

Koko Club

Economic Statement

indigo.

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Indigo

indigo.

Aldermay House
10-15 Queen Street
London EC4N 1TX

T 020 3848 2500
E info@indigoplanning.com
W indigoplanning.com

Koko Club

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Appendices

Appendix 1

Koko Club – proposed organisation chart

1. Introduction

- 1.1. Indigo has prepared this economic statement on behalf of The Hope Lease Limited. The statement assesses the anticipated economic impacts of the redevelopment proposals for the Hope and Anchor pub, the Camden Palais (Koko Club) and 65 Bayham Place, London NW1 7JE.

Structure of the economic statement

- 1.2. The economic statement is structured as follows:
- **Section 2** – outlines the **approach** to preparing the economic statement;
 - **Section 3** – considers the Camden and London-wide **planning policy context**;
 - **Section 4** – provides a high level overview of **baseline socio-economic conditions** in the local area;
 - **Section 5** – describes the **Koko Club's existing economic footprint**;
 - **Section 6** – estimates the **temporary economic benefits** of the proposed development, including construction employment and the gross value added to the local economy by the construction phase;
 - **Section 7** – assesses the **permanent economic benefits** of the proposed development, including the gross on site jobs, the net additional jobs and the gross value added to the local economy by the employment created; and
 - **Section 8** – summarises the **overall conclusions** from the economic statement.
- 1.3. The economic statement includes the following appendix:
- **Appendix 1** – Koko Club proposed organisation chart

2. Approach

2.1. This section explains the approach taken by Indigo in preparing the economic statement.

Impact areas

2.2. Indigo has used the following impact areas to construct the socio-economic baseline and to assess the economic benefits of the proposed development:

- **Local impact area** – as defined by the Regent's Park ward boundary; and
- **Wider impact area** – as defined by the London Borough of Camden local authority boundary.

2.3. Where possible some baseline indicators have been provided at local area or neighbourhood level using the Camden 021C lower layer super output area (as outlined in blue in Figure 2.1, on which the location of Koko is indicated by the blue marker). This local area immediately around the Koko Club site is home to around 2,000 people.

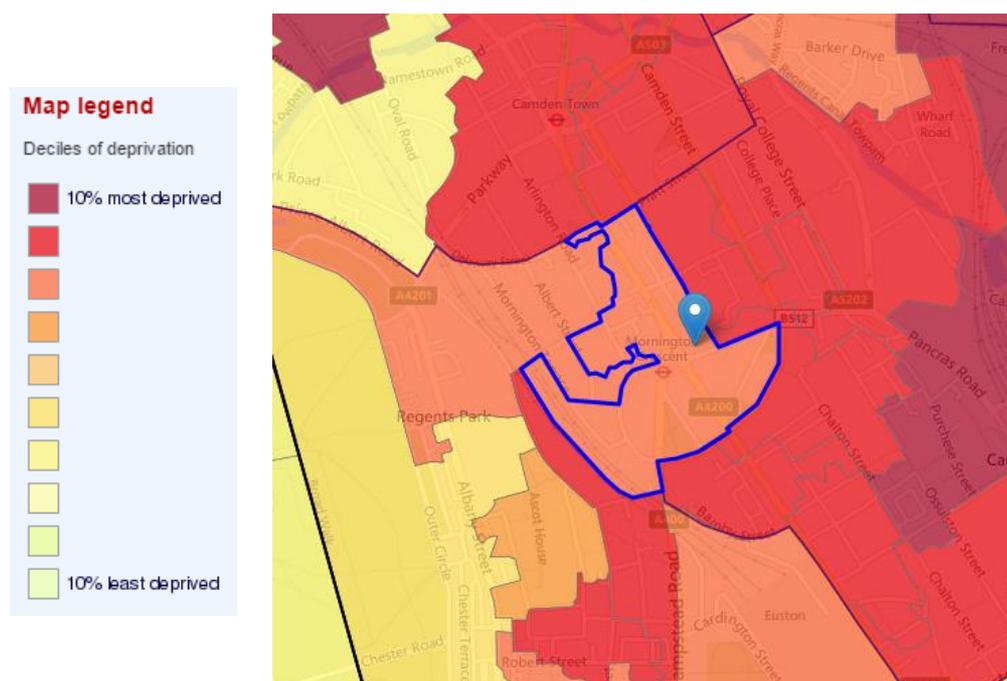


Figure 2.1 – Camden 021C lower layer super output area (DCLG, 2015).

Socio-economic baseline

2.4. In preparing the economic statement, Indigo has identified baseline information on a variety of socio-economic indicators. The indicators have been grouped into several themes that address a broad range of outcomes typically associated with major development proposals. Taken together, these themes provide a robust indication of the socio-economic strengths and weaknesses of a local area.

2.5. The socio-economic baseline is structured around the following themes:

- Population and demographic change;
- Economic activity;
- Education and skills;
- Housing;
- Health conditions; and
- Deprivation and poverty

Reference sources

2.6. In preparing the economic statement Indigo has drawn on data from the following publications and reference sources:

- English Indices of Deprivation 2015 – Department for Communities and Local Government (2015);
- *Regent's Park Ward Labour Market Profile 2011* – National Online Manpower Information Service (October 2017);
- *Camden Labour Market Profile 2011* – National Online Manpower Information Service (October 2017);
- *Wish You Were Here 2016* – UK Music (2016);
- Camden Open Data website – London Borough of Camden (2017);
- London Data Store website – Greater London Authority (2017);
- Camden Health Profile 2015 – Public Health England, June 2015;
- Camden Child Health Profile 2016 – Public Health England, March 2016; and
- *The Creative Industries in London* – GLA Economics Working Paper 70, September 2015.

