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PROJECT  
***PINEWOOD***

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DOCUMENT 5  
ECONOMIC IMPACT ASSESSMENT



MAY 2009



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## **Project *Pinewood***

## **Economic Impact Assessment**

## **Document 5**

Pinewood Studios Ltd

May 2009

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## Executive Summary

*Pinewood* will be a purpose-built living and working community for film, television and the creative industries, linked to Pinewood Studios. It will enhance the UK’s status as a global hub for the creative industries. *Pinewood* will complement Pinewood Studios by expanding opportunities for filming, related creative businesses, education and training.

There is a strong strategic policy rationale for *Pinewood*, particularly the UK Government’s **desire to support the creative industries and make the UK the world’s creative hub**.

*Pinewood* will provide a location to increase the already significant **employment** opportunities available at Pinewood Studios. *Pinewood* can build upon Pinewood Studios’ international brand and reputation to develop a national and global **hub for the screen and creative industries** unencumbered by the capacity constraints of Central London.

*Pinewood* will also provide an **ideal and natural location for skills and training organisations**. *Pinewood* can make a **direct contribution to overcoming skills barriers** within the screen industries in line with Government policy. *Pinewood’s* proximity to London also means that it can develop **strong links with the UK’s leading screen academies** located in and around the capital, enabling students from these centres of excellence to put their training into practice through use of the facilities and the opportunity to work on productions being shot onsite.

The scale and profile of *Pinewood* will act to **bring skilled people into the region from around the world**, helping to fill skills gaps and bolstering the strength and performance of the UK screen industries. *Pinewood* will generate significant employment both within and without the creative industries, which in turn will **generate over £60m of GVA to the UK economy per annum**.

### Employment Impact of *Pinewood*

	Permanent Employment	Temporary Employment p.a.
Construction		431-544
Collage of Streetscapes		104
Pinewood Studios Ltd Staff	50	
Creative Industries Employment	400	
Screen Craft Academy	5	
Retail	100	
Community Facilities Employment	73	
<b>Total</b>	<b>628</b>	



*Pinewood*  
*A Living Community for the Creative Industry*

Applying UK Film Council's multipliers and EP displacement<sup>1</sup> factors, in addition to its direct economic impact (**£24.2m**), *Pinewood* will also generate:

- **a further £36.2m of economic activity within the UK<sup>2</sup>, and**
- **a further 962 net additional jobs<sup>3</sup>.**

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<sup>1</sup> The proportion of project outputs/outcomes accounted for by reduced outputs/outcomes elsewhere.

<sup>2</sup> This figure takes into account displacement and multiplier impacts.

<sup>3</sup> Calculated by dividing GVA per employee at a UK level (£37,668 - derived from the 2008 Blue Book) into the £36.2 million of additional GVA generated by the scheme

## 1.0 Introduction

- 1.1 DTZ was commissioned by Pinewood Studios Ltd (PSL) to assess the economic impact of *Pinewood*. This report updates the initial assessment of impact produced to inform the project launch and briefing process in November 2007. This more detailed economic impact assessment supports the planning application for *Pinewood*.

### The Project

- 1.2 *Pinewood* will be a purpose-built living and working community for film, television and the creative industries, linked to Pinewood Studios and contributing to the growth of the UK's international status in this sector. *Pinewood* will complement Pinewood Studios by expanding opportunities for filming, related creative businesses, education and training.
- 1.3 *Pinewood* will offer photographers, directors and production designers a **range of streetscapes reproducing the architectural style and atmosphere of the original locations abroad**. They will provide a unique and adaptable setting for film and television productions adjacent to their base at Pinewood Studios, and a source of inspiration for the wider creative industries, including those involved in video games, commercials and fashion photography.
- 1.4 *Pinewood* will be distinguished by an **architectural collage of inhabited streetscapes derived from locations around the northern hemisphere** that have proved popular with film and television programme makers. It is unique in its concept and will be remarkable as the **first living and working creative hub of its kind in the world**.
- 1.5 There will be 17 locations and buildings (referred to as "streetscapes" for the purposes of this assessment) in total:
1. **New York Tribeca.** A showcase of downtown Manhattan architecture familiar to us from *Ghost* (1990) and *Ghost Busters* (1984) to *Doctor Who*. This street is a prime example of how *Pinewood* will work. The upper storeys will contain dwellings from 1 bedroom units to large loft apartments, while at ground level the street will come alive with creative businesses and social amenities, all within a context ideally suited to filming and photography.
  2. **Venice Canale.** Considered by some as the most beautiful city in the world, Venice has provided the setting for film and TV productions as varied as *Casino Royale* (2006), *Wings of a Dove* (1997) and *Brideshead Revisited* (2008). In *Pinewood*, a characteristic Venetian canal street will house 3 to 5 bedroom homes alongside an attractive selection of local shops and cafés, all providing the colour, texture and reflections of Venice for filmmakers.
  3. **Paris Montmartre.** *Pinewood's* creative cluster will be anchored within this tribute to Haussmann's iconic architecture. Apartments and maisonettes will occupy the generous floorspaces above a range of businesses and amenities set around a centrepiece Parisian place or square. *The Bourne Identity* (2002), *French Kiss* (1995) and *The Da Vinci Code* (2006) are typical of productions that were filmed here.
  4. **Prague Malá Strana.** The romantic Baroque architecture and cobbled streets of this historic quarter of the city were brought to our screens by films such as *Mission Impossible* (1996) (made at Pinewood Studios), Polanski's *Oliver Twist* (2005) and

