

**SOUTHEND
CLIFFS PAVILION**
ECONOMIC IMPACT
ASSESSMENT

EXECUTIVE SUMMARY

The Cliffs Pavilion makes a **significant economic contribution** to Southend-on-Sea Borough.

IN 2018-2019: **494,355** people visited the Cliffs Pavilion.

These customers generated an extra **£6.1m** for the local economy as a direct result of their trip to the theatre.

Venue expenditure on supplies and services spent locally generated **£1.3m**

A further **£868k** of economic impact was generated by Cliffs Pavilion employees spending their wages in the borough.

Artists and touring companies spending locally contributed a further **£330k**

Alongside this **£260k** was generated through hotel stays.

The Cliffs Pavilion's total **direct economic contribution** to Southend-on-Sea Borough in 2018-2019 was at least **£8.93m**





1. REPORT OVERVIEW

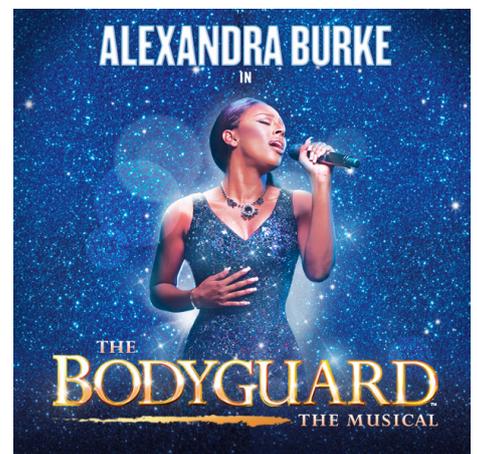
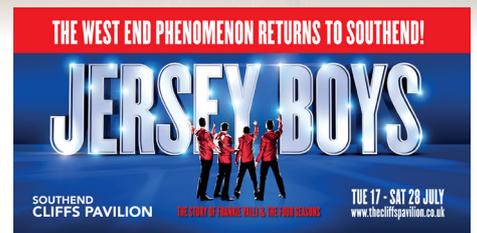
The Cliffs Pavilion is a major visitor attraction and a significant local employer. The venue welcomes a range of large-scale touring productions each year as well as privately organised events, creative learning and community activities.

In the financial year 2018-2019 The Cliffs Pavilion hosted 335 performances in the main house, attracting 374,355 visitors. Around 120,000 additional customers visited the venue for other events and activities away from the main house or for food and drink unconnected with a visit to the theatre.

Total footfall for the year was **494,355**

The volume of footfall, the number of touring productions, staff employed locally and expenditure by the venue itself has a substantial and positive knock-on effect to the wider economy of Southend-on-Sea. This report aims to quantify the level of that economic impact based on existing levels of business.

The report is written in the context of the proposed major improvements planned for the Cliffs Pavilion as set out briefly under section 4; the effect of which will be to amplify activity, ensure that the venue continues to attract major touring productions and to safeguard these economic impacts for many years to come.



2. REPORT METHODOLOGY AND REFERENCES

The methodology used in this assessment is based upon Arts Council England's guidance document *Measuring the Economic Benefits of Arts & Culture* and on Professor Dominic Shellard's *Economic Impact Study of UK Theatre*.

All figures included are net of VAT and figures have been adjusted for inflation where appropriate.

The following impacts are factored into the assessment:

CATEGORY	DEFINITION
Additional Visitor Spend	Additional spending by theatre audiences on items such as travel, transport, parking, spending in local bars, shops and restaurants, childcare, and overnight accommodation in connection with a visit to the venue.
Local Venue Expenditure	Purchase of goods and services made through local businesses, shops and suppliers by the Cliffs Pavilion through its normal operations.
Visiting Company Expenditure	Purchases made locally by visiting companies and their personnel (actors, technicians, stage crew etc.) which includes accommodation, food, drink and other items.
Staff Wages	The proportion of wages spent locally by staff at the Cliffs Pavilion who live locally (on items like rent, accommodation, food and drink, supplies and services and other leisure pursuits in the borough).



* Source: Economic Impact Study of UK Theatre, Professor Dominic Shellard, Arts Council England

The Multiplier Effect

Expenditure made locally by visitors, staff, the Cliffs Pavilion itself and visiting companies will be subject to a multiplier effect as a proportion of the money retained by local shops and suppliers will, in turn, be spent locally. For the purposes of this report we have applied a multiplier of 1.5* to the additional visitor spend, local venue expenditure, visiting company expenditure and staff wages figures to take account of this effect.

Adjustments for Displacement, Substitution, Leakage and Deadweight

A number of additional effects come into play when calculating Economic Impact which also need to be considered in order for the assessment to be robust. These include:

- **Displacement & Substitution**
Some expenditure made in relation to a visit to the Cliffs Pavilion represents money that will not be spent elsewhere in the local economy.
- **Leakage**
Some spending will 'leak' out of the borough. For example wages may be paid to someone who lives locally, but a proportion of that expenditure will be spent elsewhere.
- **Deadweight**
Some spending would have happened within the local area anyway, irrespective of the presence of the Cliffs Pavilion.

