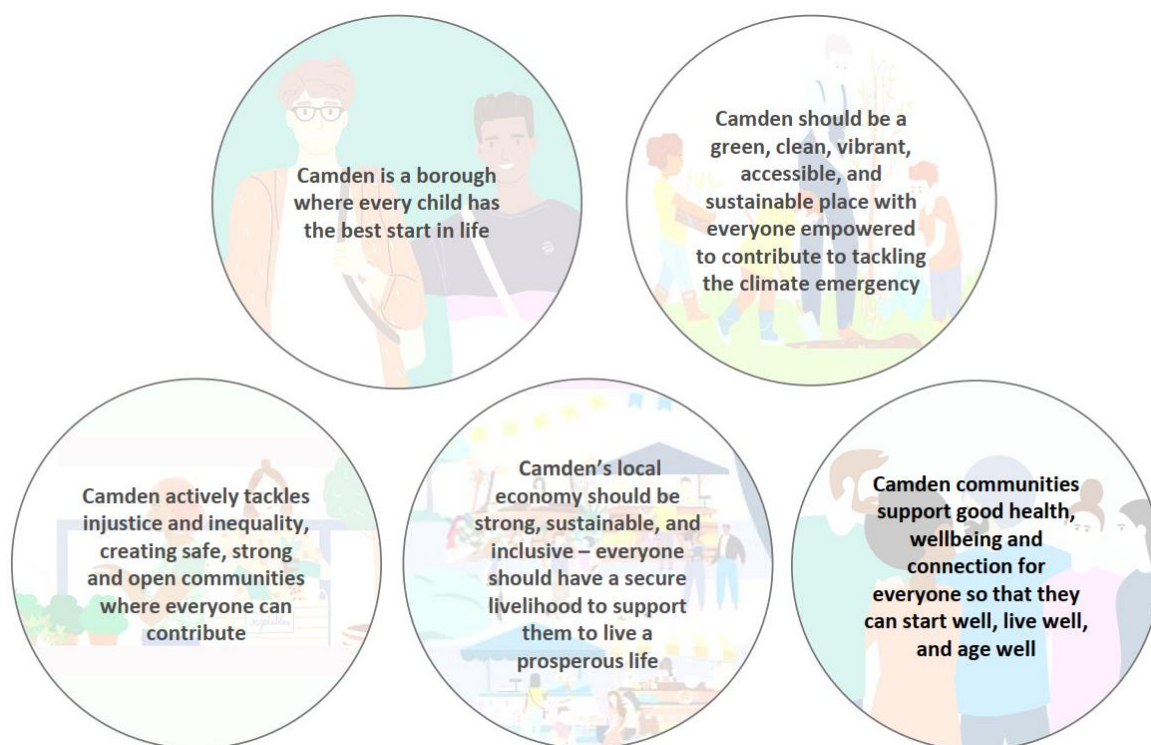
(with a typical room measuring 16 sq m) compared to a traditional luxury hotel which would require c50% more space per room and would require further space for traditional amenities, such as a pool, spa and restaurant/bar.

4.52 CitizenM hotels do not require provision of a bar or restaurant, and as such, both their space and MEP requirements are much lower than a traditional luxury hotel. This model both depressurises the build requirements of the hotel whilst also ensuring that their offer is luxury affordable, enabling younger travellers to stay in a central London location and support other hospitality venues nearby.

WIDER SOCIAL VALUE

4.53 The Applicant and partner organisations recognises the potential for the Proposed Development to generate significant social value both through its construction and in operation. A Social Value Strategy has been prepared to identify the key ways in which this can be achieved – guided by LB Camden’s ‘We Make Camden’ ambitions:

Figure 8 - We Make Camden Ambitions - Responded to by the Social Value Strategy



4.54 In responding to key local issues, the Proposed Development will be able to maximise the local economic impact of the Proposed Development, particularly by:

- Delivering jobs for local people through local employment initiatives;
- Providing opportunities for skills development to enable local people to access jobs on-site and in the supply chain;
- Engaging with local community groups, including schools, to inspire young and/or disadvantaged people to consider careers in the theatre industry;

- Promoting healthy working practices and staff wellbeing both during construction and in operation; and
- Promoting inclusivity, creating opportunities for the community to engage with the space created, for example through public art and exhibition space – creating a greater sense of vibrancy in the local area.

