



**PROJECT REPORT**  
**ECONOMIC IMPACT**  
**ASSESSMENT OF THE STAG**  
**COMMUNITY ARTS CENTRE**

**PREPARED FOR**  
**SEVENOAKS TOWN COUNCIL**

**JANUARY 2017**

**SUBMITTED BY**

**DESIGN, PLANNING AND ECONOMICS AT**  
**AECOM**

**AECOM PROJECT NO. 60525775**

4<sup>th</sup> Floor, Bridgewater House  
Whitworth Street  
Manchester M1 6LT  
[www.aecom.com/economics](http://www.aecom.com/economics)

AECOM Ltd. Registered in England No: 1846493  
Registered office: AECOM House, 63-77 Victoria Street,  
St Albans, Hertfordshire AL1 3ER, UK

## TABLE OF CONTENTS

---

<b>1</b>	<b>Executive summary</b> .....	<b>3</b>
<b>2</b>	<b>Introduction</b> .....	<b>4</b>
	Method.....	4
<b>3</b>	<b>Economic impact assessment</b> .....	<b>5</b>
	The venue and programme .....	5
	Visitor profile.....	5
	Visitor spend.....	6
	Economic impacts .....	6
	Gross Value Added (£).....	8
	Wider benefits .....	8

---

## GENERAL & LIMITING CONDITIONS

---

The Report and the information within it is confidential and may be privileged. If you have received the Report in error please notify AECOM immediately. You should not copy it for any purpose, or disclose its contents to any other person. The Report is qualified in its entirety by and should be considered in the light of AECOM's Terms of Engagement and the following:

1. AECOM has used its reasonable endeavours to ensure that the data contained in the Report reflects the most accurate and timely information available to it and is based on information that was current as of the date of the Report.
2. The Report is based on estimates, assumptions and other information developed by AECOM from its independent research effort, general knowledge of the industry and consultations with you, your employees and your representatives. No warranty or representation is made by AECOM that any of the projected values or results contained in the Report will actually be achieved.
3. Any Reports issued or conclusions reached by AECOM may be based upon information provided by and on your behalf. We assume no responsibility and make no representations with respect to the accuracy or completeness of such information provided by you. No responsibility is assumed for inaccuracies in reporting by you, your employees or your representatives or for inaccuracies in any other data source whether provided in writing or orally used in preparing or presenting the Report.
4. In no event, regardless of whether AECOM's consent has been provided, shall AECOM assume any liability or responsibility to any third party to whom the Report is disclosed or otherwise made available.
5. Without the prior written consent of AECOM, the Report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it might be relied upon to any degree by any person other than you.
6. All intellectual property rights (including, but not limited to copyright, database rights and trade marks rights) in the Report including any forecasts, drawings, spreadsheets, plans or other materials provided are the property of AECOM. You may use and copy such materials for your own internal use. The Report is provided solely for your use and benefit unless expressly permitted and then only in connection with the purpose in respect of which the Report is provided. Unless required by law, you shall not provide the Report to any third party without AECOM's prior written consent, which AECOM may at its discretion grant, withhold or grant subject to conditions. Possession of the Report does not carry with it the right to commercially reproduce, publish, sale, hire, lend, redistribute, abstract, excerpt or summarise the Report or to use the name of AECOM in any manner without first obtaining the prior written consent of AECOM.

AECOM's copyright notice and disclaimer must in all cases remain intact.

---

## 1 EXECUTIVE SUMMARY

---

1.1 An independent economic impact assessment of The Stag shows:

- The Stag attracts around 250,000 to 300,000 visits per annum
- Total visitor spend is estimated at £9.2m per annum
- Some spend is captured by The Stag and supports 20 permanent FTE jobs at the venue
- The remaining visitor spend, an estimated £7.6m, is captured in the wider local economy, supporting approximately 140 FTE jobs
- The Stag is estimated to support a further 18 jobs through its purchasing power
- In total, this equates to 179 FTE jobs supported by The Stag
- After considering the effects of leakage, deadweight, displacement, substitution and multiplier effects, the total net impact of The Stag is 151 FTE jobs
- This equates to approximately £7m of GVA contribution to the local economy
- The Stag provides around 6,000 hours of volunteer opportunities for the people of Sevenoaks
- The Stag adds cultural value to Sevenoaks as a place to live and visit