3. Policy context

- 3.1. This section of the economic statement considers the relevant Camden and London-wide planning policy context, focusing on policies relating to cultural uses. It also considers the main findings from the Mayor of London's Grassroots Music Venues Rescue Plan published in October 2015.

London Plan (2016)

- 3.2. Policy 4.6 states that the continued success of London's diverse array of arts, cultural, professional sporting and entertainment enterprises should be supported by the Mayor and boroughs, as well as the economic benefits they offer to London's population, workforce and visitors.
- 3.3. Part B of Policy 4.6 outlines various criteria that arts, culture, sport and entertainment developments should meet, including the following:
- Be located on sites with good existing or planned public transport access;
 - Be accessible to all sections of the community; and
 - Address shortages in facilities, while providing a focus to encourage the development of more sustainable local communities.
- 3.4. The cultural and creative sectors within London are highlighted as being central to the economic and social success of the city at paragraph 4.32.
- 3.5. In addition, paragraph 4.36 indicates that the night time economy comprises an important aspect of the capital's economy, with a unique selection of bars, performing arts venues and night clubs, among other leisure facilities.

Town Centres Supplementary Planning Guidance (2014)

- 3.6. Paragraph 1.2.1 highlights the significant contribution London's cultural, leisure and tourism offer and night time activities make to the economy, as well as to the vitality and vitality of town centres, suggesting that such facilities should form an important part of the evolving mix of town centre uses.
- 3.7. The need to embrace art and culture to create successful and renewed town centres within London is identified at paragraph 1.2.2, serving as a means of enhancing distinctiveness and character.

Camden Local Plan (2017)

- 3.8. The Camden Local Plan was adopted on 3 July 2017 and replaces the Camden Core Strategy (2010) and Development Management Policies.
- 3.9. Paragraph 4.49 outlines the Council's view that cultural and leisure facilities in the borough make a major contribution towards Camden's appeal as a place to live, work or study.
- 3.10. Policy C3 states that the Council will protect cultural and leisure uses within the borough, including live music venues. Furthermore, the Council will encourage new cultural and leisure facilities within major mixed use developments. Large-scale new facilities should be located in areas with good access to public transport, with Central London and town centres noted as the most appropriate locations.

- 3.11. The Council's desire to ensure that existing cultural and leisure attractions are sustained and enhanced is noted at paragraph 4.60.

London's Grassroots Music Venues Rescue Plan (2015)

- 3.12. The Mayor of London's Music Venues Taskforce was established to establish why so many music venues in London have closed over the decade and what impact this is having on the capital's culture and economy.
- 3.13. The Grassroots Music Venues Rescue Plan published in October 2015 includes an audit of London's music venues which reveals a significant decline in the number of venues offering live music between 2007 and 2015. The key findings are as follows:
- There was a 29.6% decline in the total number of live music venues, falling from 348 in 2007 to 248 in 2015;
 - 82 new live music venues opened, bringing the total operating between 2007 and 2015 to 430; and
 - Only 57% of the live music venues that operated between 2007 and 2015 remain open, with 185 venues closing during this period.
- 3.14. Against this wider backdrop of closures for live music venues in London, the Rescue Plan highlights a particular problem for grassroots music venues. The report segments the grassroots market into small venues (less than 350 capacity), medium-sized venues (351 to 650 capacity), and large venues (651 plus capacity). Koko Club features in the audit as a large grassroots music venue.
- 3.15. A total of 163 grassroots music venues operated in London between 2007 and 2015. Only 54% of these venues remain open in 2015, with 75 grassroots music venues closing during this period. The closure of grassroots music venues accounted for 40.5% of the total loss of live music venues in London between 2007 and 2015.

4. Baseline socio-economic conditions

- 4.1. This section outlines the baseline socio-economic conditions for Camden and the local ward of Regent's Park, in which the proposal site is located.

Population and demographic change

- 4.2. Camden's population in 2016 was predicted to be approximately 244,400, with around 6.2% (15,100) thought to reside within the Regent's Park ward (GLA, 2017).
- 4.3. The breakdown of the population between age groups is outlined in Table 4.1, which indicates that the local area surrounding the application site has a lower proportion of children and older people than both Camden as a whole and London, though has a larger percentage of people who are of working age.

Age group	Regent's Park ward	Camden	London
% all children aged 0-15	16.1	17.2	20.5
% all working-age (16-64)	75.0	71.1	68.0
% all older people aged 65+	8.9	11.8	11.6

- 4.4. Camden's population is significantly impacted by migration flows, both inward and outward. In the year to mid-2013 it is estimated that Camden saw a total migration inflow of 31,300 people and a total outflow of 28,300, leaving a net addition of 3,000 people in the borough (ONS mid-year estimates).

Economic activity

- 4.5. In 2011, Regent's Park ward was home to 6,147 economically active people, equating to 61% of the total population. However, the percentage of people in employment at this time was lower, at 54.5%. The ward performed worse than Camden as a whole on both counts, with 71.1% of residents economically active and 65.3% of people employed in the borough as a whole.
- 4.6. The large student population within the Regent's Park ward, as recorded in the 2011 Census, significantly reduces the number of economically active residents. Students accounted for 69% of the economically inactive population, with students comprising 23.4% of the total ward population. The local student population is almost four times higher than the England and Wales average of 6.6% and is significantly larger than the Camden average of 14.1%.
- 4.7. 10.9% of people within the ward were unemployed in 2011, which is higher than the Camden England and Wales averages of 8.2% and 7.6% respectively.
- 4.8. More recent data suggests that Regent's Park ward continues to struggle with unemployment to a greater extent than Camden as a whole. As of June 2017, the claimant count for out-of-work benefits numbered 2% of the resident population, compared to 1.6% across the borough. Regent's Park ward has the 6th highest rate of out-of-work benefits claims of the borough's 18 wards.

