



# **The London Resort Development Consent Order**

BC080001

## **Economic and Regeneration Statement**

Document reference: 7.5

Revision: 00

December 2020

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009  
Regulation 5(2)(g)

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# Economic Contribution

Gate 1 is due to open in 2024 with a second gate opening in 2029. Job and attendance figures are expected to reach maturity around 2038.

6.5m attendance



2024

Gate 1 opens

8.5m attendance



2029

Gate 2 opens

12.5m attendance



2038

at maturity

## Key figures\*

London Resort is expected to have large scale economic benefits both locally and nationally.

Benefits will increase as attendance grows from opening year in 2024 until maturity in 2038.

up to **£70m spending**

by domestic and international tourists visiting London Resort. This includes Spending on hotels, restaurants, travel and other spending in the local area

over

**17,000 jobs created**

across a diverse range of skills and subsectors



**up to 48,000 direct, indirect and induced jobs**

Based on evidence from Disneyland Paris, once supply chain and catalytic impacts are included

**supporting an estimated £50bn in gross economic activity (GVA) over the initial 25 year period**



\*benefits at maturity in 2038

# A Growing Opportunity for UK attractions

The UK domestic and international tourist markets have seen significant growth. International trips to London and the South East have boomed while domestic tourists are taking more 'staycations'.

**78% increase**

in international tourist arrivals since 2002

**£25bn spent**

by international tourists in 2019

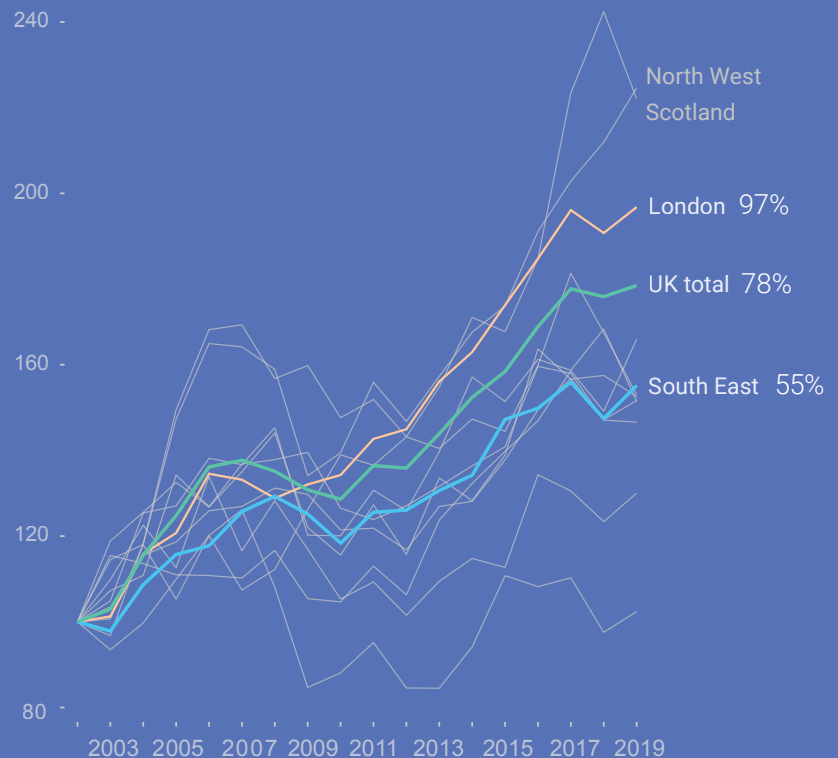
## Rise of the staycation

**4.4%**

increase in domestic trips between 2018 and 2019 compared with an increase of 1.4% in overseas trips among UK residents

**£92bn spent**

by domestic day and overnight visitors within Great Britain in 2019



*Index of International tourist arrivals to the UK by region (2002 = 100)*

The UK tourism market has been strong and leisure and entertainment spending has been trending up



**6.8% growth** in spending on entertainment in 2020

## ...but the domestic theme park market has stagnated

**Just 0.6% growth**

in attendance at the top 3 UK theme parks over the past 10 years

**No global theme park**

The UK has no global theme park. The largest UK park has six times less attendance than the largest European park

**large potential**

for growth. Global Theme attendance surpassed 1bn in 2018, equivalent to 7% of the world's population.

# A Step Change in UK attractions

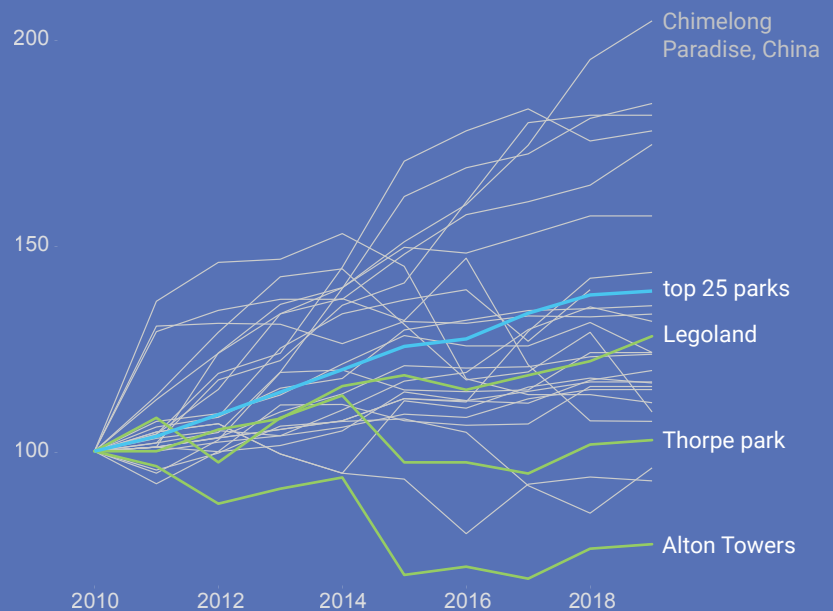
A growing tourism sector and trends towards more spending on leisure and entertainment spending contrasts with poor domestic theme park performance. The international market for theme parks is strong so there is an opportunity to develop the UK's first truly global resort.

## 5x larger

London Resort is forecast to be 5x larger than the current largest park in the UK

## Top 20 global park

Forecast attendance figures will put London Resort in the top 20 largest parks globally by 2038



*Index of international theme park attendance at top 25 theme parks compared to top UK parks (2010 = 100)*

## Further opportunities to grow



### e-Sports

London Resort would also expand into new sectors such as e-Sports. The global e-Sports market was estimated to generate \$1.1bn in 2019



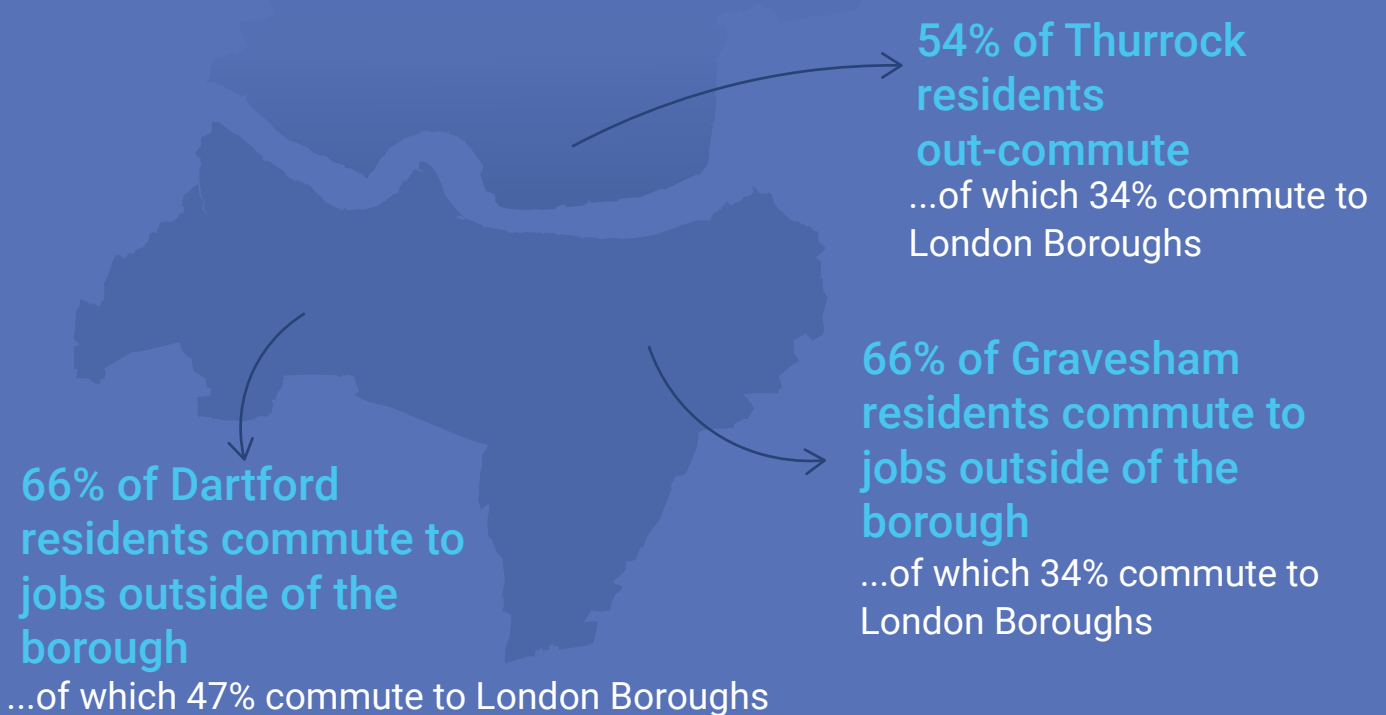
### meetings and conference

London Resort will provide business conference space in an internationally connected location. The conference and meeting sector is worth almost £20bn to the UK economy.

The introduction of a global theme park will put the area on the map. It will also enable further development and investment in an area which currently suffers from a range of socio-economic issues

# A Catalyst for Growth in the Thames Estuary

The Thames Estuary has a long history of previous attempts to drive growth and productivity. It still suffers from high levels of **deprivation, low skills** and a high level of **out-commuting**.



There are concerns that the area is serving as a commuter hub to London rather than supporting local jobs. *The average rate of out-commuting in the UK is just 46%*

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**There are significant clusters of 'education & skills' and employment deprivation around the project site. The Swanscombe Peninsula contains some of the most deprived areas in England.**

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## The Thames Estuary Growth Commission

The London Resort would support the ambitions for the Thames Estuary Production Corridor - a ribbon of creative and cultural industries along the River Thames.

**London Resort can provide a catalyst for growth and investment in the area - providing 17,000 jobs and attracting 12.5m visitors in an area which currently suffers from a range of socio-economic issues.**

## Revisions

Revision	Description	Issued by	Date	Approved by
00	Issue for DCO Submission	AOB/EE	24/12/2020	VOL/LRCH

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## Executive Summary

### THE PROPOSAL

This report provides an economic assessment of the proposed London Resort development in north Kent. The proposals include themed rides and attractions across two theme parks, with entertainment, e-Sports, water park, hotels, conference and event space and retail and dining. It is a unique opportunity for Kent and the wider UK and will bring significant employment and economic benefits to the local area. The first themed park 'gate' (Gate One) will open in 2024 and the second (Gate Two) within five years (by 2029).

### SUPPORTING UK TOURISM AND LEISURE SPENDING

The UK tourism market is large and growing. Tourism is currently estimated to support 5% of English GDP and 2.6m jobs. Between 2002 and 2019 the number of international visitors to the UK increased by 78%, reaching 38m visitors who spent a total of £25bn. Within England, the growth in international trips has been largely due to trips to London and the South East.

Domestic tourism also plays a significant role. Domestic overnight tourists within Great Britain (GB) are estimated to have spent £24.7bn in 2019. There were a further 1.7bn domestic day visits within GB, spending £67bn. There has been a growing preference for 'staycations', with a rise in domestic holiday trips to GB of 4.4% (to 60.5m trips) between 2018 and 2019, compared to growth of 1.4% in overseas trips. Yet, despite this growth, the UK continues to be a net exporter of tourism. Indeed, about £30bn moves out of the economy each year due to international tourism.

There is also a growing desire to spend money on leisure and experiences, known as '*the rise of the experiential*'. Research by Mintel finds that 65% of British adults would spend their money on experiences rather than possessions, rising to 72% for millennials. Deloitte puts this trend down to the use of social media meaning experiences are becoming a '*new currency in social interactions*'. In 2020, Barclays reported that spending on entertainment grew 6.8% compared with 2.8% in retail and 3.9% in overall spending.

One of the ways in which an area can increase its tourism catchment is by increasing the variety of attractions on offer. Prospective tourists all have different interests and tastes, so they have different tourist demand profiles. Through the range of attractions and facilities on offer at the London Resort such as the market, e-Sports, 'conferention' centre and water park (as well as the theme park itself), it is likely to attract new types of tourists, such as families with young children, to the area, capitalising on the growing numbers of tourists.

## A GROWING THEME PARK MARKET

Global theme park attendance exceeded half a billion people for the first time in 2018, equivalent to almost 7% of the world population. Over the past ten years, attendance at the top 25 theme parks has risen by 43%, equivalent to 3.7% per year.