## 2 INTRODUCTION

---

- 2.1 The Stag Community Arts Centre, Cinema and Theatre, (herein after referred to as The Stag) was originally built as the Majestic Cinema, and opened in 1936. It operated as a cinema until the early 1980s, when the cinema failed to perform financially and was subsequently converted into the Stag Theatre and Cinemas. The venue was not financially viable in this form either, and in the early 1990s the building was acquired by the District Council. The building was refurbished and reopened in 1993 as an event venue for live performances and conferences. Following repeated poor management and poor financial performance, with over-reliance on local authority grant income, the venue was closed again in July 2008. Sevenoaks Town Council took a long lease on the premises, created a new form of Business Plan which included operating as a 'hire model' with volunteers and turned it into a community arts venue, cinema and theatre. It has since hosted a variety of performances and events, and has managed to sustain itself as a charitable organisation, by reinvesting surpluses into the venue and accessing grant funding from elsewhere.
- 2.2 In December 2016, Sevenoaks Town Council commissioned the Economics and Development Division of AECOM Infrastructure and Environment Ltd to provide an independent economic impact assessment of The Stag. This report sets out the results of the economic impact assessment as well as the methodological approach and assumptions underpinning it.

### METHOD

- 2.3 This economic impact assessment has been provided in line with key technical guidance notes and benchmarks used to measure the economic effect of social, economic and regeneration projects and these are referenced throughout. Primarily, the Economic Impact Assessment methodology is based on three levels of analysis. These are:
- **Employment impacts:** The economic impact of the venue in operation, directly creating and supporting jobs on site for the operation of the venue.
  - **Supply chain impacts of spend on goods and services:** In addition to the direct employment, the venue spends money on goods and services in the local economy which in turn sustains local firms and employment. This excludes labour costs captured through direct employment above.
  - **Tourism impacts:** Visitors are attracted to the locality as a result of the venue. They will spend money at the venue and on other local goods and services in the local areas as part of their visit. (Spend at the venue is extracted from total visitor spend to avoid double counting).
  - All of these impacts are converted into common metrics (jobs and GVA<sup>1</sup>) so that the separate impacts could be summed to produce a total economic impact.
  - Impacts are adjusted to take into account leakage, deadweight, displacement, substitution and multiplier effects.

---

<sup>1</sup> Gross Value Added)

### 3 ECONOMIC IMPACT ASSESSMENT

#### THE VENUE AND PROGRAMME

- 3.1 The Stag includes the following:
- A 450 seat theatre with one of the largest stages in the South East. It shows around 200 touring and community productions per annum.
  - The Plaza: a multi-function space with a kitchen, server, bar, stage, and full theatrical lighting and sound. The Plaza is used for gigs, conferences, events with a capacity of 150 seated and 300 standing.
  - The cinema includes two screens with 3D capability showing the latest films on the day of national release.
  - The venue also includes various retail outlets:
    - The Theatre Bar
    - Café
    - The Upper Foyer Bar
    - A Kiosk
    - The Stag Plaza Bar
- 3.2 As well as these facilities, The Stag also supports a wide range of art forms through its programming and venue. The Stag Youth Theatre (SYT) is run by Those Magic Beans including drama and 'Film in a Week' courses throughout the year. The Stag Art Gallery Wall is located in the Theatre Bar. It is available to visiting professional or community group artists to display framed work and is free to exhibitors. In the basement is a Youth Café operated by Sevenoaks Town Council.

#### VISITOR PROFILE

- 3.3 The Stag records a footfall of approximately 250,000 to 300,000 visits per annum. An approximate breakdown of visitors by source and by purpose of visit is estimated using ticket sales data.
- 3.4 For the purpose of this analysis, local leisure visitors are those visitors who come from the immediate local area, which is defined as Sevenoaks, based on the TN13, TN14 and TN15 post codes. Day visitors are those who are assumed to come from within the wider local catchment (the estimate is the remainder of visitors after accounting for local and overnight visits). We have also assumed that a small portion of visitors will stay overnight (3%), which could include also performers and set up staff who travel to the venue.
- 3.5 The breakdown is provided below:

Visitor type	Main reason for visit	Split by source of origin		
		Local leisure visit	Day visit	Overnight
Cinema	54%	44%	53%	3%
Plaza	5% <sup>2</sup>	46%	51%	3%
Theatre	40%	23%	74%	3%
SYT	1%	50%	50%	0%

<sup>2</sup> This also includes users of the café and casual visitors

**VISITOR SPEND**

- 3.6 We have applied these assumptions to the average visit number of 300,000 per annum to determine the total number of visitors by source of origin. Due to a lack of data regarding spend patterns of existing venue users, spend per visit benchmarks from reliable sources have been applied to each visitor type. The average spend per visit benchmarks used to inform the analysis are:
  - Local leisure visit: £22.11. (GB Day Visitor Survey) (2015)
  - Day visit: £35.00 (The Economic Impact of the Kent Visitor Economy 2013 Sevenoaks district, South West Research Company) (2015)
  - Overnight visits: £48.78 (GB Tourist Survey) (2015)
- 3.7 By applying these benchmarks to the total visit numbers in each category of visitor by source of origin, a total visitor spend has been estimated at £9.2m. A portion of this income will be spent on site, for example, on tickets, food and beverage and programmes and so on. Total revenue spent on site has been supplied by The Stag using 2016 figures. The visitor spend realised on site directly supports 20 permanent FTE jobs at The Stag.
- 3.8 To avoid double counting, visitor spend on site has been subtracted from gross visitor spend to determine the portion of spend that visitors to The Stag will spend in the wider local economy. This equates to £7.6m per annum. This spend would be realised at other leisure and recreation attractions, retail, food and drink and transport or parking costs, most likely within Sevenoaks and immediate surrounds. This visitor spend creates and supports employment in the local economy. We have assumed that £54,000 of tourism spend is required to support or create one FTE job, using an existing benchmark<sup>3</sup>. We can therefore estimate that the £7.6m of tourism spend either creates or supports 140 FTE jobs.
- 3.9 In addition to jobs created or supported on site, and in the wider local economy through visitor spend, employment will also be supported and created through the buying power of the venue itself. For example money spent on maintenance and goods and services (excluding on site labour costs to avoid double counting). By applying the benchmark cost to support or create a job as above, to total venue spend (taken from 14/15 accounts), this equates to a further 18 jobs supported in the local economy.

**ECONOMIC IMPACTS**

- 3.10 The gross total employment created at the venue and from visitor spend off site and venue spend is summarised below:

	<b>No. FTE jobs</b>
<b>On site employment</b>	<b>20</b>
<b>Employment from tourism spend</b>	<b>140</b>
<b>Employment from venue spend</b>	<b>18</b>
<b>Total gross employment</b>	<b>179</b>

- 3.11 Gross total of 179 jobs created or safeguarded must be adjusted to take into account wider effects, such as:
  - **Leakage:** The extent to which economic benefits are realised outside of the local economy (defined as Sevenoaks). This may include employees benefiting from employment opportunities who live outside of the local catchment. Or it may include visitors spending

---

<sup>3</sup> UK Tourism Jobs and Growth, Economic contribution of tourism in UK economy, Deloitte & Oxford economics (2013)

money elsewhere, for example overnight visitors who may visit The Stag but stay in a hotel outside of the local catchment. For this analysis we have assumed the large majority of benefits will be captured locally, and assumed leakage is low at 10%.