- 4.9. The 2011 Census data reveals that employment within the borough is spread across a range of occupations, as indicated in the below table. 55.3% of the Regent's Park ward population are employed in managerial and senior official roles, professional roles, or associate professional and technical roles. This figure is significantly higher than the England and Wales average of 40.9% and demonstrates the high level of skill within the local workforce. However, the figure remains lower than the Camden average of 67.7%.

Occupation	Regent's Park ward (number)	Regent's Park ward (%)	Camden (%)	England and Wales (%)
Managers and Senior Officials	662	11.6	14.2	10.8
Professional	1,450	25.4	31.8	17.4
Associate Professional & Technical	1,044	18.3	21.7	12.7
Administrative & Secretarial	536	9.4	8.4	11.4
Skilled Trades	327	5.7	4.3	11.5
Personal Services	420	7.4	5.6	9.4
Sales and Customer Services	462	8.1	5.4	8.4
Process Plant and Machine Operatives	257	4.5	2.2	7.2
Elementary Occupations	541	9.5	6.3	11.2

Education and skills

- 4.10. A large proportion of the population have higher level qualifications, with the 2011 census identifying that 38% of the population aged between 16 to 64 had achieved Level 4 qualifications or above. This figure is over 8% higher than the England and Wales average of 29.7%, though lags behind the Camden average of 52.7%.
- 4.11. The generally good level of education within the local area is also evident when looking at the proportion of people between the ages of 16 to 64 with no qualifications, which stands at 12.5% within Regent's Park ward. A similar pattern to the higher level qualifications can be seen in the proportion of people with no qualifications, as the local area performs better than England and Wales (15%), though worse than Camden (9%).

Housing

- 4.12. The median house price within Regent's Park ward, as of 2015, stood at £691,000; Separate estimates by the DCLG for Camden's 2015 median house price put it as marginally higher than the median for Regent's Park, at £700,000. The median house price for Regent's Park ward is considerably higher than the London median of £400,000 and is over triple the England average of £210,000.
- 4.13. Affordability of housing is evidently a major issue within the ward, as, despite median house prices in Regent's Park ward being three times the England average, median household income (2012/13) within the area is £34,260, which is only £3,497 higher than the England median.
- 4.14. 2015 VOA data found that the clear majority (92.8%) of Regent's Park ward residents live in flats, maisonettes, or apartments, which is similar to the Camden average though considerably higher than the London average, as outlined in the below table.

Housing type	Regent's Park ward (%)	Camden (%)	London (%)	England (%)
Detached house	0.3	1.2	3.8	15.7
Semi-detached house	0.6	2.1	13.5	24.5
Terraced house	6.2	9.1	26.9	27.2
Flat, maisonette or apartment	92.8	87.6	54.1	22.8
Bungalows	0	0	1.7	9.8

- 4.15. Home ownership within Regent's Park ward is low (20.4%), compared to a borough wide and London average of 32.2% and 48.2% respectively (Census 2011). This locally low level of ownership may be attributable to several factors, including high house prices and a large student population.
- 4.16. The proportion of socially rented households in the local ward is very high at 48%, which is nearly double the London average of 24.1% and significantly more than the Camden average of 33.1% (Census 2011).

Health conditions

- 4.1. The English Indices of Deprivation (EID 2015) enable comparisons to be made for a range of deprivation indicators at the small area level. The small areas, or neighbourhoods, are known as lower level super output areas (LSOAs) which on average contain around 1,500 people. There are 32,844 of these neighbourhoods across England as a whole.
- 4.2. The EID 2015 provides an overall index of multiple deprivation which is based on seven separate deprivation domains. Each deprivation domain is weighted, as shown below:
- **Income deprivation** – with a weighting of 22.5%;
 - **Employment deprivation** – with a weighting of 22.5%;
 - **Health deprivation and disability** – with a weighting of 13.5%;
 - **Education, skills and training deprivation** – with a weighting of 13.5%;
 - **Barriers to housing and services** – with a weighting of 9.3%;
 - **Crime** – with a weighting of 9.3%; and
 - **Living environment deprivation** – with a weighting of 9.3%.
- 4.3. On the health deprivation and disability domain of the EID 2015, LB Camden is ranked 129 of 326 local authorities in England, placing the borough within the most deprived 40% of all districts in England.
- 4.4. Camden 021C local area, in which Koko is located, is one of 133 local areas in LB Camden.
- 4.5. The local neighbourhood is ranked 7,460 out of 32,844 LSOAs in England on the health deprivation and disability domain of the EID 2015. The figure indicates that the local area is among the 23% most deprived neighbourhoods in England (see Figure 4.1 below).