Attendance at UK theme parks is far below that achieved internationally. Legoland Windsor resort is the largest UK theme park, attracting 2.4m visitors in 2019. Disneyland Paris (Walt Disney Studios + Disneyland Park), the largest European theme park, attracted 15m visitors in 2019, over six times more than the largest theme park in the UK.

The UK's population in 2019 was 67m and its tourism arrivals in 2018 were 36m. If provision was on par with the typical rates at comparable countries, the UK might expect to have 2-3 global theme parks. Without one global theme park, the UK is considerably underprovided. London Resort represents an opportunity for diversification into this increasingly popular driver of global leisure demand.

The London Resort would also include provision in other growing leisure sectors, such as water parks, and relatively new sectors, such as immersive experiences and e-Sports. These markets are significant and growing – indeed global e-Sports was estimated to generate \$1.1bn in 2019, with year on year growth of 26.7% and a global audience of 452.8m. However, there are limited options for these types of experiences in the local area and the UK, particularly at the scale the Applicant proposes.

It is estimated that there would be 6.5m visitors to the London Resort in 2025 and up to 12.5m visitors in 2038; between three and five times greater than Legoland. This would place London Resort among the 20 largest theme parks globally. Assuming the theme parks continue to grow at their 10 year growth rate, the London Resort would rank as the largest theme park in Europe ahead of Disneyland Park at Disneyland Paris.

The scale of opportunity is clear: fifteen years after opening, in 2005, Disneyland Paris had become the number one tourist destination in Europe, above the Eiffel Tower and the Louvre, generating 6.2% of France's tourism revenue over 25 years. There is no reason to suggest why the London Resort cannot follow the same trends within the UK, increasing the UK's net export tourism balance.

The introduction of a global theme park will also have catalytic impacts, enabling further development and investment in an area which currently suffers from a range of socio-economic issues.

## SUPPORTING THE LOCAL ECONOMY AND REGENERATION

The London Resort site lies within the larger regeneration area of the Thames Estuary – an area stretching from east London, through north Kent and south Essex – home to 3.6m people. The area has a long history of underperformance, with significant pockets of deprivation and low skills and education attainment.

The area around the Project Site consists of mainly industrial, logistics and transport uses. It is characterised by similar socio-economic issues to the wider Thames Estuary:

- pockets of deprivation, particularly relating to employment and education, skills and training near the site, which are among the worst performing in England;
- higher unemployment rates in Gravesham and Thurrock than the national average (Dartford performs better); and
- issues around a lack of local jobs with evidence of high levels of out-commuting.

The area lacks significant employment. It risks remaining a commuter hub to London, rather than making use of its strengths including proximity to London, international trade via its ports, strong education and research institutions, creative industries and available land to deliver high quality homes.

Together with the other investments in the area, the London Resort can help alleviate the long-standing employment and skills problems in the area. *The Outline Employment and Skills Strategy* (document reference 6.2.7.7) outlines how the London Resort will maximise the local job and training opportunities created. The investment will stimulate and provide business opportunities to local firms, including the growing creative sector. The London Resort can be a catalyst to kick start growth in the Thames Estuary, turning around an area with low skills and entrenched deprivation.

## ECONOMIC IMPACTS DURING CONSTRUCTION

It is expected that the construction of the London Resort will generate approximately 23,300 gross job years.

It is expected that the construction workers will spend up to £6.4m in the local area each year during the construction of Gate One and up to £2.2m for Gate Two.

## ECONOMIC IMPACTS DURING OPERATION

The London Resort is anticipated to directly accommodate an estimated maximum of 8,810 jobs in the park's first full year of operation, of which 7,650 would be additional over and above the existing jobs supported at the Project Site. The number of jobs is expected to rise to 17,310 in 2038 when both gates are operational and it has reached stability. The London Resort would be one of the largest single site employers in the UK.

The increased direct economic activity associated with the London Resort would generate an additional £230m in the first full year of opening in 2025, rising to an additional gross value added (GVA) contribution of £500m by 2038. The London Resort is therefore expected to directly create additional tax revenues of £150m - £200m each year by 2038.

The success of Disneyland Paris is testament to the impact that a global theme park can have on the economy. A report on the economic contribution of Disneyland Paris found that the attraction added €68bn to the French economy in the 25 years since opening, with the region in which the park is located, Seine-et-Marne, benefitting €22.4bn. The attraction also made €13.7bn in purchases, of which 70% were made locally and 82% were made within France, adding knock-on benefits to local suppliers.

Based on evidence from Disneyland Paris, it is estimated that the London Resort could support up to 48,000 direct, indirect and induced jobs by maturity in 2038. These jobs would support an estimated £50bn of gross economic activity (GVA) in the UK over the initial 25 year period.

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## Glossary

Gate One	The first phase of construction incorporating Gate One, the Associated Development and Related Housing
Gate Two	The second phase of construction of the Leisure Core
Core Study Area (CSA)	The three host local authorities: Dartford, Gravesham and Thurrock
Construction job years	One job year equals one construction worker working for one year
Full time equivalent (FTE)	A unit of employment expressed in the form of full time employment. Two part time employees (each working half that of a full time employee) would equate to 1 FTE
Conferention centre	Combined conference and convention centre
Order Limits	The geographical limits of permission required for the nationally significant infrastructure project

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## Chapter One ◆ Introduction

### THE LONDON RESORT

- 1.1. The Resort will be a nationally significant visitor attraction and leisure resort, built largely on brownfield land at Swanscombe Peninsula in Kent on the south bank of the River Thames and with supporting transport and visitor reception facilities on the northern side of the river in Essex.
- 1.2. A detailed description of the Proposed Development is provided in Chapter 3: *Project Description* (document reference 6.2.3). The focus of the Resort will be a ‘Leisure Core’ containing a range of events spaces, themed rides and attractions, entertainment venues, theatres and cinemas, developed in landscaped settings in two phases known as Gate One and Gate Two (‘the Gates’). Outside the Gates will be a range of ancillary retail, dining and entertainment facilities in an area known as the Market.
- 1.3. The Resort will also include hotels, a water park connected to one of the hotels, a conference and convention centre known as a ‘conferention centre’, a Coliseum (capable of hosting e-Sports events), creative spaces, a transport interchange including car parking, ‘back of house’ service buildings, an energy centre, a wastewater treatment works and utilities required to operate the Resort. Related housing is also proposed to accommodate some of the Resort’s employees.
- 1.4. Substantial improvements are proposed to transport infrastructure. This will include a new direct road connection from the A2(T) and a dedicated transport link between Ebbsfleet International Station, the Resort and a new passenger ferry terminal beyond. The ferry terminal would serve visitors arriving by ferry on the River Thames from central London and Tilbury. A coach station is also proposed. On the northern side of the Thames to the east of the Port of Tilbury, additional coach and car parking and a passenger ferry terminal are proposed to serve the Resort.
- 1.5. The Proposed Development would involve an extensive restoration of land used in the past for mineral extraction, waste disposal and industrial activities including cement and paper production, with a comprehensive landscape strategy proposed incorporating the retention and enhancement of wildlife habitats.

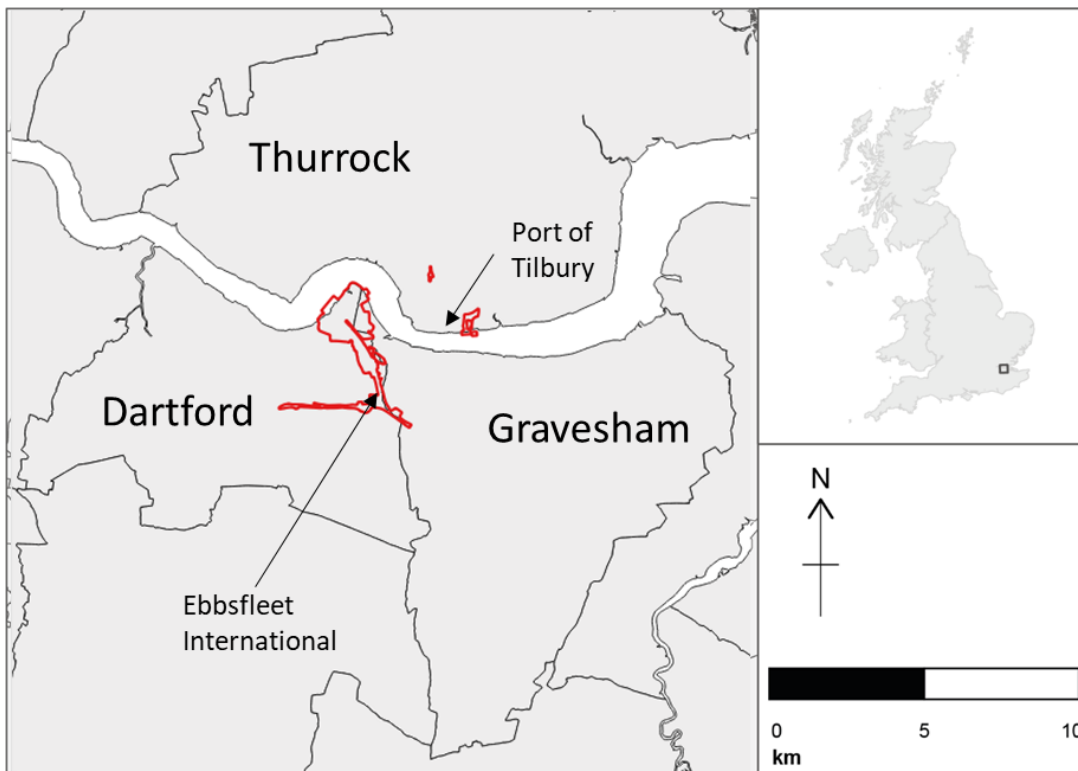
### THE PROJECT SITE

- 1.6. The Project Site lies approximately 30 km east-south-east of central London on the south and north banks of the River Thames, in the ceremonial counties of Kent and Essex. For clarity, the section of the Project Site to the south of the River Thames is referred to as the ‘Kent Project Site’ and that to the north of the river is identified as the ‘Essex Project Site’. The term ‘Project Site’ refers to both the Kent and Essex Project Sites collectively. The

‘Order Limits’ within which the proposed DCO would apply are shown on *the Location Plan* (document reference 2.1).

- 1.7. The Kent Project Site occupies much of the Swanscombe Peninsula, formed by a meander in the River Thames, and includes a corridor for transport connections extending generally southwards to the A2(T). It also includes a section of the A2(T) corridor approximately 3.5 km in length between the existing Bean junction to the west (A2(T) / B255) and Pepper Hill (A2(T) / B262) to the east. The Kent Project Site occupies 387.53ha of land in a complex shape.
- 1.8. The Kent Project Site includes land falling within the jurisdiction of Dartford Borough Council (DBC) to the west and Gravesham Borough Council (GBC) to the east. The majority of the Kent Project Site also falls within the Ebbsfleet Garden City, established in April 2015, for which Ebbsfleet Development Corporation (EDC) is the Local Planning Authority.
- 1.9. The High Speed 1 (HS1) line crosses the Kent Project Site along an approximate north-west to south-east axis. The urban areas of Stone, Greenhithe, Ingress Park and Swanscombe lie to the west and south. These are largely residential in character, with commercial uses concentrated on Stone’s river frontage. Beyond Greenhithe to the south-west of the Kent Project Site lies Bluewater shopping centre, a significant regional retail destination. To the east of the Kent Project Site lies Northfleet, a neighbourhood of mixed residential and commercial uses.
- 1.10. Across the southern and south-eastern parts of the Swanscombe Peninsula is an extensive industrial area concentrated around Manor Way, Galley Hill and London Road. To the south of the A2(T) the land is more open and rural in character, with small settlements amid farmland and woodland blocks. Most of this area lies in the Metropolitan Green Belt.
- 1.11. The Essex Project Site includes areas of land east of the A1089 Ferry Road and the Tilbury Ferry Terminal, incorporating the London International Cruise Terminal and non-contiguous the Asda roundabout at the junction of the A1089 St Andrews Road / Dock Road, Windrush Road and Thurrock Park Way. The Essex Project Site is 25.54 hectares in area.
- 1.12. The Essex Project Site falls within the jurisdiction of Thurrock Council, a unitary authority. The Essex Project Site lies immediately to the east of the existing port of Tilbury and to the west of Tilbury2, a new port currently under construction. At the south-east corner of the Port lies the Tilbury Ferry Terminal incorporating the London International Cruise Terminal (a grade II\* listed building featuring a floating landing stage and series of bridge structures). The Asda roundabout is located to the north of the port of Tilbury and incorporates highway land.

Figure 1-1: Map of order limits



## THE ECONOMIC AND REGENERATION STATEMENT

1.13. This report provides an economic assessment of the London Resort. The remainder of this report is separated into the following sections:

- The contribution to the UK – the potential contribution to the UK leisure and tourism economy;
- Local importance – the potential contribution to the local areas of Kent, Essex, and the Thames Estuary area; and
- Economic impacts – the GVA, employment and spending impacts of the site during construction and once operational.

1.14. This report has been informed by consultation with local authorities and other stakeholders. Refer to Chapter 7: *Land use and socio-economics* (document reference 6.2.7) and associated appendices for a summary of the consultation informing this report.