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*Amadeus* (1994). Behind these façades will be apartments, creative space and amenities.

5. **Brooklyn Brownstones.** From the warm red brick and sandstone from which 'Brownstones' get their name to their imposing grandeur and wealth of Victorian detail, the buildings in this street will offer a variety of dwellings from family houses to apartments, while providing the setting for productions such as *Annie Hall* (1977) and *Sophie's Choice* (1982).
6. **Berlin.** Now a youthful, vibrant and cutting edge media city, Berlin's spacious and elegant pre-war apartment buildings are constant reminders of the passage of history portrayed on screen from *Cabaret* (1972) to *The Spy Who Came in From the Cold* (1965). More recently Berlin was host to scenes in *The Bourne Supremacy* (2004), typical of the kind of location shooting that *Pinewood* could accommodate.
7. **Vienna.** The architecture of Austria's capital city ranges from Romanesque to Art Nouveau, but perhaps it is most famous as the location for *The Third Man* (1949) (made at Shepperton Studios) and the Pinewood Studios-based James Bond film *The Living Daylights* (1987).
8. **New Orleans Colonial.** From the wrought-iron balconied French Quarter to classical mansions, New Orleans is as rich in architecture as it is in jazz. In this zone, *Pinewood* will offer American townhouses and double-galleried houses offering family accommodation and a valuable setting for productions such as *A Streetcar Named Desire* (1951), *Live and Let Die* (1973), and *The Big Easy* (1987) seeking the architecture of the Deep South as a part of the narrative.
9. **Boston Park View.** Although the architecture of these four streets is contemporary, their setting in relation to the Fields will offer the potential to recreate numerous international city or suburban park-side streetscapes for films such as *Stuart Little* (1999), *The Apartment* (1960) and *Barefoot in the Park* (1967). Their town houses will provide a range of dwellings with direct access to the creative centre of *Pinewood*.
10. **Castle Village & Marketplace.** Attractive hamstone and half-timbered houses will provide family homes and the setting for period television adaptations such as *Lost in Austen* (2008) and *Lark Rise to Candleford* (2008) as well as films in European historic settings such as *The Man in the Iron Mask* (1998).
11. **European Classical Townhouses.** The classical form and architecture of townhouses around a public square will provide a generic backdrop for dramas, both period and contemporary, set in the UK but with locations in Europe such as *Tinker, Tailor, Soldier, Spy* (1979) and *The Scarlet Pimpernel* (1982). This area will contain a range of family houses, apartments, shops and local amenities.
12. **San Francisco 'Painted Ladies' Houses.** In this area of *Pinewood* closest to Iver Heath we plan to locate a street of detached family homes with gardens that reflect the elegant, colourful Victorian architecture of San Francisco's suburbs, setting for productions such as *The Presidio* (1988) and *Pacific Heights* (1990).
13. **Amsterdam Canal Street.** Adjacent to Venice's Canal, this street will offer film-makers and photographers archetypal step-gabled architecture that could provide a location

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for scenes in many of the Dutch and Flemish coastal towns. Films such as *Diamonds are Forever* (1971) and *Operation Amsterdam* (1959) and, on TV, *Prime Suspect* and *Only Fools and Horses* have found inspiration for their storylines in Amsterdam, whose buildings provide both apartments and family townhouses in *Pinewood*.