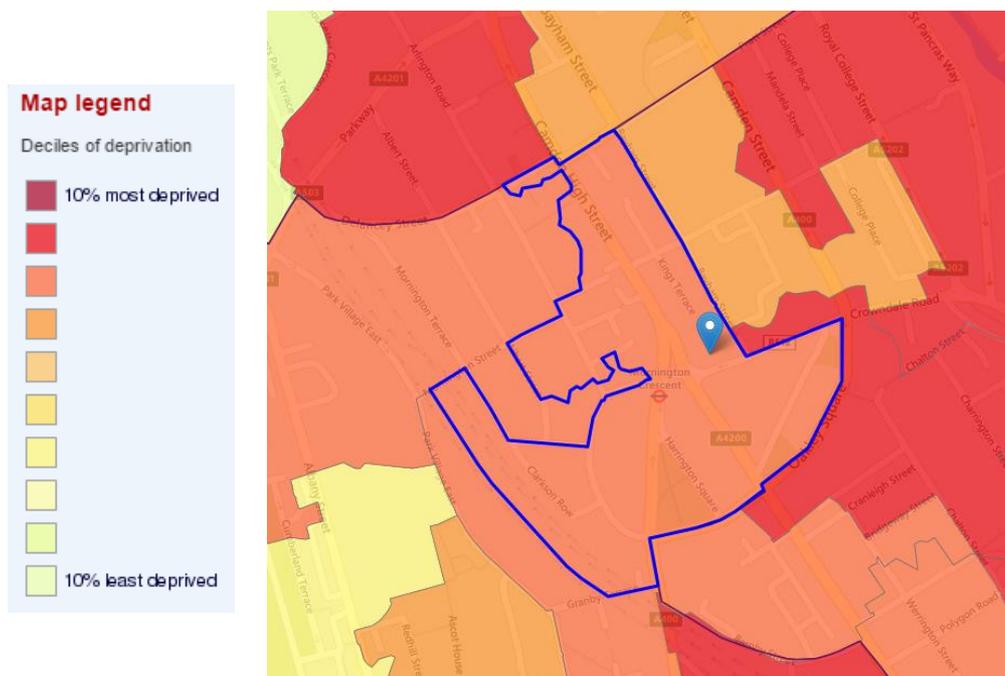


Figure 4.1 - Health deprivation and disability (DCLG, 2015).

- 4.6. The 2011 Census included a question that asked people to describe their general health over the preceding 12 months, by ranking their health from 'very good' to 'very bad'. Although subjective, this helps to identify the perceived health of the population of the locale in which the site is located. The below table compares the results of this question within the local neighbourhood to those of people in Camden and England as a whole.

Variable	Measure	Camden 021C	Camden	England
Very good	%	54.0	53.4	47.2
Good	%	30.6	30.6	34.2
Fair	%	9.5	10.4	13.1
Bad	%	4.1	4.2	4.2
Very bad	%	1.7	1.4	1.2

- 4.7. The health of people in Camden is varied, when compared to England as a whole. Health within the borough itself also displays major variations.
- 4.8. Figure 4.2 shows a great variation in early death rates for the borough's male population (deaths per 100,000 for those under the age of 75), with notable differences between the rate for the most and least deprived members of the population. While the most deprived members of Camden's population have a higher death rate than the national average, over the past ten years the gap with the national average has narrowed. Similarly, the average male early death rate for the entirety of the borough's male population has shifted from being noticeably higher than the national average in 2003 to marginally lower than it by 2014.
- 4.9. A comparison with early death rates for women over the same period shows that the rate per 100,000 is considerably lower. Equally, the death rate has consistently mirrored or fallen slightly below the national average. However, inequality remains an issue, with the rate among the least deprived considerably lower than the most deprived (see Figure 4.2).

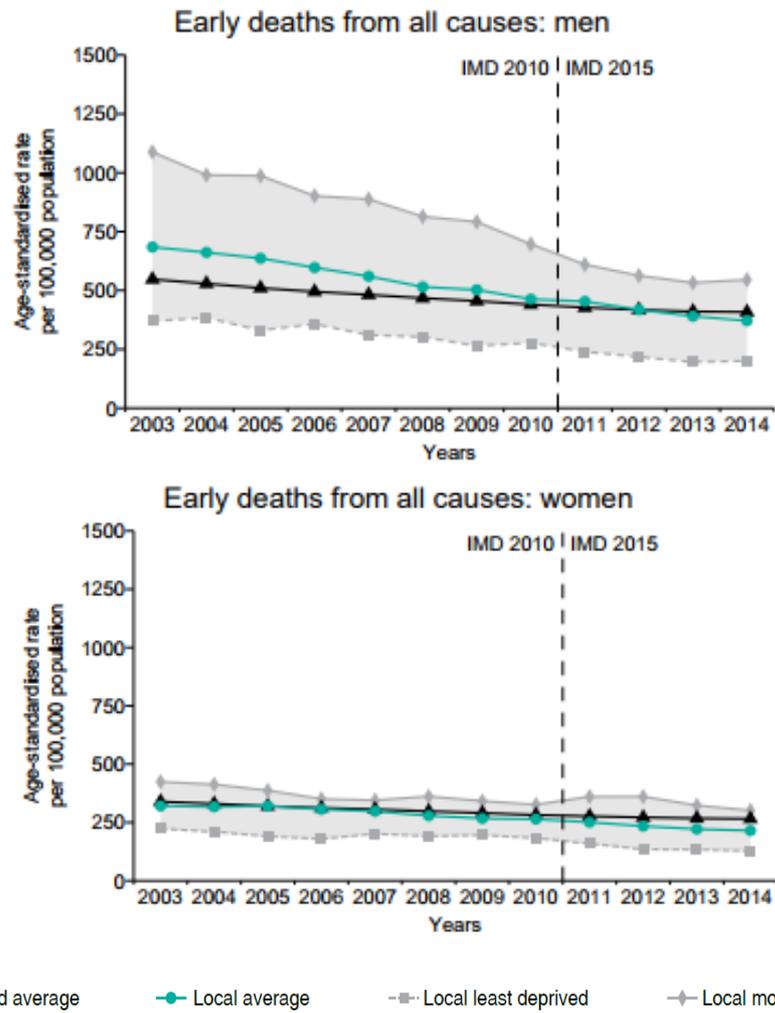


Figure 4.2 - Comparison in early deaths from all causes (2003-2014) between Camden and all of England (Public Health England, 2017).

4.10. Equally, life expectancy is not consistent throughout the population. The life expectancy is 9.5 years lower for men and 7.3 years lower for women in the most deprived areas of Camden when compared to the least deprived, as indicated in Figure 4.3.