For the purposes of this report the following percentage reductions have been applied to the calculations below:

1. A reduction of 30% to the Additional Visitor Spend figures to allow for the effect of Displacement, Substitution & Deadweight.
2. A reduction of 40% to the Staff Wages figures to allow for the effect of Leakage.

No adjustments have been made to the Local Venue and Visiting Company expenditure figures, with the reasoning that these amounts are solely attributable to the presence of the Cliffs Pavilion and the activities that take place within the building.

It is recognised that the application of these percentage reductions is largely arbitrary; it is difficult to accurately assess the effects without significant research being undertaken, beyond the scope of this report. In estimating the percentages reference has been made both to Arts Council England's guidance document *Measuring the Economic Benefits of Arts & Culture* and to the report *Tourism Marketing Return on Investment* issued by the Department of Culture, Media & Sport.

3. CALCULATING THE ECONOMIC IMPACT OF THE CLIFFS PAVILION

1. Additional Visitor Spend (AVS)

In 2018-2019 the Cliffs Pavilion welcomed 494,355 visitors, each spending an additional £11.81* related to their visit on travel, transport, parking, childcare, food and beverage and accommodation.

Visitor Numbers 2018-19	(AVS) per head	Total AVS	Multiplier Effect (x1.5)*	30% Reduction**
494,355	£11.81*	£5,838,530	£8,757,795	(£2,627,339)
Total AVS £6,130,456				

We conservatively estimate that 1% of customers stayed overnight in connection with a visit to the Cliffs Pavilion - usually to see a major gig or event. Allowing for multiple hotel room occupancy (most customers stay as a couple) we estimate that 2,471 hotel rooms were booked locally as a result of visits to the Cliffs Pavilion.

Hotel Rooms	Average Room Rate†	Total Hotel Spend	Multiplier Effect (x1.5)*	30% Reduction**
2,471	£100.58	£248,533	£372,800	(£111,840)
Total Hotel Stays £260,960				

2. Local Venue Expenditure

In 2018-2019 the Cliffs Pavilion spent £2,969,928 on supplies and services - excluding utility costs. It is estimated that at least 30% of this expenditure was made with local suppliers, businesses and other organisations within the borough.

18-19 Venue Supplies & Services	30% Spent Locally	Multiplier Effect (x1.5)*
£2,969,928	£890,978	£1,336,468
Total Local Venue Expenditure £1,336,468		

3. Visiting Company Expenditure

In 2018-2019 it is estimated that visiting companies at the Cliffs Pavilion spent at least £220,000 in the local area on accommodation, food and drink and supplies and services.

18-19 Visiting Company Expenditure	Multiplier Effect (x1.5)*
£220,000	£330,000
Total Visiting Company Expenditure £330,000	

4. Staff Wages

In 2018-2019 the total wage bill at the Cliffs Pavilion was £1,378,000. It is estimated that at least 70% of full-time and casual members of staff live within the borough; and therefore spend a proportion of their wages locally on accommodation, leisure, local services and in local shops.

Cliffs Pavilion Wages	70% Local Resident	Multiplier Effect (x1.5)*	40% Reduction***
£1,378,000	£964,000	£1,446,900	(£578,760)
Total Staff Wage Expenditure £868,140			

5. Final Calculation

In total, therefore, the Economic Impact of the Cliffs Pavilion in 2018-2019 is estimated as follows:

Category	Economic Impact 2018-2019
Additional Visitor Spend (incl hotels)	£6,391,416
Local Venue Expenditure	£1,336,468
Visiting Company Expenditure	£330,000
Staff Wages	£868,140
Total Economic Impact 2018-2019 £8,926,02	



† UK average hotel room rate, BDO Accountants 2018

* Economic Impact Study of UK Theatre, Professor Dominic Shellard, Arts Council England, adjusted for inflation.

** Reduction to allow for the effects of Substitution, Displacement and Deadweight.

*** Reduction to allow for the effects of Leakage.

**SOUTHEND
CLIFFS PAVILION**

PROPOSED VENUE
IMPROVEMENTS
& CASE STUDIES

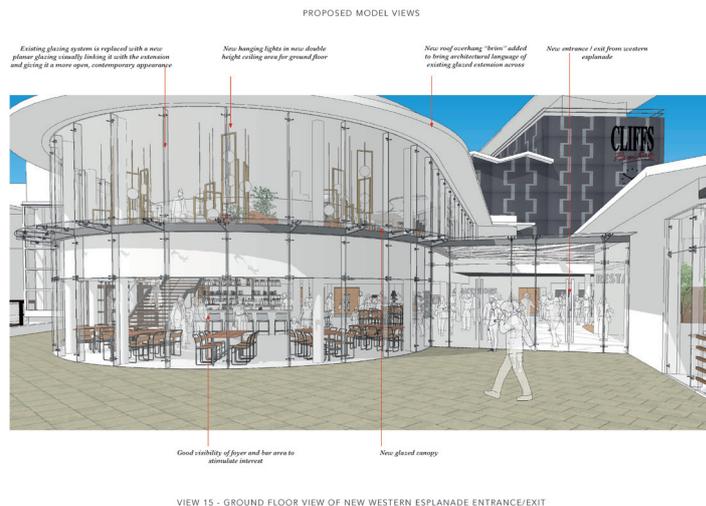
4. PROPOSED VENUE IMPROVEMENTS

A proposal has been developed by Southend-on-Sea Borough Council in conjunction with the venue operator HQ Theatres & Hospitality to improve, update and enhance the facilities at the Cliffs Pavilion.