- **Deadweight:** This represents the portion of the economic impact that would have been achieved anyway, without The Stag. Given the history of the venue and its failure to operate on a commercial basis historically, the venue sat vacant for some time. The venue was unlikely to have been brought into use by another private operator. Arguably, the venue may have been developed into an alternative employment use, which may have generated a deadweight counterfactual, however there is no evidence to suggest this was a possible outcome. Therefore bringing the venue back into operation from a vacant position suggests there is no deadweight.
- **Displacement:** The portion of economic effects that are not additional because they are transferred from one organisation to another. The Stag has little direct competition in the immediate local area. However, there are other venues which offer some of the facilities which The Stag does and geographically serving the same wider audiences. For example, the Odeon Cinema in Tunbridge Wells, The Assembly Hall Theatre and Trinity Theatre to the north of Tunbridge Wells, EM Forster Theatre and the Oast Theatre in Tonbridge, the Chequer Mead Theatre in East Grinstead and the Orchard Theatre (Dartford) and the Churchill Theatre (Bromley). There is likely to be some displacement between The Stag and other venues, however, this is likely to be mitigated through programming, the uniqueness of the offer, and the lack of competition in the immediate local vicinity of Sevenoaks. We would therefore argue that a moderate level of displacement exists, and we have assumed 37.5% based on benchmark data<sup>4</sup>.
- **Substitution:** The extent to which economic effects are not additional because consumers substitute one good for another. We have assumed that the local appetite for cultural consumption is fairly strong and that without this local supply, consumers would simply travel further afield. We have therefore assumed that there are no substitution effects.
- **Multiplier effects:** The direct economic effects of The Stag will generate indirect economic effects. This includes the additional impact generated by the spend of employees whose jobs are created or supported by The Stag and also the supply chain effects from local spend. (Induced and implied multipliers). We have assumed that good local supply chains exist and we have applied a composite multiplier (which combines induced and implied multiplier effects) of 1.5.

3.12 The gross economic impacts of The Stag, expressed as employment, have been adjusted to take into account these wider effects and the net economic impact is summarised below:

Factor	Assumption	FTE jobs
<b>Gross employment</b>	-	179
<b>Less leakage</b>	10.0%	161
<b>Less deadweight</b>	0.0%	161
<b>Less displacement</b>	37.5%	101
<b>Less substitution</b>	0.0%	101
<b>Multiplier effect</b>	1.5	151
<b>Net economic effect</b>		<b>151</b>

<sup>4</sup> Homes and Communities Agency Additionality Guide

## GROSS VALUE ADDED (£)

- 3.13 Economic effects have been expressed in terms of employment, specifically FTE jobs created or safeguarded. However the economic impact can also be expressed in terms of contribution of The Stag to economic performance as measured by Gross Value Added, (GVA). By applying the average GVA per employee of £46,681<sup>5</sup> to the total net employment impact of 151 jobs, the total GVA equates to £7m per annum.
- 3.14 A summary of the total economic impacts of The Stag are summarised below:

Effect	Value
<b>Total visitor spend (per annum)</b>	£9.2m
<b>Visitor spend (per annum) excluding on site</b>	£7.6m
<b>Net additional employment</b>	151 FTE jobs
<b>GVA (per annum)</b>	£7m

## WIDER BENEFITS

- 3.15 In addition to the economic impacts generated by The Stag, there are a wider range of contributions which have a social value and which have not been quantified or included in the economic impacts above. These are summarised below:
- **Adding value to Sevenoaks and its surrounds as a place to live and visit:** The Stag currently features 6<sup>th</sup> place in a list of 16 things to do in Sevenoaks on TripAdvisor. It also adds to the evening economy, providing a reason to visit the town centre in the evenings, and compliments pubs, bars and restaurant provision locally.
  - **Providing essential cultural content in Sevenoaks:** Providing an outlet for a variety of art forms including visual and performing arts and opportunities for youth and community engagement. This includes approximately 200 theatre performances per year which include a combination of touring productions and locally produced and amateur productions, for example, through Sevenoaks Youth Theatre, National Theatre, RSC and opera events screened live and locally in Sevenoaks. The offer also includes exhibition space for artists.
  - **Providing a focal point and essential community meeting space:** The Stag provides an effective focal point in the town for a variety of audiences. This includes customers who visit the café, community meetings (e.g. Headstart, Dementia Alliance, Polymyalgia, British Legion, and other local groups) held in the café, Plaza and other meeting rooms.
  - **Volunteering opportunities:** There are a variety of volunteers working at The Stag. Existing estimates include 5-6 volunteers for each theatre performance equating to an approximate 6000 volunteer hours per annum or approximately 3 FTE jobs. The benefits of volunteering are well known in terms of providing work experience, opportunities for social inclusion and opportunities for exposure to cultural activities which add to the quality of life of volunteers. It also provides a direct benefit to The Stag in terms of labour and engagement with the local community.

---

<sup>5</sup> ONS Subregional productivity Kent (2014)