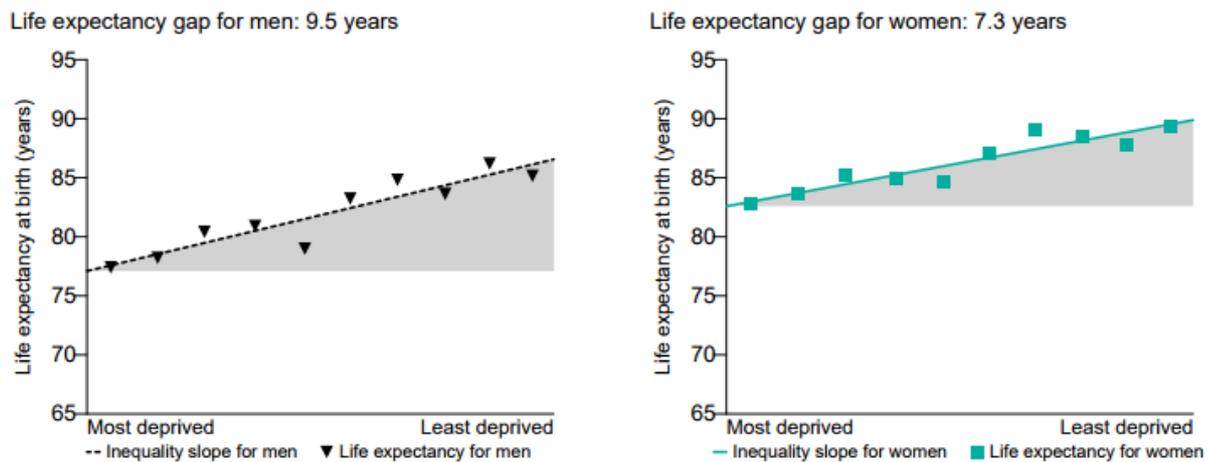


Figure 4.3 - Life expectancy gap for men and women in Camden (2013-2015) (Public Health England, 2017).

- 4.11. Poverty among children is a major issue in Camden, with 30.8% of children under 16 living in poverty as of 2014. This figure is 7.4% and 10.7% higher than the London and England averages respectively (GLA, 2016). The same data shows that child poverty rates for Regent's Park ward were also high relative to the Camden average, with 37.4% of all children living in poverty.
- 4.12. Mental health issues are prevalent among people aged 0-17 years, as in 2014/15 children were admitted to hospital for mental health conditions at a higher rate to that in England as a whole (Public Health England, 2016).
- 4.13. However, the borough is healthier than the national average when considering a range of health indicators. Smoking is less prevalent in adults, a higher than average percentage of adults are physically fit and the borough has one of the lowest rates of recorded diabetes in the country.

Deprivation and poverty

- 4.14. On the index of multiple deprivation domain of the EID 2015, LB Camden is ranked 84 of 326 local authorities in England, placing the borough within the most deprived 26% of all districts in England.
- 4.15. When considering the index of multiple deprivation, Camden 021C is ranked 7,439 out of 32,844 LSOAs in England, placing the neighbourhood within the top 23% most deprived local areas in England (see Figure 4.4).

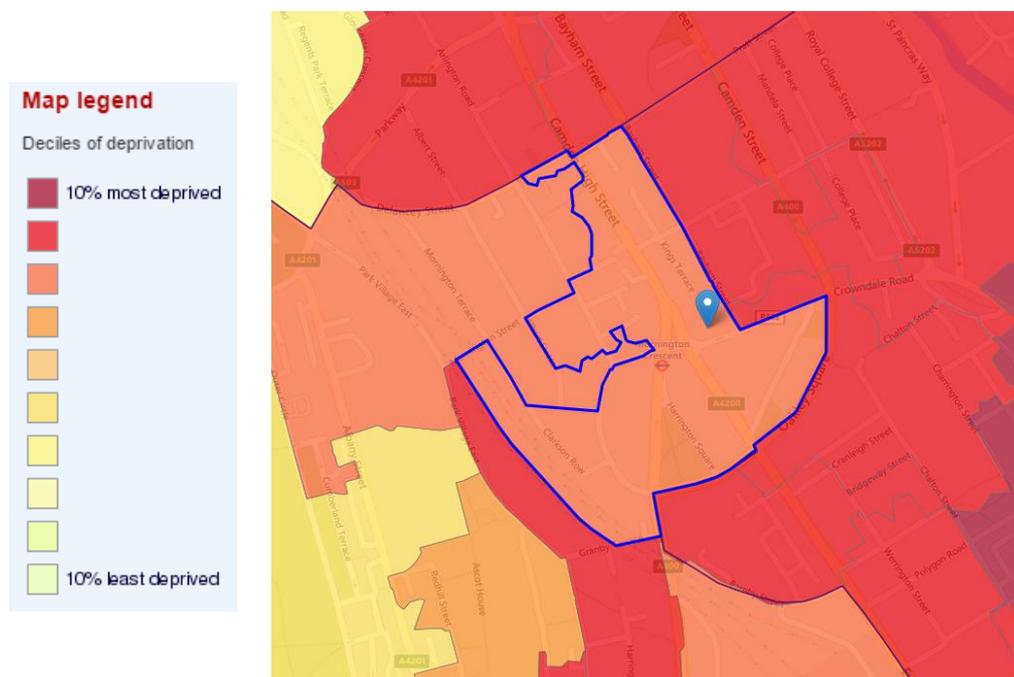


Figure 4.4 - Index of Multiple Deprivation (DCLG, 2015).

- 4.16. Camden 021C performs very poorly in terms of the living environment deprivation domain, with a ranking of 574 putting the area among the 2% most deprived in England (see Figure 4.5).
- 4.17. Income deprivation is a major issue within the local neighbourhood, with Camden 021C ranked among the 7% most deprived areas in terms of income deprivation affecting children

and income deprivation affecting older people.

- 4.18. However, the education, skills and training domain identifies that the local neighbourhood is far less deprived in this respect, with a ranking of 23,763 placing the LSOA amongst the 30% least deprived neighbourhoods in the country.