These improvements are focussed on maintaining the significant economic impact of the Cliffs Pavilion for the future – and represent the first major investment in the fabric of the building since the venue was redeveloped in 1992.

The improvement plan will:

- Ensure that the Cliffs Pavilion continues to thrive and continues to attract high quality shows, gigs and other events – competing with other major venues and attractions on the touring live entertainment circuit.
- Update and improve the facilities for customers – positioning the venue for future success and responding to changing customer demands, needs and expectations.
- Increase engagement and maintain participation levels and general levels of business connected to the presentation of performances.
- Enhance facilities for visitors the Cliffs Pavilion who attend for other events and activities and/or to visit the restaurant and café-bar.



The proposed venue improvements will create additional employment opportunities for local people, increasing the overall economic impact of the Cliffs Pavilion and delivering tangible economic benefits for local businesses.



5. CULTURAL VENUE INVESTMENT CASE STUDIES

The proposed improvements at the Cliffs Pavilion represent a major opportunity for the borough to improve the facilities and to safeguard and amplify the economic advantages for the borough for many years to come.

Set out below are a number of recent case studies where other local authorities have invested both in the redevelopment of their cultural buildings and in significant Front of House improvements to make them more financially resilient and sustainable.

Bristol Old Vic

In September 2018, Bristol Old Vic completed a 2-year multi-million-pound redevelopment project which transformed their front of house space into a warm and welcoming public building for all of Bristol to enjoy.

The project greatly enhanced their trading operation, with much improved catering facilities and Event Hire spaces. It further removed physical barriers improving theatre accessibility.

Lyric Hammersmith

The Lyric Theatre Hammersmith reopened in April 2015 following a multi-million pound redevelopment project partly funded by Hammersmith & Fulham Council. The project greatly increased the building's visibility through the creation of an entrance on the Lyric Square. The works also provided a large double height foyer containing a restaurant / bar as well as additional office space, rehearsal rooms, recording studios and dance studios. In April 2018, the Lyric announced further plans to refurbish the theatre's auditorium improving audience accessibility, comfort and sightlines and supporting essential commercial income generation going forward.

Stockton Globe

Stockton-on-Tees Borough Council has contributed £10.5million towards the restoration of the neglected Grade II listed Art Deco venue The Globe; a further £4.5million of National Lottery funding was also awarded for the project. Set to reopen in 2020, the venue will have an increased capacity of 3,000, firmly positioning it as the largest venue between Newcastle and Leeds.

As well as creating more than 250 jobs, the development is expected to bring in the region of 170,000+ visitors to Stockton town centre every year and an estimated £18million to the local economy.

Bradford Odeon

Bradford Live is a not-for-profit charitable company that was formed in 2012 to find a long term viable use for the historic former Odeon building in Bradford city centre which has been derelict since 2000. At the end of 2014, the Council awarded Bradford Live the right to re-develop the building. The Council contributed towards the urgent repair works for the building and have further agreed to provide a major loan of £12million towards the £20million cost of the restoration of the building.

Once completed, the venue is expected to host over 200 events a year, attracting 270,000 people to Bradford city centre annually and boosting the local economy by around £10 million per year.

Walthamstow Granada (EMD)

The London Borough of Waltham Forest recently announced their intention to purchase the Granada for £2.6 million. The building will be fully restored to bring it back to its former glory in order to create a destination venue. The Council is currently looking for options to part finance the renovation of the building.

The Council has estimated that a reopened and renovated site could add between £34 and £52 million to the local economy over a ten year period.

Fairfield Halls

With excellent transports into Central London, Croydon Town Centre is undertaking major strategic regeneration, which includes undergoing a £30 million redevelopment of Fairfield Halls, a cultural landmark in Croydon since 1962. Having closed for redevelopment in July 2016, the world-class entertainment venue at the heart of the town centre will reopen in September 2019.

Croydon Council's ambition is to grow a thriving and lively cultural offer which engages communities and supports the major strategic regeneration of Croydon 'London's Growth Borough'.

Mayflower Theatre, Southampton

In September 2018 the Mayflower Theatre, an independent theatre that operates as a charitable trust, opened its doors after 16 weeks of major refurbishment work. The works included both auditorium and front of house redecoration and refurbishment, enhanced accessibility for disabled patrons as well as improved theatrical lighting and energy efficiency. Every year more than 500,000 people visit Mayflower Theatre, spending money locally while in the city and contributing significantly to the local economy.

The multi-million-pound project will ensure the theatre remains at the top of its game and continues to draw in hundreds of thousands of people to the city. The project has been described as regeneration for the next generation.