4.55 The Applicant and its three partner organisations (Cirque du Soleil, Insipio Group and citizenM) have all made social value pledges through this strategy which will ultimately enhance how the Proposed Development interacts with the local economy – generating stronger and more locally-relevant outcomes.

5.0 CONCLUSION

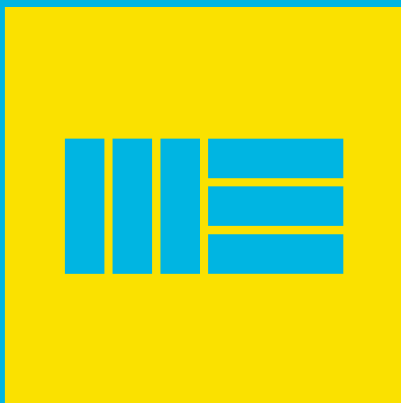
- 5.1 This Economic Impact Assessment has appraised the multiple ways in which the Saville Theatre development is expected to contribute to the local economy, both during construction and on completion, and how this aligns with key aspects of local and national policy agendas.
- 5.2 The Site's location within the Central Activities Zone (CAZ), at the heart of London's theatre district, creates an excellent opportunity to develop an offer which both responds to and enhances the local area's role as a key tourist destination for London, and creates opportunities for local residents (and residents of the wider Borough) to benefit from the strong uplift in jobs expected to be created when compared against the current use for the site.
- 5.3 The assessment of economic impacts found that:
- The construction of the Proposed Development will create an estimated 538 person years of employment directly, reflecting the complex and sympathetic nature of the proposed alterations to the building and the quality of spaces to be provided.
 - The existing use of the site generates relatively few economic benefits. As a small cinema, the number of jobs sustained is low, and with a large number of alternative cinemas located within close walking distance, the likely net effect of closing the Odeon is expected to be minimal.
 - A total of 129 Full Time Equivalent (FTE) jobs are expected to be created on completion by the proposed operators (Cirque du Soleil, Incipio Group and citizenM); The vast majority of these roles are expected to be taken up by Londoners, and with efforts to promote local employment through the Applicant's proposed Social Value strategy, as many as possible will be drawn from within LB Camden.
 - The Proposed Development, once in operation, is expected to generate c. £12.9m per annum in Gross Value Added – which is comprised of employment costs and operating surplus. This represents a significant uplift on the direct economic contribution of the site in its current use, which is estimated at c.£0.7m per annum. As with employment, the vast majority of this GVA benefit is likely to be realised within Greater London – including within LB Camden.
 - Once in operation, it is also predicted that the business rates liability of the Proposed Development could be as much as 20x higher than the rates liability for the current Cinema use.
 - The wider spin-off benefits for complementary businesses in the local area are also expected to be significant; research by Sound Diplomacy identifies that £1.27 is spent in the wider economy for each £1 spent on theatre tickets – meaning that visitors to the proposed theatre could be responsible for spending up to £23m per annum with other businesses in the local area during their visit.
 - Finally, the proposed Social Value programme will help to strengthen the economic impact of the Proposed Development by enhancing its links into the local community and ensuring that as many jobs as possible are able to be taken up by local residents.
- 5.4 The Proposed Development will therefore be an asset to the local economy and help to support the ongoing vitality of one of London's key economic engines – the visitor economy.

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WE CONSIDER OUR CREDENTIALS, HOW WE HAVE STRUCTURED OUR BID AND OUR PROPOSED CHARGING RATES TO BE COMMERCIALY SENSITIVE INFORMATION.
WE REQUEST THAT THESE BE TREATED AS CONFIDENTIAL.