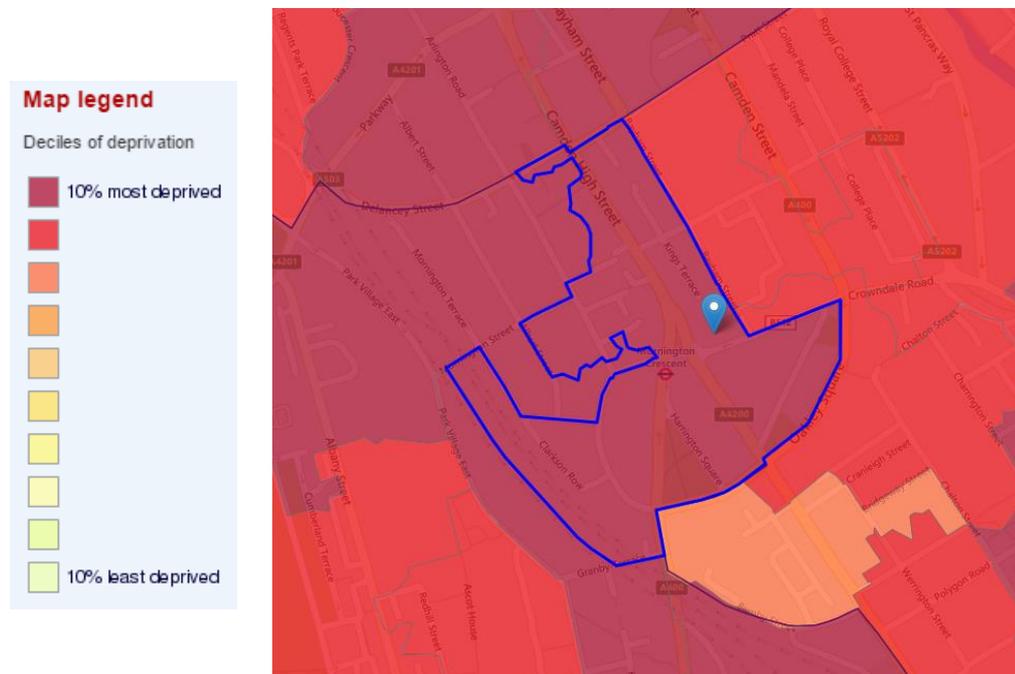


Figure 4.5 - Living Environment Deprivation domain (DCLG, 2015).

Summary

- 4.19. The local neighbourhood in which Koko is located suffers from high levels of deprivation, although it performs well in terms of education, skills and training.
- 4.20. A relatively large proportion of people within Regent's Park ward are dependent on social housing, an issue exacerbated by high house prices and relatively high levels of deprivation.
- 4.21. High levels of inequality exist within Camden, which is particularly evident when investigating health amongst both adults and children.

5. Koko Club's existing economic footprint

5.1. This section of the economic statement explains the contribution to the Camden economy made by the Koko Club's current operations. Koko's existing economic footprint includes the following:

- Permanent employment;
- Temporary employment;
- Gross value added to the local economy by Koko Club employment; and
- Spending by concert goers.

Permanent employment at Koko Club

5.2. Koko Club is a significant local employer. The Club currently employs 10 full-time permanent staff and 51 part-time permanent staff. Koko Club employs permanent staff in a wide range of job roles, including managers, marketing, booking staff, bar staff, box office and cloakroom staff.

5.3. Based on the existing shift patterns of full-time and part-time staff, Indigo estimates that Koko Club currently employs 34 full-time equivalent (FTE) permanent staff.

Temporary employment at Koko Club

5.4. Koko Club currently hosts 160 concerts and 110 club nights in a typical year. In order to run these 270 events each year, Koko Club recruits a significant number of temporary staff on a regular basis. The temporary staff typically include technical engineers (4 per event), security staff (12 to 21 per event) and cleaning staff (8 per event).

5.5. Based on the hours typically worked at concert and club nights, Indigo estimates that Koko Club employs 12 FTE temporary staff.

Gross valued added

5.6. Gross value added (GVA) is a conventional measure of economic well-being. In essence, GVA measures the value of output generated by a producer minus the costs associated with the production of the output.

5.7. The Office for National Statistics defines GVA as "the contribution of each individual producer, industry or sector to the economy." GVA can be estimated at either an aggregate (or macro) level or at an individual producer (or micro) level, as follows:

- **At macro level** – GVA measures the value of output (goods and services) produced in the economy minus the cost of raw materials and other inputs used to produce them; and
- **At micro level** – GVA measures the value of output generated by a producer minus the costs associated with the production of the output.

5.8. Taking a simple example at micro level, the GVA from the production of a new car would be estimated as follows:

- Assume the sale of the finished car generates £10,000 in sales revenue. This is the value of the output from the production of the car;

- Assume the costs associated with the production of the car are £8,000. These costs are referred to as “intermediate consumption” and include things such as the cost of materials used to build the car, plant rental, utilities, insurance, marketing costs etc; and
- The GVA for the car manufacturer is estimated as output minus the cost of intermediate consumption. In this example, the micro level GVA would be £10,000 minus £8,000 equals £2,000.

Gross value added by the employment at Koko Club

- 5.9. As explained above, Koko Club currently employs 34 full-time equivalent (FTE) permanent staff and 12 FTE temporary staff. The overall total of 46 FTE staff will contribute gross value added to the local economy in Camden.
- 5.10. In order to estimate the scale of this effect, Indigo has drawn on data provided by GLA Economics in The Creative Industries in London (Working Paper 70, September 2015).
- 5.11. GLA Economics have estimated GVA per workforce job for a range of creative industry sectors in London. For music, performing and visual arts, GLA Economics estimate a GVA per workforce job of £42,171.
- 5.12. Based on this data, Indigo estimates that the 46 FTE staff at Koko Club create gross value added to the local economy of £1.94 million annually.