## Chapter Two ◆ Contribution to the UK

### INTRODUCTION

- 2.1 The SoS considered that the proposal would be likely to have significant economic impact, be important in driving growth in the economy, and that it would have an impact on an area wider than a single local authority area. The SoS also identified that the substantial physical size of the proposal was relevant to his decision that the project is on national significance. The SoS indicated the project would benefit from the ‘single authorisation’ process offered by the NSIP regime.
- 2.2 This section presents information on the importance of international and domestic tourism to the UK economy and the role that leisure spend plays in this. Data presented in this section is largely based on recent trends which do not reflect the impact of the COVID-19 pandemic due to a time lag in data collection. COVID-19 has had an impact on travel patterns in the short term for both domestic and international trips. The level of domestic and international tourism and associated economic impact is significantly down due to travel restrictions and quarantines.<sup>1</sup> There is a lot of uncertainty surrounding how quickly the tourism market will recover, which depends on the ability to exit the pandemic, both at home and abroad.
- 2.3 The assessment of the contribution of the London Resort to the UK leisure market in this section focuses on pre-COVID-19 trends for several reasons:
- This is the latest data available on the contribution of tourism to the UK; and
  - Gate One of the London Resort will not be operational until 2024 and its contribution to the UK leisure market will be a long term one. The tourism market is expected to largely recover over the medium to long term so pre-COVID-19 trends are a reasonable baseline against which to assess the impact.<sup>2</sup>

### THE IMPORTANCE OF TOURISM TO THE UK ECONOMY

- 2.4 Tourism makes up a large share of the UK economy. Visit Britain estimated that tourism in England contributes £106bn to the British economy when direct and indirect impacts are taken in account.<sup>3</sup> The tourism market is worth 5% of English GDP supporting 2.6m jobs.<sup>4</sup>

<sup>1</sup> <https://www.visitbritain.org/2020-tourism-forecast>

<sup>2</sup> IATA expect global air travel to bounce back to pre-crisis levels by 2024: [online] available:

<sup>3</sup> Visit Britain (2018). The value of tourism in England [online] available: <https://www.visitbritain.org/value-tourism-england>

<sup>4</sup> Visit England, Tourism in England, Key Facts & Trends 2017



- 2.5 The importance of tourism has also been growing rapidly. The number of international visitors to the UK increased by 78% between 2002 and 2019 (the years for which data is available).<sup>5</sup> This is equivalent to an increase of 3.5% per year over the last 17 years.<sup>6</sup>

## INTERNATIONAL TOURISM

- 2.6 In 2019, 38m international visitors spent a total of £25bn in the UK. They spent a total of 250m nights at UK accommodation, an average length of stay of 6.6 nights per trip.<sup>7</sup>
- 2.7 The large growth in international visitors over the past 17 years was largely due to trips to London, Scotland and the South East, predominantly for holiday purposes. Of the 17m additional trips made over the period 2002-2019, 53% were made to London, with 10% travelling to Scotland and 9% to the South East. London and the South East have been key growth regions for international trips and are now the top two destinations for international visitors.

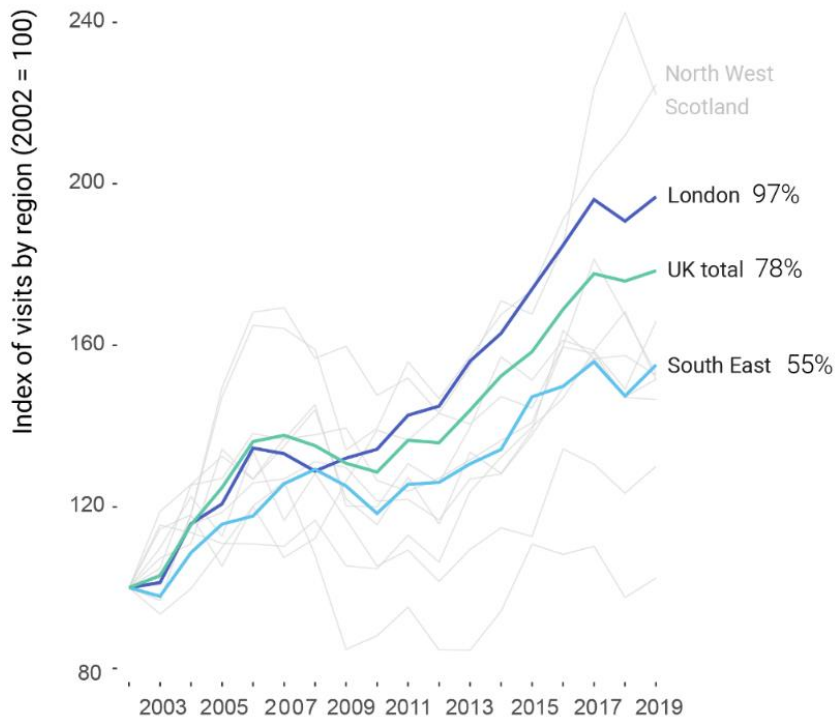
<sup>5</sup> Defined as those visiting for the purposes of holiday, visiting family and relatives, or business.

<sup>6</sup> International Passenger Survey, ONS. 2019.

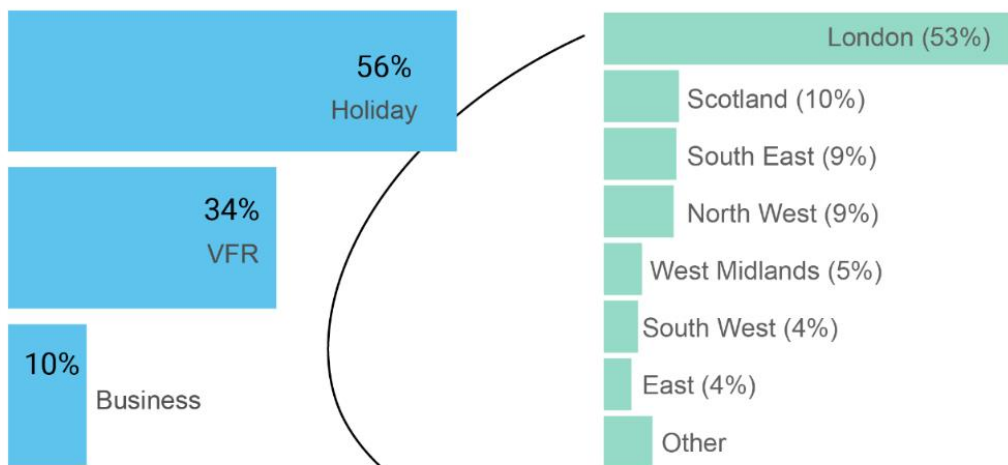
<sup>7</sup> International Passenger Survey, ONS. 2019

Figure 2-1: Increase in international tourism to the UK

1. Visits to the UK increased by 19m (78%) between 2002 and 2019.



2. This increase in UK tourism was mostly driven by holiday trips and trips to London

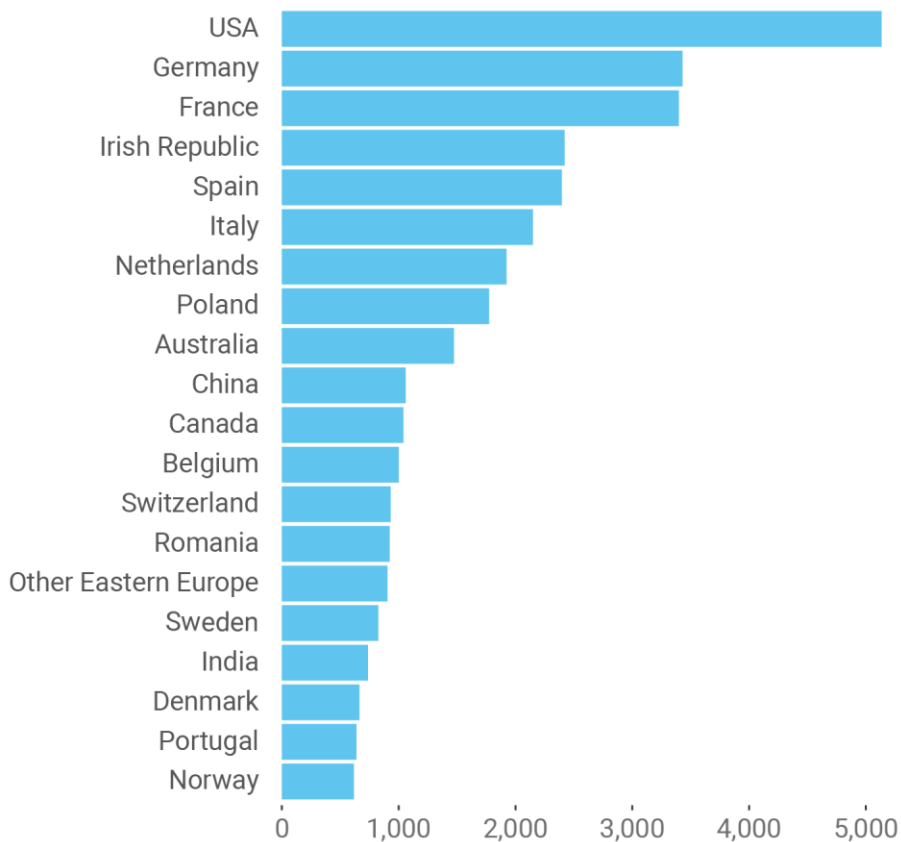


of the 19m additional trips made between 2002 and 2019, 53% were made to London

Source: ONS (2019). International Passenger Survey

2.8 The UK is a truly international destination, with visitors coming from a wide range of countries. According to the International Passenger Survey, there were 52 countries from which over 100,000 trips to the UK were made in 2019. Of these countries, the USA makes the most visits to the UK for the purposes of holiday, business or visiting family and relatives (VFR). Trips from the USA made up 12% of all visits and 11% of the nights stayed. The USA is also the most valuable market, making up £3.9bn of visitor expenditure (15% of all international tourist spend). Figure 2-2 shows the most popular origins of international visitors.

**Figure 2-2: Top 20 origins of international visits to the UK**



Source: ONS (2019). International Passenger Survey

2.9 The international draw of the UK is highlighted by the fact that the UK ranks 10<sup>th</sup> in the world for the number of international tourist arrivals and 7<sup>th</sup> for the value of receipts from tourist expenditure.<sup>8</sup>

<sup>8</sup> The World Bank (2018). International tourism, number of arrivals. [available: <https://data.worldbank.org/indicator/ST.INT.ARVL>]

## DOMESTIC TOURISM

- 2.10 It's not just the international tourism market that is of key importance to the British economy. Overnight domestic tourists within Great Britain are estimated to have spent £24.7bn in 2019, almost the same amount as international visitors.<sup>9</sup> There were a further 1.7bn domestic day visits within Great Britain, spending £67bn.<sup>10</sup> Domestic overnight holidays are a key driver of recent large growth in the domestic tourism sector, which recently benefited from the 'staycation boom'. There was a rise in domestic holiday trips to Great Britain of 4.4% (to 60.5m trips) between 2018 and 2019, compared to growth of 1.4% in overseas trips among GB residents.<sup>11</sup>
- 2.11 Domestic overnight trips (all trip purposes) increased by 3.4% between 2018 and 2019, reaching 122.8m trips. The growth of the 'staycation' is also noted in the Travelodge annual holiday index,<sup>12</sup> which reported that between 2011 and 2019, the percentage of Britons taking staycations has increased from 35% to 69%, and that the total benefit of staycation spend to the UK tourism industry has increased from £7bn to £40bn over the same period. According to Visit Britain<sup>13</sup>, the number of short breaks (between 1 and 3 nights) was up by 8.2% between 2018 and 2019, with longer breaks (over 4 nights) decreasing by 2.6%. These trends are echoed by the Travelodge Holiday Index, which revealed that, in 2019, 85% of Britons planned on splitting up a traditional two-week holiday into three short breaks throughout the year.
- 2.12 While 47% of international trips were made to London, domestic tourists were more likely to visit the South West and the South East of England. Trips to the South West and South East made up 15% and 13% of domestic trips respectively, while London was the fourth most visited region with 10% of the domestic trip share.

<sup>9</sup> Visit Britain (2019). GB tourism survey.

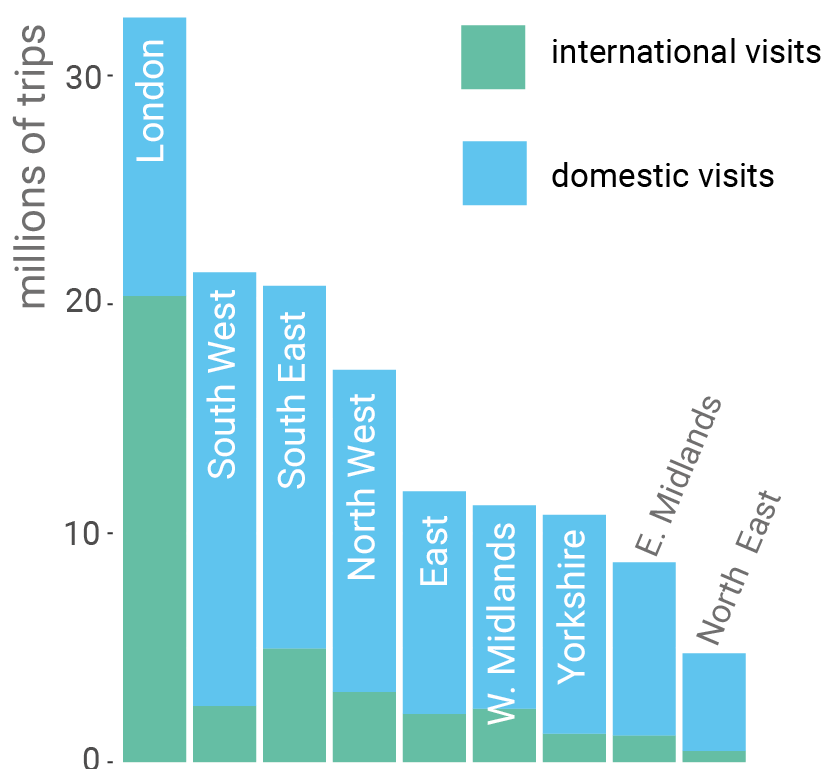
<sup>10</sup> Visit Britain (2019). The Great Britain Day Visits Survey.