14. **Chicago Harwood Heights.** Representing a North American suburban streetscape, this zone will comprise family homes in a setting that would be a location for productions such as *American Beauty* (1999) or *Patriot Games* (1992) (made at Pinewood Studios).
  15. **Modern European Homes.** This area is designed to offer a location for film and television productions set in the 21<sup>st</sup> century with design details that would normally require travelling to Europe, such as the latest *Bond* and *Bourne* films and television dramas with the plot complexity of *Waking the Dead* and *Spooks*. It will also offer modern homes for people who enjoy living in a vibrant, contemporary environment.
  16. **Open Air Theatre.** This open-air performing arts arena can help to provide a cultural and entertainment focus for the local community, offering music, dance, theatre and opera productions a prestigious venue in South Buckinghamshire. It will be designed to facilitate television broadcasts and location filming.
  17. **The Fields.** This public park is designed as a set of 'fields' with undulating terrain to provide a collection of varied open spaces for filming as well as recreation. From *The Secret Garden* (1993) to *The Chronicles of Narnia* (2005, 2008) this unique variety of experiences will inspire film-makers and photographers just as much as the families who will play in it.
- 1.6 *Pinewood's* streets will incorporate infrastructure and design elements to facilitate location filming; for example:
- structured broadband cabling to allow productions to connect instantaneously with their editing suites;
  - power sources and concealed cable runs designed for lighting and sound equipment;
  - demountable signage and street furniture for period productions;
  - camera vantage points to facilitate a multiplicity of angles and shots;
  - façades designed to enable visual effects artists to add computer generated imagery to adapt or enhance the buildings in post production.
- 1.7 In addition to the streetscapes, *Pinewood* will also provide up to:
- 8,000 sq m (GEA) of creative industries workspace, including incubator space;
  - 2,000 sq m (GEA) training and education facilities for the creative industries;
  - 1,000 sq m (GEA) of ancillary filming accommodation/services.
- 1.8 When it is complete, *Pinewood* will have up to **1,400 homes and a resident population of around 3,100**. They will live in a variety of buildings including detached homes, townhouses, maisonettes and apartments, clustered in small neighbourhoods, anchored by a street with an international identity, a canal or an open space. They will be served by a **full range of amenities** including parks, playgrounds, community facilities, shops and neighbourhood services, a nursery and a school, which will be shared with neighbouring communities.

- 1.9 Every aspect of *Pinewood* will address the increasing importance of **sustainability**, from greener building design to the provision of alternative transport choices. An essential theme of the scheme is a commitment to green filming by minimising costly, carbon intensive, unsustainable travel during film and television productions. Production companies will be able to reduce costs and carbon emissions by not having to ship cast, crew and equipment abroad.

## 2.0 Creative Industries Strategic Context

- 2.1 *Pinewood* will be developed as a **hub for the creative industries as a whole**, which are of significant and growing importance to the UK economy. It will provide a series of **streetscapes for the screen industries**. *Pinewood* will be used by sectors of the creative industries, such as photo shoots for the fashion and advertising industries.
- 2.2 This section explores the strategic context of the creative industries and how *Pinewood* will contribute to national and regional policy objectives.

### National Strategy

- 2.3 At Central Government level, responsibility for the development of the creative industries is held by the Department for Culture, Media and Sport (DCMS), with some responsibility shared with the Department for Business, Enterprise and Regulatory Reform (BERR, formerly the DTI). BERR provides the policy lead on the advertising, computer and video games, design and publishing components of the creative industries, with DCMS leading on the other sectors, such as film, television and fashion as well as the wider cultural industries, sport and tourism. Ofcom is the independent regulator and competition authority for the UK communications industries, with statutory responsibility for the quality and plurality of television and radio services.
- 2.4 The DCMS published its first *Creative Industries Mapping Document* in 1998, intended to increase awareness of the industries, the contribution they make to the economy, and the issues they face. Today, it is widely recognised that these industries are important to the knowledge economy. Their particular needs are reflected in policy development at national, regional and local levels. The *Creative Industries Mapping Document 2001* updated the 1998 research and asserted that:

***“... the most successful economies and societies in the 21<sup>st</sup> century will be creative ones.”***

- 2.5 DCMS defines the creative industries at a broad level as:
 

***“...those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property.”***
- 2.6 Based on this definition, DCMS has developed a schematic of the creative industries, which incorporates 13 creative sectors. These are detailed in **Table 2.1** (the screen industries are highlighted in bold).

**Table 2.1: DCMS Definition of Creative Industries Sectors**

DCMS Definition of the Creative Industries			
<b>Advertising</b>	Design	<b>Visual &amp; Performing Arts</b>	Interactive Leisure
Architecture	Designer fashion		Software/Computer
Art & Antiques Markets	<b>Video, Film &amp; Photography</b>	Software & Computer Services	Games & Electronic Publishing
Crafts	Music	Publishing	<b>Radio &amp; TV</b>

**Source:** *Creative Industries Mapping Document* (DCMS, 2001)

## The Importance of the Creative Industries

- 2.7 The UK is known for its creative talent and the creative industries are among the most dynamic sectors of the economy. Their importance is underlined by the Government's economic statistics<sup>4</sup> relating to the creative industries.