Spending by concert goers

- 5.13. The spending by people visiting Camden to attend a concert at Koko Club creates a range of positive economic effects for local shops, bars, restaurants, hotels, taxi firms and other service suppliers.
- 5.14. In order to estimate the likely scale of this spending effect, Indigo has drawn on data from Wish You Were Here 2016. Published by UK Music and reflecting analysis undertaken by Oxford Economics, this research reveals that 8.4 million people attended music events in London during 2015. Of this total, 38% or 3.2 million people were music tourists spending an average of £164 per head whilst attending concerts in London.
- 5.15. The total attendance at Koko Club events in a typical year (based on ticket sales in the most recent 12 month period) is 291,000 people. With 270 events in a typical year this implies an average attendance of 1,078 people. This average attendance is equivalent to 77% of Koko Club’s capacity of 1,400 people.
- 5.16. Based on these assumptions, Indigo estimates that the 160 concerts in a typical 12 month period will generate a total of 172,480 concert goers. Assuming that 38% of these concert goers are music tourists rather than London residents, Indigo estimates that Koko Club concerts will be attended by around 65,000 music tourists per year.
- 5.17. With an average spend per person of £164 for London music tourists in 2015, this suggests that Koko Club concerts will generate spending of around £10.7 million per annum.
- 5.18. This estimate only captures spending by music tourists. There will also be spending in local bars and restaurants by local residents and people travelling from elsewhere in London to attend concerts at Koko Club. In the absence of empirical data on the scale of this spending, Indigo has not provided an estimate as part of the economic statement.

6. Temporary economic benefits

6.1. This section of the economic statement considers the temporary economic benefits that will be generated during the construction phase of the proposed development. These temporary effects include the following economic benefits:

- Construction employment;
- Gross value added to the local economy during the construction phase; and
- Construction training opportunities.

Temporary construction employment

6.2. The proposed development will include a significant construction phase which will generate turnover and temporary employment for construction firms and related trades. It is possible to estimate the temporary construction employment impacts based on the anticipated build cost for the proposed development. The total construction cost for the scheme is anticipated to be £17.1 million.

6.3. Data from the Annual Business Survey published in November 2016 reveals that total turnover in the construction sector during 2015 was £242,148 million. The average number of people employed in the construction sector 2015 was 1.361 million, suggesting that average turnover per full time equivalent construction job in 2015 was £177,919.

6.4. Using the build cost estimate of £17.1 million and the average turnover per full time equivalent construction job in 2015 of £177,919, Indigo estimates that the proposed development will generate 96 person years of temporary construction employment. This is equivalent to 96 construction workers being employed on a full-time basis for twelve months.

6.5. The standard convention in economic impact assessment is that ten person years of construction employment equate to one full-time equivalent, permanent job in the construction sector. This means that the construction of the scheme will support the equivalent of around 10 permanent construction jobs.

Gross value added

6.6. The temporary construction employment created by the proposed development will have wider economic effects by generating gross value added to the local economy in Camden.

6.7. The Annual Business Survey 2015 provides estimates of the approximate gross value added by different sectors of the UK economy. During 2015 the approximate gross value added by the construction sector was £92.122 billion.

6.8. With an average number of people employed in the construction sector during 2015 of 1.361 million, this suggests that the gross value added per full time equivalent construction job in 2015 was £67,687.

6.9. Indigo estimates that the 96 person years of temporary construction employment generated by the proposed development will create gross value added to the local economy of around £6.5 million.

Construction training opportunities

- 6.10. The proposed development will involve a significant construction programme. The Hope Lease Limited is committed to working with its suppliers and contractors to maximise the opportunities for local residents to take advantage of the construction training opportunities created by the proposed development.
- 6.11. There is scope to provide opportunities for local young people to gain apprenticeships, NVQ Level 2 and Level 3 training and practical experience in a range of different construction trades. Initiatives of this sort are typically run by a training provider in partnership with the main contractor for the construction programme.
- 6.12. Both during construction and post-occupation there are a range of job brokerage and other recruitment initiatives that could be tailored to meet the needs of local people and prospective employers. Typically these initiatives provide help for local people with confidence-building, interview skills and skills for life development.

7. Permanent economic benefits

7.1. This section of the economic statement assesses the permanent economic benefits of the proposed development. It considers the following permanent benefits:

- Gross on site employment;
- Net additional employment;
- Gross value added to the local economy by the net additional employment; and
- Additional spend by concert goers.

Existing employment uses on site

7.2. Indigo's understanding is that there are no existing jobs that will be displaced as a result of the proposed development.

New permanent employment at the proposed development

7.3. The proposed development will create new employment at both the private members' club and the recording/rehearsal space. It will also enable Koko Club to expand the size of its existing workforce. **Appendix 1** shows the proposed organisation chart for the expanded Koko Club operation.

7.4. Table 7.2 below identifies the new permanent employment that will be generated by the proposed development. Table 7.2 is based on information provided by Koko Club.

Table 7.2 – New permanent employment

New permanent employment	Full-time staff	Part-time staff	Full-time equivalent (FTE)	Notes
Koko Club – 27 FTE				
Appendix 1 refers	27	0	27	The Koko Club permanent staff headcount will increase from 10 FTE to 37 FTE.
Private members' club – 55 FTE				
Reception staff	2	0	2	Indigo has assumed that 2 part-time roles represent 1 FTE job.
Kitchen staff	6	8	10	
Waiting staff	10	20	20	
Bar staff	6	20	16	
Security staff	0	8	4	
Maintenance staff	0	2	1	
Cleaning staff	0	4	2	
Recording and rehearsal space – 2.5 FTE				
Sound engineers	2	1	2.5	Based on information provided by Koko Club.
Total new permanent jobs	53	63	84.5	

7.5. Table 7.2 shows that the proposed development will create a total of 84.5 full time equivalent (FTE) jobs providing a range of different employment opportunities.