<sup>11</sup> ONS (2019) UK residents' holiday visits overseas by duration, against age group, mode of transport, booking, travel type and world region visited, 2014 to 2018

<sup>12</sup> Travelodge (2019) annual Travelodge holiday Index

<sup>13</sup> Visit Britain (2019). Great Britain tourist report 2019.

Figure 2-3: Trips made by domestic and international tourists (2019)



Source: Visit Britain (2019),  
International passenger survey (ONS, 2019)

- 2.13 Yet, despite this higher growth in domestic tourism, the UK continues to be a net export of tourism. Indeed, around £30bn moves out of the economy each year due to international tourism.<sup>14</sup>
- 2.14 The large and growing size of both the international and domestic tourism markets represents an opportunity for the UK, in particular in London and the South East – the two largest international markets. Increased investment in tourist attractions and destinations will be important to increase the UK’s advantage in this growing market.

## THE GROWING IMPORTANCE OF LEISURE SPENDING

- 2.15 The large domestic tourist market in the UK reflects people’s desire to spend money on leisure and experiences rather than retail and the high street. The decline in high street retail is well reported – online retailers are seen as more convenient and there are fewer reasons for customers to visit the high street, with NatWest reporting that online sales have risen 324% over the past decade.<sup>15</sup>

<sup>14</sup> New Economics Foundation, 2020. Retrieved from <https://neweconomics.org/2020/09/the-dodgy-economics-behind-expanding-our-airports>. Accessed November 2020.

<sup>15</sup> NatWest (2020). 2020 UK Retail and Leisure Outlook embracing the pace of change.

- 2.16 A report by Deloitte notes a recent trend of consumers documenting their lives digitally and on social media, leading to experiences becoming a ‘new currency in social interactions’.<sup>16</sup> The trend towards a more ‘experiential’ economy is also found in research by Mintel which finds that 65% of British adults would spend their money on experiences rather than possessions, rising to 72% for millennials.<sup>17</sup> The combination of a declining retail sector with a growing demand for experiences means that the future of retail may depend on “creating the experiential high street” – offering experiential leisure alongside physical retail.
- 2.17 These trends are backed up by the data. In 2020 Barclays reported that spending on entertainment grew by 6.8% year-on-year, compared with 2.8% growth in retail and an overall spending growth of 3.9%.<sup>18</sup>
- 2.18 The UK family expenditure survey breaks household expenditure down into 12 broad categories of spending. In the 10 years between 2010 and 2019, the share of spending on ‘recreation and culture’ grew from 11.2% of total spending to 13.1%. A report by Deloitte<sup>19</sup> estimated that the UK leisure sector had turnover of £117.4bn in 2014, up 5% since 2010. Within this, visitor attractions and other cultural activities (including amusement parks) were estimated to be worth £4.2bn, growing 8.4% since 2010. The report notes that leisure spend has grown at a faster pace than total consumer expenditure.

## BUSINESS SPENDING

- 2.19 While much of the growth in the international tourism sector has been due to holiday trips, business tourism still makes up a relatively large share of the tourism market. In 2019, 23% of international tourist visits were for the purpose of business, compared with 44% for holiday and 33% for visiting family and relatives. Business visitors tend to spend more. In 2019, international tourists visiting for the purpose of business spent £161 per night, compared with £131 per night for holiday tourists.
- 2.20 According to Visit England,<sup>20</sup> business tourism includes visitors participating in:
- Association / charity / institute/ society events;
  - Governmental meetings & conferences;
  - Corporate events – dinners, product launches, conferences, awards;
  - Incentive travel;

<sup>16</sup> Deloitte (2019). Experience is everything – the UK leisure consumer.

<sup>17</sup> Mintel, Healthy, Ethical and Experiential: The Holy Trinity of British Consumer Spending, July 2019

<sup>18</sup> Barclays (2020). Consumer spending grows by 3.9 per cent in January as Brits fill up on fuel and food. [online] available: <https://www.home.barclaycard/media-centre/press-releases/Consumer-spending-grows-by-3-point-9-per-cent-in-January.html>

<sup>19</sup> Deloitte (2016) Passion for leisure A view of the UK leisure consumer

<sup>20</sup> Visit England (2010) Business tourism action plan.

- Corporate hospitality;
  - Exhibitions and trades shows; and
  - Independent business travels.
- 2.21 The UK's expertise in areas such as biotechnology, digital media, finance, insurance and business services as well as creative industries enables a key role for conferences and meetings. A 2014 report put the size of the UK events sector at £39.1bn, with conferences and meetings making up the largest share of this, at £19.9bn (50% of the total value).<sup>21</sup>
- 2.22 Exhibitions and trade fairs were the second largest events market, contributing £11bn (28% of the total events value). A separate AEO report also estimated the exhibition industry to be worth £11bn, supporting 114,000 jobs.<sup>22</sup> It is estimated that approximately 1,100 exhibitions in the UK involved 9.1m visitors and 178,000 exhibitors.
- 2.23 Meetings, conferences and exhibitions play a vital economic role, both in the tourism industry and to the global knowledge economy, supporting economic, professional and educational development. In 2019, the UK was ranked 5<sup>th</sup> in the world for international association meetings showing its important international influence.

## THE THEME PARK INDUSTRY

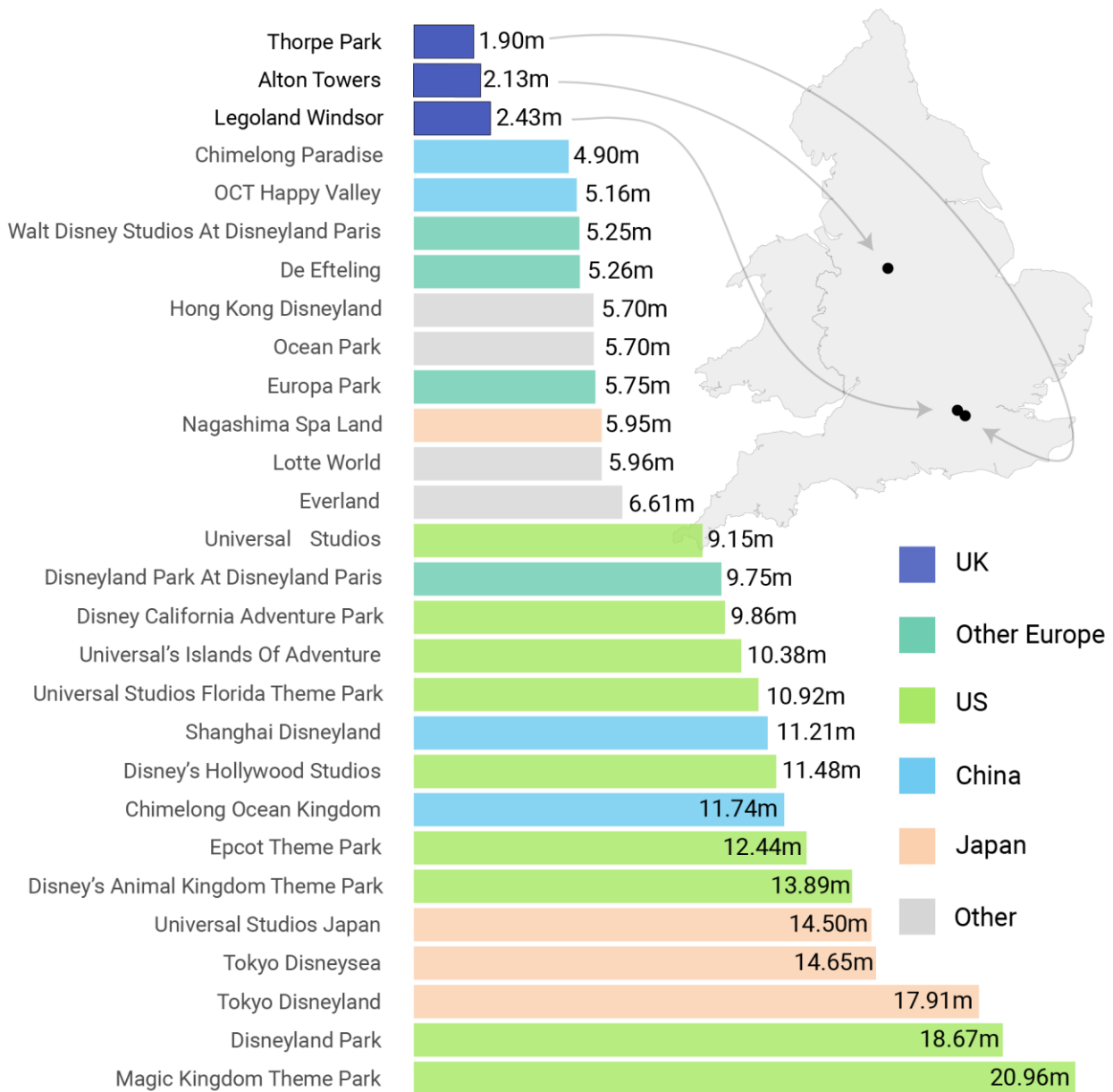
- 2.24 While the UK economy has benefitted from a rapidly growing tourism market and a growing desire to spend on leisure and entertainment, the UK theme park market has not seen comparable levels of growth. The relative stagnation in the UK theme park market stands in contrast to the high levels of growth observed in the global market.
- 2.25 The global theme park market is large and rapidly expanding. Global theme park attendance exceeded half a billion people for the first time in 2018, equivalent to almost 7% of the world population.<sup>23</sup> Over the past ten years, attendance at the top 25 theme parks has risen by 43%, equivalent to a rate of 3.7% per year.
- 2.26 Figure 2-4 compares UK theme parks with the top 25 parks globally. What is clear is that attendance at UK theme parks is far below that achieved internationally. Legoland Windsor, a child-oriented theme park and resort, is the largest UK theme park, attracting 2.43m visitors in 2019. Alton Towers and Thorpe Park, the next two largest theme parks, attracted 2.1m and 1.9m visitors respectively in 2019 which is relatively low compared to some of the top international attractions. Disneyland Paris (Walt Disney Studios and Disneyland Park), the largest European theme park, attracted 15.0m visitors in 2019, over six times more visitors than the largest theme park in the UK.

<sup>21</sup> Business Visits Events Partnership (2014). Events are Great Britain.

<sup>22</sup> AEO (2019). Economic impact of exhibitions in the United Kingdom.

<sup>23</sup> TEA/AECOM (2018). Theme Index and Museum Index: The Global Attractions Attendance Report.

Figure 2-4: UK theme parks compared with the top 25 global parks



Source: TEA/AECOM (2019). Theme Index 2019.

2.27 The global amusement park market is segmented into three distinct segments:<sup>24</sup>

- Destination parks: global theme parks – major ride parks and resorts with a distinct entertainment based theme (Disney, Universal Studios, Sea World);
- Regional parks: ride parks and resorts – for example Legoland Resort, Thorpe Park Resort, Blackpool Pleasure Beach; and

<sup>24</sup> Richard, B., Kaak, K., & Orlowski, M. (2017). Theme Park Tourism. In The SAGE International Encyclopaedia of Travel and Tourism (pp. 1218-1221). New York, NY: Sage.



- Local parks and urban amusement parks: family leisure parks (adventure parks, zoos).

2.28 There is a distinct lack of ‘destination’ amusement parks in the UK. This is somewhat surprising given the population and levels of tourism in the UK. For instance, the US has 0.11 global theme parks per million international tourist arrivals and 0.03 global parks per million population (Table 2-1).

2.29 Clearly, without even one global theme park, the UK is considerably undersupplied in terms of both global theme parks per million population and per million arrivals. The UK’s population in 2019 was approx. 67m and its tourism arrivals in 2018 were 36m. If provision was on par with the median rates of provision at comparable countries, the UK might expect to have 2-3 global theme parks. This is a simplistic measure and does not account for other factors, but it does suggest that there is scope for at least one global theme park in the UK.

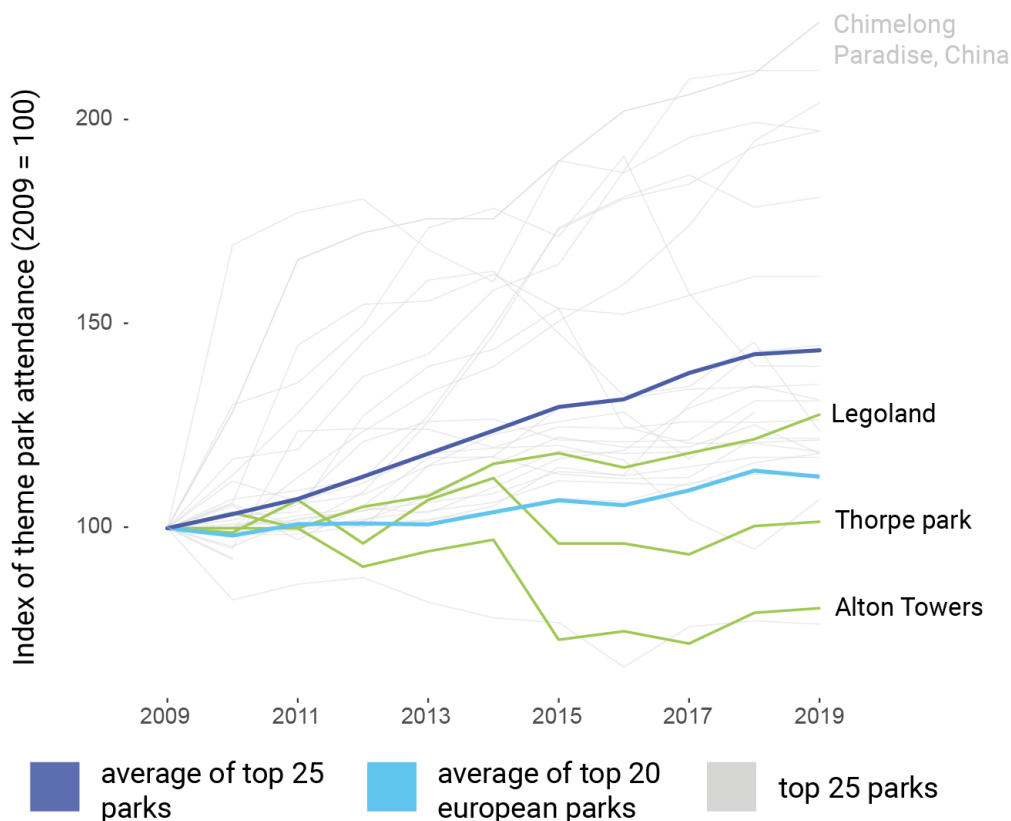
**Table 2-1: Global (top 25) theme park provision per million population and tourism arrivals**

	Count of (top 25) global theme parks	Population (2019) million	Count per million	Tourism – international arrivals (2018)	Count per million arrivals
US	9	328	0.03	80	0.11
Japan	4	126	0.03	31	0.31
China	4	1,398	0.00	63	0.06
France	2	67	0.03	89	0.02
Hong Kong	2	8	0.27	29	0.07
South Korea	2	52	0.04	15	0.13
Germany	1	83	0.01	39	0.03
Netherlands	1	17	0.06	19	0.05

*Sources: Aecom Global attractions report, 2019; World Bank population statistics, 2019; World Bank tourism arrival statistics, 2018.*

2.30 Figure 2-5 shows that the UK’s existing offering of theme parks has lacked growth in recent years, with attendance increasing only slightly by 0.6% over the past 10 years. Alton Towers has been the worst performer, with attendance decreasing by 20% over the past decade. The European market has grown at a slower pace than the international market over the last 10 years, but the top 20 parks in Europe still saw attendance grow by 13%, or 1.2% per year, over the period.

Figure 2-5: Growth in attendance at UK theme parks compared with the top 25 theme parks worldwide



Source: TEA/AECOM (2019). Theme Index 2019.

2.31 The lack of growth demonstrates that the UK’s theme park offering is not keeping pace with international parks. The AECOM theme index (2018) suggests that the fast growth of the international theme market has been due to “focused capital investment, technology enhanced products, intellectual property-based stories, and destination tourism development”.<sup>25</sup> A study into the success factors of theme parks finds that the quality and safety of the theme park attraction, and the range of options and attractions available were the most important factors.<sup>26</sup>

**UK provision – theme parks**

2.32 Table 2-2 lists the top amusement parks in the UK with latest advertised ticket prices at each, where available. The UK’s top performing theme parks are Legoland, Alton Towers and Thorpe Park with each attracting between 1.9m and 2.4m visitors in 2019.

2.33 The closest other theme parks to the London Resort are three of the Merlin parks (excluding Alton Towers Resort, including Chessington World of Adventures Resort) and Dreamland in Margate. Geographically speaking, however, the three Merlin parks are already closer to one another than they will be to London Resort. Dreamland Margate has

<sup>25</sup> TEA/AECOM (2018). Theme Index and Museum Index: The Global Attractions Attendance Report.

<sup>26</sup> Birgit Pikkemaat and Schuckert Markus. "Success factors of theme parks - An exploratory study." Tourism 55, no. 2 (2007): 204

struggled for many years and has been the subject of various reinvestments and regeneration strategies. Its fortunes have been on an upward trend, however. Dreamland attracted 650,000 visitors in 2019, which was its highest ever number.<sup>27</sup> Paulton's Park (Peppa Pig World) attracts over 1m visitors per year.<sup>28</sup>

- 2.34 Annual visitor numbers are not available for Warner Bros. Studios - The Making of Harry Potter tour, which opened in 2012 (and has been the subject of three expansions since in 2015, 2017 and 2019). Booking must be made online in advance, and it is frequently booked up months in advance, reflecting high demand. Paulton's Park was attracting approximately 500,000 visitors per season, however with the opening of Peppa Pig World in 2011, visitors doubled to 1 million. There is no evidence that the opening of either the Harry Potter studio tour or Peppa Pig World had an adverse impact on the visitor numbers at the Merlin Entertainments' parks. Both these examples indicate that, when a park with a well themed attraction is open, it can create a new visitor market.

**Table 2-2: Top attractions in England**

Theme park attraction	2019 visitors	Uncongested drive time to site (mins)	Ticket price if bought on the day (2020)
Legoland	2.4m	73	£48-£59 (off peak to super peak)
Alton Towers	2.1m	178	£58
Thorpe Park	1.9m	57	£55
Chessington World of Adventures	1.7m	47	£52
Flamingo Land	1.7m	236	£41.50
Paulton's Park home of Peppa Pig World	1.0m	110	£38.50
Drayton Manor	0.9m	150	£39.50
Dreamland, Margate	0.7m	60	£16.00
Crealy Park	*	210	£15.00
Gulliver's Land, Milton Keynes	0.4m	90	£19.00
Warner Bros. Studios – The Making of Harry Potter	*	66	£47.00**
Blackpool Pleasure Beach – with Nickelodeon Land	1.2m-1.4m	270	£39.00

*AECOM Global Attractions Attendance Report, 2019; Theme Park's websites; Google Maps. Note: \* denotes missing data. \*\*Must be booked online*

<sup>27</sup> Retrieved from <https://interpark.co.uk/dreamland-margate-enjoys-record-breaking-year/>. Accessed July 2020.

<sup>28</sup> Retrieved from <https://blooloop.com/features/paultons-park-peppa-pig-world-mancey/> Accessed July 2020

## Water parks

- 2.35 Much like theme parks, attendance at the top 20 water parks internationally has seen strong growth in the past decade. Attendance grew by 50% in the past 10 years (or 4% per year), with attendance at the top 20 water parks totalling 31m in 2019. Also, like theme parks, the UK water park market is less developed than internationally, with no UK water park making it into the top 20 water parks.
- 2.36 There are also several others attracting similar visitor numbers, as well as ‘destination’ resorts such as Center Parcs in England and Bluestone in Wales which attract tourists and contain water park elements, as well as other leisure provision.

## e-Sports

- 2.37 The London Resort would expand the existing market into new sectors through providing different options, such as immersive experiences and productions and e-Sports. These markets are significant and growing – indeed global e-Sports was estimated to generate \$1.1bn in 2019, with year on year growth of 26.7%, and a global audience of 452.8m.<sup>29</sup> However, there are limited options for these types of leisure experiences in the local area and the UK, particularly at the scale LRCH proposes.

## THE OPPORTUNITY PROVIDED BY LONDON RESORT

- 2.38 The London Resort will provide a tourist attraction unlike any that currently exists in the UK. The London Resort will have a diverse offer, including other attractions such as the Market, e-Sports, Conferention Centre and water park, among other visitor experiences.
- 2.39 Increasing tourism can have significant economic benefits in terms of visitor expenditure and induced employment (assessed below). Attracting visitors to the London Resort would also be expected to have wider benefits in the UK through increasing spend at other attractions.
- 2.40 One of the ways in which an area can increase its tourism catchment is by increasing the variety of attractions on offer. Prospective tourists all have different interests and tastes, so they have different tourist demand profiles. The London Resort would be unique to the UK and is likely to attract new types of tourists, such as families with young children, to the area when they otherwise would not have been incentivised to go there.
- 2.41 Leisure Development Partners LLP (LDP)<sup>30</sup> estimated the visitor numbers to the London Resort. The LDP approach relies upon detailed market analysis and the application of carefully chosen real world benchmarks from existing comparable projects. This approach came out of the original feasibility work for Disney and has been furthered over the past

<sup>29</sup> Newzoo (2019), Free 2018 Global Esports Market Report

<sup>30</sup> A leading consulting practice focused on leisure and entertainment real estate

50 years.<sup>31</sup> The attendance to an attraction is a function of the size and characteristics of the available markets, competitive environment, quality of the experience and pricing strategy, as well as a multitude of other external factors. Therefore, the first step in an attraction feasibility process is to determine the current and likely future scale of the available market segments. For most attractions, attendance is determined by applying penetration rates to the available market segments, based on comparable benchmarks. All attractions in the LDP's database are analysed in accordance with this methodology which allows benchmarking like for like. The approach varies by attraction, with specific penetration rates applied for Gate One, Gate Two, water park and retail, dining and entertainment zone, known as 'the Market'.

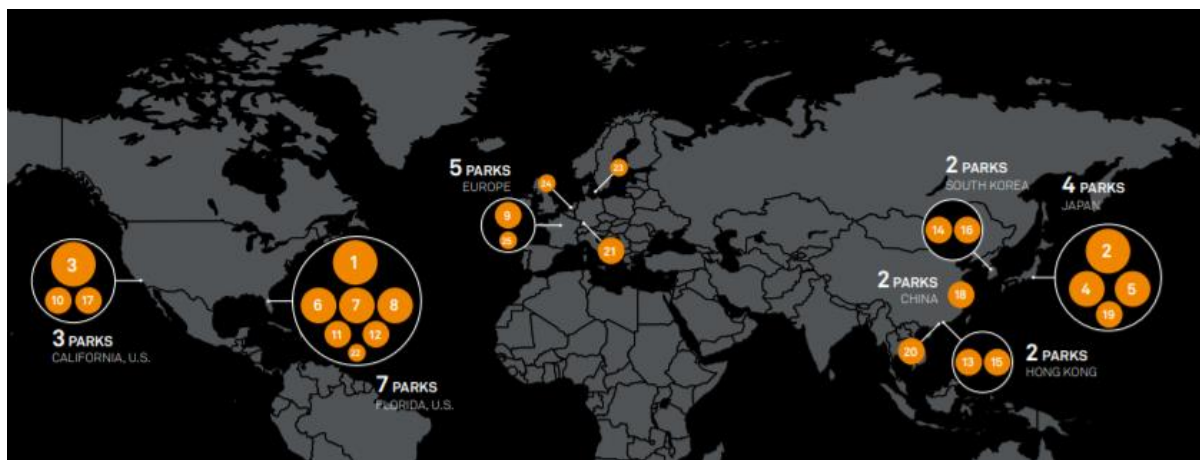
- 2.42 Based on their industry knowledge, LDP expect strong penetration rates for Gate One and Gate Two, in line with some of the world's leading theme parks. LDP estimates that there would be 6.5m visitors in 2025 and up to 12.5m visitors in 2038. This attendance is between three and five times greater than Legoland, the current highest by visitor number in the UK. This would place London Resort among the 20 largest theme parks globally. Assuming the theme parks continue to grow at their 10 year growth rate, the London Resort would rank as the largest theme park in Europe ahead of Disneyland Park at Disneyland Paris.
- 2.43 The UK does not currently have a global theme park. Figure 2-6 shows the clustering effect of the top 25 theme parks in the world as evidence that there can be successful co-location of theme parks.<sup>32</sup> Evidence presented previously indicates that the UK's population and tourism arrivals indicates that the UK could support 2-3 global theme parks; at present it does not have a single one. Figure 2-6 further demonstrates geographically that many of the top 25 global theme parks successfully co-locate. The same can be broadly said for the UK's top theme parks, with three of the top four already located within relatively close proximity to the south west of London, around the M25 (Legoland resort, Thorpe Park resort and Chessington World of Adventures resort).

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<sup>31</sup> Whilst all components of the resort are in early conception stages, some components are more defined than others at this juncture. The main theme park and phase I hotels are in a more advanced stage compared to the rest of the development. The Market's (RDE zone) retail and dining is just starting to take shape and the remaining components are not fully defined at this stage. Upon the Applicant's request and due to early stages of planning for Phase II of the development, the attendance estimates for the second gate theme park have been based on generic ratios. Once more clarity on the concept, links with the main park, pricing and operational strategies are available, a feasibility update would need to be undertaken.

<sup>32</sup> The map is based on 2014 data so may now be out of date. There are more recent releases of the theme park attendance report but the equivalent map showing the extent to which the theme parks cluster is not provided.