Net additional employment

7.6. The estimated 84.5 new FTE jobs that will be created by the proposed development represent a gross employment figure. In order to understand the real employment impacts of the proposed development, Indigo has adjusted for several factors which, when considered together, allow an assessment to be made of the net additional jobs that will be generated on this site.

7.7. Indigo has allowed for the following adjustment factors:

- **Displacement effects** – will occur if some organisations or firms simply switch jobs from one location to another;
- **Leakage effects** – will occur if some of the jobs created by the proposed development are taken up by people living outside the local area;
- **Substitution effects** – occur when firms substitute one activity or input for a similar one to take advantage of public funding. In this case there will be no substitution effects;
- **An indirect multiplier effect** – is likely to create supply chain effects which will benefit local firms such as cleaning and maintenance contractors, training agencies and other suppliers of goods and services to Koko Club and to the private members' club. This effect is also known as a supply linkage multiplier; and
- **An induced multiplier effect** – is associated with increased expenditure in the local area by people deriving incomes from the direct and indirect effects of the scheme. The induced effects of the scheme will bring benefits to local shops and other service providers. This effect is sometimes referred to as a consumption multiplier.

7.8. In order to estimate the size of these effects Indigo has drawn on advice provided by the Additionality Guide (Fourth Edition 2014). This guidance provides ready reckoner values which can be used to model the scale of these adjustment factors in the absence of empirical evidence on their value.

7.9. Table 7.2 below summarises the scale of the adjustment factors used by Indigo to estimate the net additional jobs that will be created by the proposed development.

Table 7.2 – Adjustment factors used to estimate net additional employment

Adjustment factor	Scale of adjustment	Adjustment value
Displacement effects	Low	25%
Leakage effects	Low	10%
Substitution effects	None	0%
Combined multiplier effects	Medium supply linkages	1.3

7.10. Indigo has calculated the net additional jobs that will be created by the proposed development using the following formula:

- Gross on site jobs x (1 – displacement) x (1 – leakage) x combined multiplier effects = net additional jobs

- $84.5 \times (1 - 0.75) \times (1 - 0.10) \times 1.3 = 74$ net additional jobs

7.11. After allowing for displacement, leakage and multiplier effects, Indigo estimates that the proposed development will create 74 net additional jobs.

Gross value added to the local economy

7.12. The 74 net additional jobs created by the proposed development will generate gross value added (GVA) to the local economy in Camden.

7.13. In order to estimate the scale of this effect, Indigo has drawn on data provided by GLA Economics in The Creative Industries in London (Working Paper 70, September 2015).

7.14. GLA Economics have estimated GVA per workforce job for a range of creative industry sectors in London. For music, performing and visual arts, GLA Economics estimate a GVA per workforce job of £42,171.

7.15. Based on this data, Indigo estimates that the 74 net additional jobs created by the development will create gross value added to the local economy of £3.1 million annually.

Timing of economic benefits

7.16. The estimates of gross value added by the net additional employment created at the proposed development will be enjoyed in perpetuity from the point at which the proposed development is completed and the new private members' club is open for business.

8. Overall conclusions

- 8.1. This economic statement demonstrates that the redevelopment proposals for the Hope and Anchor pub, the Camden Palais (Koko Club) and 65 Bayham Place, London NW1 7JE will generate very significant benefits for the local economy in Camden.
- 8.2. The proposed development will enable the Koko Club to thrive in the long term, against a backdrop of music venues closing across London as a whole.

Loss of music venues in London

- 8.3. The Mayor of London's Grassroots Music Venues Rescue Plan published in October 2015 reveals a significant decline in the number of venues offering live music between 2007 and 2015. Only 57% of the live music venues that operated between 2007 and 2015 remain open, with 185 venues closing during this period.
- 8.4. Against this wider backdrop of closures for live music venues in London, the Rescue Plan highlights a particular problem for grassroots music venues like the Koko Club.
- 8.5. A total of 163 grassroots music venues operated in London between 2007 and 2015. Only 54% of these venues remain open in 2015, with 75 grassroots music venues closing during this period. The closure of grassroots music venues accounted for 40.5% of the total loss of live music venues in London between 2007 and 2015.

Koko Club's existing economic footprint

- 8.6. The Koko Club is a major local business and a significant employer. The main elements of the club's existing economic footprint are as follows:
- Koko Club employs 46 FTE staff;
 - The current employment at Koko Club creates gross value added to the local economy of £1.94 million annually; and
 - Koko Club concerts generate spending by music tourists of around £10.7 million per annum.

Temporary economic benefits

- 8.7. The temporary economic benefits of the proposed development will be as follows:
- **Construction employment** – the proposed development will generate 96 person years of temporary construction employment. This is equivalent to 96 construction workers being employed on a full-time basis for one year. The construction of the scheme will support the equivalent of around 10 permanent construction jobs;
 - **Gross value added** – the 96 person years of temporary construction employment will create gross value added to the local economy of around £6.5 million; and
 - **Construction training opportunities** – the proposed development will involve a significant construction programme. There is scope to provide opportunities for local young people to gain apprenticeships and practical experience in a range of different construction trades.

Permanent economic benefits

- 8.8. The permanent economic benefits of the proposed development will be as follows:
- The proposed development will create 84.5 full-time equivalent (FTE) on site jobs;
 - The proposed development will create 74 net additional FTE jobs, after adjusting for displacement, leakage and substitution effects and allowing for combined multiplier effects;
 - The 74 net additional full-time equivalent jobs will create gross value added to the local economy of around £3.1 million annually. This benefit will be enjoyed in perpetuity; and
 - Provision of significant opportunities for skills development, training and apprenticeships, both during the construction phase of the development and once new space at the proposed development has been let.

Appendix 1