Figure 2-6: Map of the top 25 global theme parks, 2014



Source: Aecom, theme park attendance report, 2013

- 2.44 The design of London Resort is such that it will have a diverse offer, including other attractions such as the Market, e-Sports, ‘conferention’ centre and water park, among other things. The London Resort will be a unique global attraction that is likely to generate new trips rather than diverting from existing theme parks in the UK.
- 2.45 The London Resort would therefore add significantly to the UK’s theme park provision, addressing an identified void in the provision of global theme parks
- 2.46 The offering of the London Resort is expected to generate demand which is largely additional at the national level (ie the demand will not be at the expense of other leisure attractions):
- The theme park sector is a growing sector: according to Aecom, global attendance at themed attractions at the major operators has exceeded half a billion visits for the first time in history. This is equivalent to almost 7% of the world population.<sup>33</sup> And not only that, but this number keeps growing. Just five years ago, the market capture of the industry was only 5% of the global population. This provides evidence that the new provision would not have a material impact on economic activity elsewhere in the sector and displacement is fairly low; and
  - The theme park offering has not changed: Legoland is the most visited theme park in the UK. It was also the most recent addition, and it opened in 1996. Despite significant investment planned to re-energise many existing entertainment facilities across the country,<sup>34</sup> there is no other major global theme park planned and there has not been a new major theme park since then despite the significant growth in the leisure and

<sup>33</sup> AECOM, 2019, TEA/AECOM Theme Index, 2018

<sup>34</sup> Many Merlin sites have invested in varied facilities, catering for a range of facilities. They are resorts and not just theme parks and many of the sites have further planning permission for overnight accommodation.

theme park sector.

2.47 Furthermore, it is anticipated that the London Resort would have a minimal impact upon trade diversion from the UK's existing theme parks at the regional level for the following reasons.

- There is high demand for leisure attractions in London and the demand is growing: London is a world leading destination. In 2018, 31m visitors stayed in London, of which approximately 19m were international visitors and 12m were domestic visitors. International visitors spent a total of £12.3bn and domestic visitors £3.0bn, with a combined total of £15.3bn. The Institute for Urban Strategies' Global Power City index ranked London as the world's leading global city for the eighth year in a row in 2019, ahead of New York (2nd) and Tokyo (3rd). There is significant demand for visiting leisure attractions in London: it is a world leader in theatre provision. According to the Society of London Theatre, in 2017, London had the biggest theatre audience of any city in the world, attracting over 15m people to its theatres.<sup>35</sup> In the decade to 2017, the capital's theatre audience grew by 10%.<sup>36</sup> And between 2011 and 2016, the number of music tourists in the UK (from the UK and abroad) grew from 7.1m to 12.5m – an average increase of approximately one million music tourists each year.<sup>37</sup> This highlights the significant demand for leisure and events in London and the UK;
- The local visitor catchment has been growing and is forecast to continue to do so: since 2000 the population of the Greater South East (East, London and the South East) has grown by 18%. Allowing for this, along with the same rate of leisure/events/venue demand, that growth would provide further evidence for a new venue to be accommodated without taking market share but instead meeting unmet demand, growing demand for leisure, and serving a growing population; and
- Any displacement is likely to be short-term: evidence suggests that theme parks that are in close proximity to each other only have negative impacts for the first year of opening. For example, in 2010 a Harry Potter Themed attraction opened at the Islands of Adventure at the Universal Orlando resort in Florida. This only had a short-term impact on the number of visitors to Walt Disney World Resort, also in Florida, where visitor numbers had recovered by 2012.<sup>38</sup>

2.48 This demonstrates that there is significant demand for theme parks globally as well as tourism and entertainment in the UK specifically. The London Resort is therefore expected to result in market growth, and ultimately help to grow the UK's share of the global theme park market. The London Resort would also expand the existing market into new sectors, such as e-Sports, which will be additional to the UK because of the lack of alternatives. There would also be retail, dining and entertainment floorspace which will complement the other uses and serve the needs of the visitors. The RDE element in the Market will be

<sup>35</sup> Society of London Theatre, Reports Box Office Figures 2017

<sup>36</sup> Society of London Theatre, Reports Box Office Figures 2017

<sup>37</sup> UK Music; Wish you were here, the contribution of live music to the UK economy. 2017

<sup>38</sup> Aecom/TEA Theme park Attendance Report 2013

outside the payline but is expected to largely focus on a market driven by visitors to the various attractions. The offer will be distinct to that provided in local town centres.

- 2.49 There is a clear opportunity for the London Resort to establish itself as a flagship destination in the UK and international tourism sector. At present, the UK lacks an internationally recognised global theme park to compete with the likes of Disneyland Paris, Universal Studios and Disney World. The scale of opportunity is clear: fifteen years after opening, by 2005, Disneyland Paris had become the number one tourist destination in Europe, above the Eiffel Tower and the Louvre, with 56% of its visitors coming from abroad, and it generated 6.2% of France’s tourism revenue over 25 years.
- 2.50 Many European theme parks have struggled to compete globally. It is worth noting that European amusement parks typically offer a reduced service over winter, contributing to the lower attendance figures. The London Resort will have the ability to operate all year round as it features covered water park and entertainment and indoor areas. Many of the attractions will be ‘black box’ in style, situated indoors with reliance on screen and projection technology.
- 2.51 It is becoming especially important that large scale investment occurs to capitalise on the growing market in light of the national trends to shift spending retail to experiences. Rather than diverting visitors from existing attractions, it would be a different type of theme park with cutting-edge technology and new types of rides, entertainment and leisure.
- 2.52 The introduction of a global theme park will make the area a must-visit destination, bringing new visitors to the locality and supporting a range of economic activity. The London Resort can help address the net tourism export deficit of the UK by encouraging more domestic and international visitors. It will also enable further development and investment in an area which currently suffers from a range of socio-economic issues, as discussed in the following section.



## Chapter Three ◆ Local Importance

### THAMES ESTUARY

- 3.1. The London Resort site lies within the larger regeneration area of the Thames Estuary. The Thames Estuary is an area in the South East of England stretching from east London, through north Kent and south Essex and is home to 3.6m people.<sup>39</sup> The Thames Estuary 2050 Growth Commission identified that the area has significant strengths including proximity to London, international trade via its ports, strong universities, further education and research institutions and available land to deliver high quality homes. Yet, despite its advantages, the Estuary is underperforming across a range of economic and social indicators.
- 3.2. The key issues identified relate to low skills and entrenched deprivation: MHCLG report that 8.5% of the working age population have no qualifications, 1.7 percentage points higher than London and 3.3 percentage points higher than the South East average.<sup>40</sup> The MHCLG report states that the area needs to be a more attractive location for employers seeking skilled workers, with the area becoming a 'low-wage' economy. The average weekly household income of the Thames Estuary area is £800 before housing costs, compared with the combined average for London, South East and East of England at £885.<sup>41</sup>

### LOCAL CHARACTERISTICS

- 3.3. The Kent Project Site is located on the border between Dartford and Gravesham, largely on the previously developed (brownfield) land on the Swanscombe Peninsula. The area around the Swanscombe Peninsula consists of residual marsh used for agriculture/grazing.<sup>42</sup> The Kent Project Site also covers land to the south of the peninsula which consists of mainly industrial uses. There are significant plans and policies in place to revitalise the surrounding area, moving away from the industrial past and towards more sustainable uses.
- 3.4. The Essex Project Site is bounded by railways on its northern and western sides and a drainage channel to the east. To the south lies Tilbury Railport, a large logistics shed with railway sidings operated by Maritime Transport Limited.

<sup>39</sup> Ministry of Housing, Communities and Local Government (2019). Government response to the Thames Estuary 2050 Growth Commission.

<sup>40</sup> Ministry of Housing, Communities and Local Government (2019). Government response to the Thames Estuary 2050 Growth Commission.

<sup>41</sup> Thames Estuary 2050 Growth Commission (2018). 2050 Vision.

<sup>42</sup> Gravesham Borough Council (2014). Gravesham Local Plan Core Strategy pp40.

3.5. The Kent Project Site is characterised by high levels of manufacturing and ‘transport and storage’ related employment uses: 14% of employment in the surrounding area is in manufacturing and 20% in ‘transport and storage’, compared with an average of 7% and 5% respectively in the wider Kent area (Table 3-1).

**Table 3-1: Key employment sectors in the Kent Project Site compared with Kent**

Employment industry	Kent Project Site*	Kent
Agriculture, forestry & fishing (A)	0%	2%
Mining, quarrying & utilities (B,D,E)	1%	1%
Manufacturing (C)	<b>14%</b>	7%
Construction (F)	8%	7%
Motor trades (G)	4%	2%
Wholesale (G)	5%	4%
Retail (G)	4%	11%
Transport & storage (H)	<b>20%</b>	5%
Accommodation & food services (I)	9%	7%
Information & communication (J)	2%	3%
Financial & insurance (K)	0%	3%
Property (L)	1%	2%
Professional, scientific & technical (M)	5%	6%
Business administration & support services (N)	10%	9%
Public administration & defence	1%	4%
Education (P)	7%	10%
Health (Q)	8%	13%
Arts, entertainment, recreation & other (R,S,T,U)	2%	4%

Source: Business Register and Employment Survey, ONS (2019). \*Defined as the part of the red line within Kent, estimated by the nearest three MSOAs

3.6. The Essex Project Site is also characterised by high levels of transport and storage employment (27%). In contrast to the Kent Project Site, however, there is a high concentration (24%) of business administration and support services employment. Despite only making up 4% of the total employment in the area, there is a relatively high

share of mining, quarrying and utilities employment compared to the 1% employment share it has across the rest of Essex.

**Table 3-2: Key employment sectors in the Essex Project Site compared with Essex**

Employment industry	Essex Project Site*	Essex
Agriculture, forestry & fishing (A)	0%	1%
Mining, quarrying & utilities (B,D,E)	4%	1%
Manufacturing (C)	5%	7%
Construction (F)	5%	7%
Motor trades (G)	1%	3%
Wholesale (G)	3%	5%
Retail (G)	7%	10%
Transport & storage (H)	<b>27%</b>	6%
Accommodation & food services (I)	5%	7%
Information & communication (J)	1%	3%
Financial & insurance (K)	0%	3%
Property (L)	0%	2%
Professional, scientific & technical (M)	2%	9%
Business administration & support services (N)	<b>24%</b>	8%
Public administration & defence	2%	3%
Education (P)	6%	9%
Health (Q)	5%	13%
Arts, entertainment, recreation & other (R,S,T,U)	2%	4%

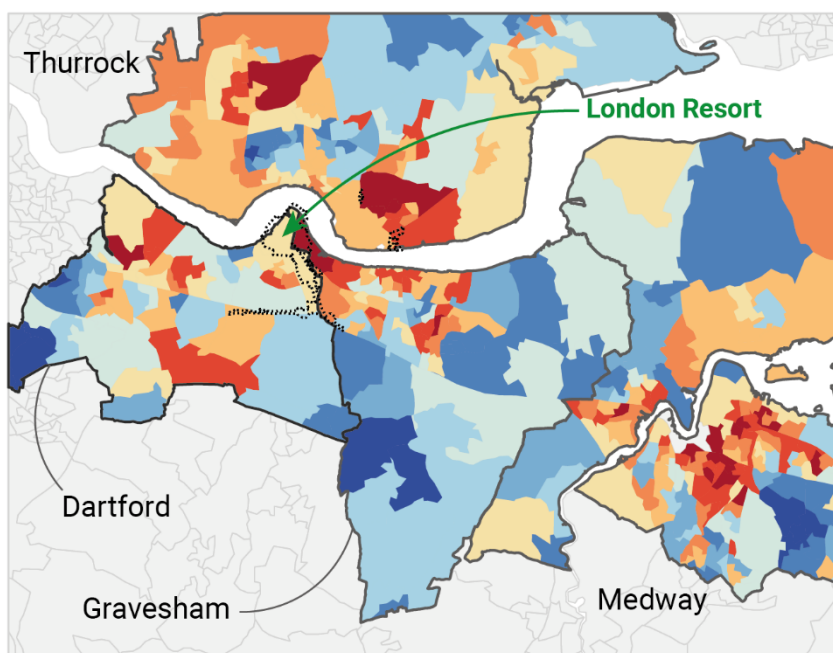
Source: Business Register and Employment Survey, ONS (2019). \*Defined as the part of the red line within Essex, estimated by the nearest three MSOAs

3.7. Dartford, Gravesham and Thurrock, particularly the riverside areas, suffer from a number of socio-economic issues. The area around the Project Site contains some of the most deprived areas in England. There are also notable problems with education and skills and unemployment, and concerns that the area around Ebbsfleet is serving a commuter hub to London with high levels of out-commuting and poor skills retention in the local area. That leaves the area lacking a destination in its own right, with local jobs being generated.

**DEPRIVATION**

- 3.8. The Index of Multiple Deprivation (IMD) ranks small areas<sup>43</sup> in England on a number of ‘domains’ of deprivation to measure how deprived an area is relative to all other places in the country. There are two small areas that cover the Kent Project Site, one in Dartford and one in Gravesham. The IMD ranks the small area in Gravesham in the top 10% most deprived in the country and the small area in Dartford ranking in the top 50% most deprived.
- 3.9. The two small areas that cover the Essex Project Site contain one area in the top 20% most deprived in the country, and one in the top 40% most deprived. Kent and Essex are relatively prosperous areas but within them there are pockets of deprivation. The area around the Swanscombe Peninsula is particularly in need of regeneration, with high levels of deprivation. It is also notable that the southern area of Thurrock and parts of Medway also suffer from clusters of high deprivation levels.

**Figure 3-1: Index of multiple deprivation in Dartford and Gravesham**



Index of multiple deprivation decile (1 is most deprived 10% in England)

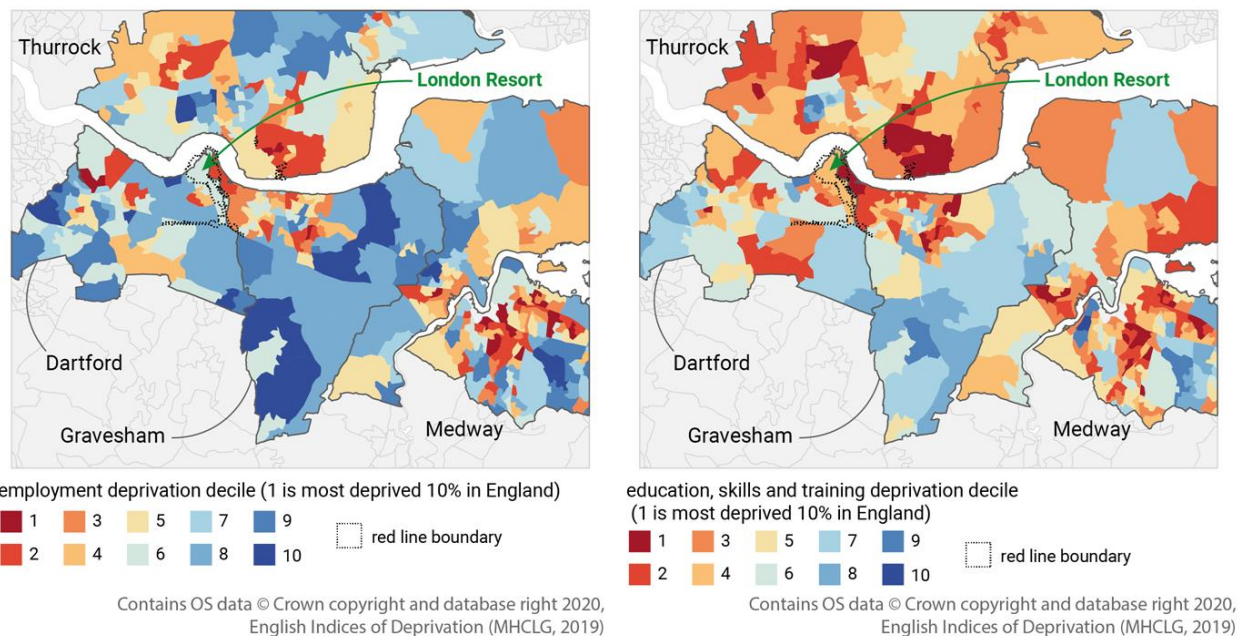


Contains OS data © Crown copyright and database right 2020, English Indices of Deprivation (MHCLG, 2019)

<sup>43</sup> These small areas are known as Lower Super Output Areas (LSOAs). They are typically the lowest level of geography for which regular (non-census) data is provided by the ONS. LSOAs are generated so as to contain at least 1,000 residents, with a mean of 1,500.

- 3.10. In particular, the areas around the Kent Project Site and the Essex Project Site suffer from high levels of both employment deprivation and education and skills deprivation. MHCLG define employment deprivation as ‘the proportion of the working-age population in an area involuntarily excluded from the labour market’. It defines ‘education, skills and training deprivation’ as ‘the lack of attainment and skills in the local population’.
- 3.11. Looking at the Kent Project Site, the small area in Dartford ranks as being within the top 40% most deprived on the ‘education and skills’ domain but is within the 40% least deprived on employment deprivation. The Gravesham small area is among the 20% most deprived areas in England on employment and within the top 10% most deprived on Education and Skills. As shows, there are is cluster of small areas to the east of the London Resort site that suffer from high levels of deprivation on both measures.
- 3.12. The Essex Project Site has a similar picture of deprivation. Employment deprivation is again mixed with one of the two small areas ranking in the 50% most deprived, and another in the top 20% most deprived in England. There are high levels of education and skills deprivation in the Essex Project Site area, with one small area in the top 30% most deprived and another among the top 10% most deprived in England. Indeed, Thurrock as a whole scores particularly poorly on the education and skills deprivation domain. In fact, the average ranking of small areas in Thurrock puts the area in the top 10% most deprived local authorities in England on this domain.

Figure 3-2: Employment and education and skills deprivation

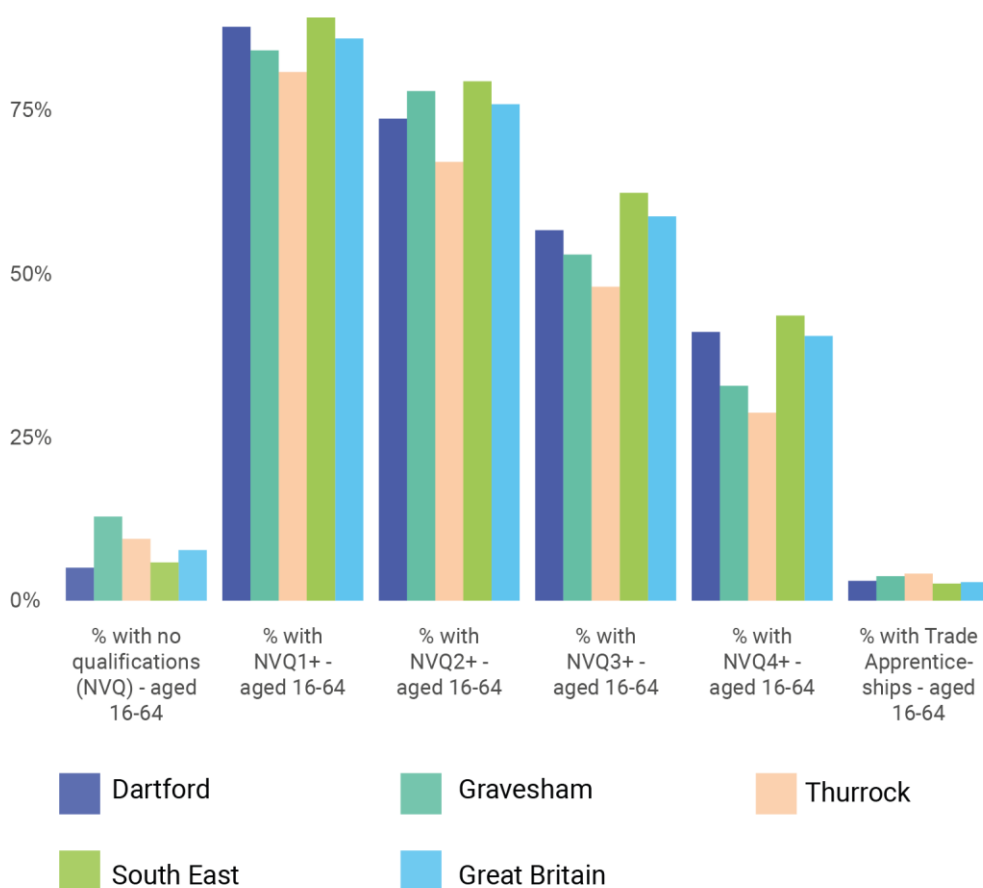


**LOCAL JOBS**

- 3.13. The local area struggles with poor education and skills attainment, which has resulted in higher unemployment rates.

- 3.14. The unemployment rate<sup>44</sup> in both Gravesham and Thurrock (aged 16-64) was estimated to be 4.5% in the 12 months to March 2020. This was high compared with the South East region (3.2%) and Great Britain (3.9%) averages. Dartford unemployment rates on the other hand have been relatively low at 2.7%.
- 3.15. The qualification levels of Dartford, Gravesham and Thurrock residents fall short of the national and regional averages: 56% of Dartford residents, 53% of Gravesham residents and 48% of Thurrock residents have NVQ level 3 or above qualifications, compared with the South East regional average of 62%. Dartford has 41% of residents with NVQ level 4 or above qualifications which is closer to the South East average of 43%, although Gravesham and Thurrock residents are much less likely to have NVQ4 qualifications or above, with 33% and 29% of respective residents obtaining this level.

Figure 3-3: Qualification levels of residents



Source: ONS (2020). Annual Population Survey.

- 3.16. One of the key delivery tasks of the EDC is to create a fully sustainable community, not a commuter suburb.<sup>45</sup> There are concerns that the area around Ebbsfleet is becoming a

<sup>44</sup> ONS, 2020. Annual Population Survey - Model-based estimates of unemployment.

<sup>45</sup> EDC (2017). Ebbsfleet Implementation Framework. Pp17.

commuter hub for London rather than making use of its proximity to London to establish employment opportunities of its own. This concern is backed up by Census data (Table 3-3) which shows that just 34% of Dartford and Gravesham residents work in the borough in which they live. This is below the national rate of 54%. Thurrock commuting patterns are more in line with the regional average with 46% of residents live and work in the same borough. The remainder of commuting trips are largely made to London, with 47% of Dartford residents and 27% of Gravesham residents commuting to London boroughs. Indeed, a key concern raised during stakeholder engagement is a lack of local jobs.

**Table 3-3: Out-commuting of residents**

Place of residence	% who work in a different borough to their place of residence	% who commute to London boroughs
Dartford	66%	47%
Gravesham	66%	27%
Thurrock	54%	34%
South East average	51%	12%
UK average	46%	15%

## THE SCOPE FOR CHANGE

- 3.17. In a 2019 response to the Thames Estuary Growth Commission, the UK government noted that the 'Thames Estuary has a long history of previous efforts to drive economic growth and productivity' and that 'it still does not deliver on its great potential'. Indeed, the Thames Estuary is an area stretching from east London through north Kent and south Essex that has for years struggled to achieve the transformative growth envisioned.
- 3.18. Several planning authorities have identified the Thames Estuary area, and the area of the Swanscombe Peninsula, as facing productivity challenges as well as holding great potential for growth. Several policy documents focus on the area:
- The 2011 Dartford Core Strategy identifies the Thames Waterfront Priority Area as a key development site from Swanscombe Peninsula, stretching west along the Thames, with the vision of a vibrant mixed-use riverfront.<sup>46</sup>
  - The 2014 Gravesham Core Strategy identifies the Northfleet Embankment and Swanscombe Peninsula East Opportunity Area as an opportunity area stretching from Swanscombe Peninsula to the East. Gravesham council considered there to be development potential at Swanscombe Peninsula but identified the need for a comprehensive masterplan for the area.<sup>47</sup>
  - The Thames Gateway Delivery Plan published in 2007 provided a vision for the Thames

<sup>46</sup> Dartford Borough Council (2011). Dartford Core Strategy.

<sup>47</sup> Gravesham Borough Council (2014). Gravesham Local Plan Core Strategy.

Gateway area for which regional development agencies were to identify major projects for the area.<sup>48</sup>

- The Thames Gateway Kent Partnership in 2012 produced a Plan for Growth 2014-2020 which set out a top priority to support and facilitate the success of Ebbsfleet-Swanscombe.
- In 2018, the new Thames Estuary Growth Commission published a 2050 vision report for the Thames Estuary area. This is the latest attempt to coordinate investment across the 18 local authorities making up the corridor. Among the priorities of the commission are to resolve the proposals for the Swanscombe Peninsula.<sup>49</sup>
- The case for investment in the Thames Estuary Production Corridor was published in 2020.<sup>50</sup> The document provides the strategy to unlock and maximise the creative potential of the corridor.

3.19. Historically the Thames Estuary area has suffered from fragmented governance with 18 local authorities and two Local Enterprise Partnerships (LEPs) covering the Thames Estuary. This has made strategic planning difficult. The 2050 vision sets out a comprehensive vision for the area with an ambitious aim of adding £190bn GVA and 1.3m new jobs by 2050.

3.20. Among the transformative changes put forward by the Thames Estuary Growth Commission in the Inner Estuary of Thurrock, include (among others):

- £1bn investment in the Port of Tilbury;
- London Gateway port investment;
- Lower Thames Crossing; and
- The delivery of Ebbsfleet Garden City.

3.21. The vision for the inner estuary is to have a thriving Port of Tilbury and London Gateway Port to '*create opportunities for an upskilled and aspirational population*'.<sup>51</sup> This investment, including expansion and the new port terminal at Tilbury<sup>52</sup>, will increase the capacity of an important trade hub supporting new jobs while adapting to future transport demands.

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<sup>48</sup> EEDA (2008). Thames Gateway Economic Development Investment Plan.

<sup>49</sup> Thames Estuary 2050 Growth Commission (2018). 2050 Vision.

<sup>50</sup> Thames Estuary Production Corridor (2020), The case for investment.

<sup>51</sup> Thames Estuary 2050 Growth Commission (2018). 2050 Vision.

<sup>52</sup> The Secretary of State made a Development Consent Order for Tilbury2 in February 2019



- 3.22. To fulfil the area's freight and transport needs, investment in transport infrastructure is highly important. Congested existing road crossings are identified as constraints on growth, with the Lower Thames Crossing proposed as one solution<sup>53</sup>.
- 3.23. Key to the growth in north Kent is the Ebbsfleet Garden City. The proposals are to deliver up to 15,000 high quality new homes and around 564,000sqm of commercial floorspace.<sup>54</sup> This will support 27,700 new residents and up to 32,000 new jobs for the area, creating an economic hub at Ebbsfleet, building on its high-speed links to London and the Continent.
- 3.24. The Thames Estuary Commission have also identified an opportunity in the Thames Estuary Production Corridor – a ribbon of creative and cultural industries along the River Thames. The Thames Estuary Production Corridor (TEPC) is a programme to create a world class centre for creative and cultural production: leading global innovation, creating new jobs, developing local talent and supporting the rapid growth of the creative economy.<sup>55</sup>

## THE OPPORTUNITY OF THE LONDON RESORT

- 3.25. In the area surrounding the Project Site and the wider Thames Estuary there are a number of social issues relating to employment and skills attainment and deprivation. London Resort represents an opportunity to put the Estuary on the map by delivering a major visitor attraction and employer for the area. The London Resort can be a catalyst for growth within the Estuary. Together with local employment investments at Ebbsfleet Garden City and port of Tilbury, London Resort can help alleviate the long-standing employment and skills problems in the area. The Thames Estuary Commission considers development at Swanscombe Peninsula central to achieving its aspirations for the area.
- 3.26. The London Resort will also offer training and employment opportunities to local residents, directly putting the local people of Thurrock, Dartford and Gravesham into work and transforming Ebbsfleet from a 'commuter hub' to an employment destination in its own right. The *Outline Employment and Skills Strategy* (document reference 6.2.7.7) outlines how the London Resort will achieve the Applicant's key aim to positively impact on local people and children. The strategy focuses on four key objectives:
- creating local employment opportunities;
  - providing career paths, not just jobs;
  - address skills gaps and promote career choices through training and working with local schools, colleges and universities, job centres and charities; and

<sup>53</sup> An application is expected to be submitted for a Development Consent Order for the Lower Thames Crossing in Q4 2020

<sup>54</sup> Ebbsfleet Development Corporation (2017). Ebbsfleet Implementation Framework.

<sup>55</sup> Thames Estuary Production Corridor (2020), The Case for Investment.

- celebrating diversity and inclusion

3.27. The TEPC strategy document notes that there is a significant new vision to create a world class centre for creative and cultural production in the area. It has the potential to deliver 1.3m new jobs and £190bn additional GVA by 2050. The London Resort would support all parts of the creative and cultural economy including production, consumption and the supply chain. The London Resort will provide significant creative jobs, such as entertainers and digital design. There will also be indirect effects for local firms (e.g. florists, hoteliers, security firms and catering etc), including a vast array of creative-based jobs (entertainers, actors, designers, musicians, gamers, etc). The creative opportunities in the enhanced supply chain will contribute to the employment aspirations brought forward by the Thames Estuary Production Corridor. As part of the ongoing employment and skills work, the London Resort is committed to maximising creative employment and working with the supply chain across the Estuary, therefore reinforcing the stated aims of the TEPC.

3.28. The London Resort will benefit from and build on the IP and success of film and digital media industries and has an important role to play in supporting the future growth and prosperity of these industries and wider area. The strategy identifies potential for 50,000 jobs in the production corridor. At maturity in 2038, the London Resort would support 34% of this job target directly onsite.

3.29. The London Resort will also provide benefits to the local communities through improved connectivity and landscaping. The proposals include walkways, helping to connect visitors and local residential areas with the river, along with an improved network of pedestrian and cycle routes.

3.1. The Thames Estuary has a long history of previous efforts to drive economic growth and productivity. These efforts have not delivered on the area's great potential but following work by Thames Estuary Growth Commission – and the response from the Government and the TEPC strategy – there is a new impetus to drive growth in the area. The London Resort represents a unique opportunity to bring a global attraction to the area, attracting visitors, jobs and turning around an area with low skills and entrenched deprivation. The London Resort can be a catalyst to kick start growth in the Estuary through:

- increasing the number of direct, indirect and induced jobs supported.
- facilitating and supporting the broader regional economic growth agenda.
- facilitating and supporting the broader regional production and media sector.
- directly supporting innovation and new products and services within the production and media sector through Resort Tech Start Ups and eGaming focus.
- directly benefiting from having a high capacity and resilient data centre (supplied by others) to support the Resort value chain.
- directly benefiting from having a high speed digital infrastructure delivered to the Project Site, which could also be leveraged to deploy backbone infrastructure within

London Resort will underpin technology rollout across the site

- facilitating and supporting the broader regional connectivity and reduction in broadband poverty.
- a data centre will provide a key base load anchor to further attract private investment for District Energy Services. Waste heat can be utilised to support heating demands.
- supporting sustainable data centre infrastructure provision through the London Resort district energy and power strategy.

## Chapter Four ◆ Economic Impacts

### INTRODUCTION

- 4.1. The previous sections have focused on how London Resort can contribute towards transforming and regenerating a relatively deprived area. It also considered how the London Resort is of importance at the national level, taking full advantage of the trends towards spending on experiences and a globally expanding theme park market.
- 4.2. This section provides facts and figures on the impact of London Resort on the economy in terms of jobs, spending, output and tax.

### ECONOMIC IMPACTS DURING CONSTRUCTION

- 4.3. It is expected that the construction of the London Resort will generate approximately 23,000 gross job years.<sup>56</sup> This equates to approximately 2,320 FTEs.
- 4.4. It is intended that Gate One (G1) will be built between 2022 and 2024 (a construction period of 2.5 years), and Gate Two (G2) built between 2026/7 and 2029 (a construction period of 3 years). Construction period phasing means that there will be a different number of construction workers on site at any one time. It is expected that the maximum peak workforce will be in 2023 for G1 and 2028 for G2, as noted within *the Construction Workforce Accommodation Strategy* (document reference 6.2.7.8). However, it is acknowledged that due to the scale of construction required and timescales, employment is expected to be at or near peak levels for a large part of the construction period.
- 4.5. The construction of both gates will require specialist and highly skilled contractors. The specialist elements (such as the themed rides and attractions) are expected to be largely manufactured offsite, but then delivered and assembled onsite by specialist workers. Table 4-1 splits the construction jobs estimates by the offsite and onsite budgets, where the breakdowns relate to where the work would be done. For example, the manufacturing of rides would be included in the offsite estimates, but its assembly would be included in the on-site estimates.

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<sup>56</sup> The construction workforce has been estimated using an industry standard method of dividing the construction cost by the average output of a construction worker in the area.

**Table 4-1: On-site and offsite construction employment supported by London Resort for Gates One and Two**

		G1		G2	
		Low	High	Low	High
On-site	Job years	6,600	9,900	2,700	4,100
	Average jobs per year	2,600	4,000	900	1,400
	Total peak	3,300	5,000	1,100	1,700
Offsite	Job years	9,900	6,600	4,100	2,700
	Average jobs per year	4,000	2,600	1,400	900
	Total peak	5,000	3,300	1,700	1,100
Total	Job years	16,500		6,800	
	Average jobs per year	6,600		2,300	
	Total peak	8,300		2,800	

Note: one job year is defined as full time employment for one person for one year

- 4.6. Based on the average spending per day<sup>57</sup> of construction workers locally, it is estimated that an additional £3.9m-£5.9m will be spent in the local area each year during the construction of Gate One and between £1.3m and £2.0m for Gate Two.<sup>58</sup>

## ECONOMIC IMPACTS DURING OPERATION

- 4.7. The operation of the London Resort is anticipated to accommodate directly approximately 8,810 jobs on opening in 2025,<sup>59</sup> rising to 17,310 by 2038. The London Resort would be one of the largest single site employers in the UK.
- 4.8. The Project Site includes some existing employment uses which would be displaced to enable the construction of London Resort. It is estimated that 1,160 jobs (1,040 FTEs) are supported on the Project Site at present. Assuming all of these jobs are lost and not displaced, the London Resort would support an additional 7,650 gross jobs in 2025 and 16,145 in 2038. *The Outline Employment and Skills Strategy* (document reference 6.2.7.7) provides a detailed breakdown of the type and skills of jobs required at the London Resort.
- 4.9. These workers are expected to spend approximately £1.0m in the local area in 2025, rising to £2.0m by 2038. These calculations are described in more detail in *the Retail and Leisure Impact Assessment* (document reference 6.2.7.9) but rely on conservative assumptions to account for the retail and food options on site.

<sup>57</sup> This is estimated to be £9.60 a day based on a 2006 YouGov survey of worker spending per day, uplifted for the wage differential in the construction industry and wage growth over the period.

<sup>58</sup> This was estimated based the YouGov survey uplifted estimate assuming that workers spend the figure on 220 working days. To be conservative, it is assumed that only 60% of workers spend at this rate.

<sup>59</sup> Whilst Gate One of the London Resort is due to open in 2024, 2025 will be the first full year of operation.

### Expenditure from visitors and workers living on site

4.10. *The Retail and Leisure Impact Assessment* (document reference 6.2.7.9) shows that the London Resort is expected to support £28m worth of additional expenditure outside the London Resort due to the visitors and workers living onsite. This is estimated to increase to £85m by 2038. The spending outside the London Resort will support induced jobs, which are assessed below.

### Gross value added

4.11. GVA is the additional value generated by economic activity. One method for calculating the GVA impact at the London Resort is to multiply the number of jobs in each sector by the annual GVA per job that that sector produces. Any additional direct employment associated with the development will result in increased GVA.

4.12. Based on the GVA per head in the Kent Thames Gateway area and the wider South East, it is estimated that employment on the Project Site currently generates approximately £50m in GVA.<sup>60</sup>

4.13. The increased direct economic activity associated with the proposed London Resort would generate approximately £245m of additional GVA in 2025, rising to £520m in 2038.

4.14. The GVA contribution estimated here does not capture the full reach and impact of London Resort as it does not account for indirect and induced impacts and is based on conservative estimates of GVA per head. Looking at international examples, the success of Disneyland Paris is testament to the impact that a global theme park can have on the economy. A report on the economic contribution of Disneyland Paris found that the attraction added €68bn to the French economy over 25 years, with the region in which the park is located, Seine-et-Marne, benefitting €22.4bn.<sup>61</sup> The attraction also made €13.7bn in purchases, of which 70% were made locally and 82% were made within France, adding knock-on benefits to local suppliers.

4.15. Accounting for indirect and induced impacts (based on the upper range estimate of net additional jobs presented below), the London Resort will generate an estimated £50bn of gross economic activity over the initial 25 year period. To assess the net impact, the assessment accounts for the following in line with the HCA Additionality Guide:

- Deadweight – the loss of existing economic activity onsite; and
- Displacement – an assessment of the extent to which the economic activity is accounted for by reduced output elsewhere in the UK – ie what activity would have happened anyway. If the London Resort takes market share from other firms, there is displacement. This analysis concludes that the displacement would be low because the London Resort has no UK competitors. The standard rate for low displacement in the

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<sup>60</sup> 2018 prices.

<sup>61</sup> Disneyland Paris (2017). 25 years of economic contribution.

guidance is 25%.

4.16. Based on these considerations, the net additional impact across the initial 25 years is £33bn.

### Tax revenue

4.17. By comparing national statistics on GVA in the years 1997 to 2017<sup>62</sup> with public sector receipts in each year<sup>63</sup> it can be estimated that tax revenues typically account for between 30% and 40% of GVA. Based on this, and the direct GVA derived above, it is estimated that the London Resort is expected to result in additional tax revenues of between £150m and £200m each year by 2038.

### Indirect and induced employment

4.18. The Homes and Communities Agency (HCA) Additionality Guide<sup>64</sup> provides a framework for the estimation of net additional impacts of development.

**Figure 4-1: Definitions of displacement and multiplier effect**

#### **Displacement**

*“The proportion of jobs that would otherwise have occurred elsewhere”*

- The guidance provides a standard displacement rate of 25% for low levels of displacement. It is believed that a low level of displacement is appropriate due to the unique nature of the proposed development. When there is a lack of available substitutes, displacement will be lower.

#### **The multiplier effect**

*“The indirect benefits to other sectors of indirectly boosting jobs in these other industries”*

- Given that the Resort is in an area set to be well connected and in close connection to London, and will have several nearby options for spending, the multiplier effect to be significant.
- The guidance provides a standard composite multiplier effect of 1.5 for medium multiplier effects at a regional level.

This does not account for induced spending as a result of visitor and on-site worker expenditure (outside the London Resort), which is added.

<sup>62</sup> ONS (2019) Gross Value Added (Income Approach)

<sup>63</sup> ONS (2019) Public Sector Finances

<sup>64</sup> Homes and Communities Agency (2014), Additionality Guide: Fourth Edition 2014, HCA.

- 4.19. Based on the assumptions listed in the box above and the induced employment supported through visitor and on-site worker expenditure (all of which is described in more detail in Chapter 7: *Land use and socio-economics* (document reference 6.2.7)), total net additional employment is expected to reach up to 28,700 jobs in 2038.
- 4.20. A study into its economic and social contribution found that one job at Disneyland Paris results in three jobs elsewhere in France.<sup>65</sup> This is equivalent to a composite multiplier of 4. The above estimate of net additional jobs from the ES is based on conservative assumptions. However, due to the similarities to Disneyland Paris in terms of scale, accessibility, location near a global city and type of attractions, this evidence suggests that larger multiplier impacts are possible. Based on the higher composite multiplier effect (for supply chain and expenditure effects) of 4 in line with Disneyland Paris, the London Resort would support over 48,000 direct, indirect and induced jobs in 2038.

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<sup>65</sup> Disneyland Paris (2013), 25 years of economic and social contribution



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