**Table 2.2: Economic Contribution of the Creative Industries**

Economic Contribution	UK Creative Industries	UK Context
Creative Employment (2007)	1,980,000 <sup>5</sup>	7% whole economy
Employment Growth Rate (1997–2007)	2% p.a.	cf. 1 % for whole economy
Businesses (2008)	157,400 <sup>6</sup>	7.3% of IDBR <sup>7</sup> (though likely to understate the number of small businesses)
Gross Value Added (GVA) (2006) <sup>8</sup>	£57.3bn. (excl. Crafts and Design)	6.4% whole economy
GVA Growth Rate 1997–2006	4% p.a.	cf. 3% for whole economy
Exports (2006)	£16bn.	4.3% all good & services

**Source:** DCMS "Creative Industries Economic Estimates Statistical Bulletin", January 2009

- 2.8 In short, this means that:

- **1 in 14 workers in the UK are in creative industry occupations, and employment in these occupations is growing at twice the rate of the rest of the economy, increasing by more than a quarter between 1997 and 2007;**
- **at least 1 in 14 UK businesses operate within the creative industries, a growth of 39% between 1997 and 2008<sup>9</sup>, meaning the creative industries are a major and increasingly important component of the UK's industrial base;**

<sup>4</sup> The current definition uses 4-digit SIC codes from the Annual Business Inquiry – due to weaknesses in this approach, the CEP has proposed an alternative methodology using supply chain mapping down to 5-digit SIC level drawn from the Interdepartmental Business Register. Until this new definition is rolled out by DCMS, the Economic Estimates remain the standard Government statistics for the creative industries.

<sup>5</sup> 1.15m in Creative Industries; 830,000 creative jobs outside the Creative Industries.

<sup>6</sup> The number of businesses has increased significantly in 2008 due to a change in coverage of figures reported from the Inter-Departmental Business Register (IDBR). The figures have been enhanced to include enterprises based on PAYE employers that are not also registered for VAT (extending the previous scope from the previous VAT based enterprise figures).

<sup>7</sup> The Inter-Departmental Business Register (IDBR) is a list of UK businesses maintained by the Office for National Statistics (ONS) and combines the former Central Statistical Office (CSO) VAT based business register and the former Employment Department (ED) employment statistics system.

<sup>8</sup> Gross value added is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production i.e. the value which is added during the production process.

<sup>9</sup> The number of businesses has increased significantly in 2008 due to a change in coverage of figures reported from the Inter-Departmental Business Register (IDBR). The figures have been enhanced to include enterprises based on PAYE employers that are not also registered for VAT (extending the previous scope from the previous VAT based enterprise figures).

- the creative industries **contribute over 6% of the UK gross value added**, and this GVA has **grown at a faster rate than the rest of the economy**, an increase in value added of 82% over the period 1997–2006;
  - given the GVA in the creative industries has grown more strongly than employment, this also suggests that the **UK's creative industries are becoming increasingly productive and moving up the value-added chain**.
- 2.9 To put the economic performance of the creative industries in context, the Work Foundation reported that in 2007<sup>10</sup> (prior to the economic downturn) they **generate over twice as much value added as tourism, and are now comparable in size to the financial services industry**. Their **contribution and importance to the UK economy is growing every year**, as creative industries growth rates outstrip the national average. The Work Foundation notes that the UK's creative sector is the largest in the EU and, relative to GDP, probably the largest in the world<sup>11</sup>.
- 2.10 The new approach to measuring the creative industries developed by the CEP shows that when you consider the **whole creative supply chain, the importance of the creative industries within the UK economy could be four times greater than these DCMS statistics suggest**<sup>12</sup>.
- 2.11 The latest forecasts produced in June 2008 by PriceWaterhouseCoopers (*Global Entertainment and Media Outlook: 2008-2012*) for the entertainment and media market predict **strong growth across the globe of 6.6%** per annum between 2008 and 2012. Despite much of this growth being accounted for by new economies, particularly those in BRIC (Brazil, Russia, India and China), the entertainment and media market in the UK is still expected to achieve compound annual growth rates of **5.8%** over the same period<sup>13</sup>.
- 2.12 At a local level, the creative industries bring a significant level of economic benefit to Buckinghamshire. For example, an audit undertaken in 2007<sup>14</sup> found that the sector has more than **1,700 businesses**, employing over **90,000 people**. These companies have an estimated turnover of **£3bn** per annum.

### Creative Economy Programme

- 2.13 The DCMS launched the **Creative Economy Programme (CEP)** in 2006 as the first step towards its aim of **making the UK the global hub of the creative industries**. The report, *Staying Ahead*, commissioned as part of the CEP, identifies the creative industries as integral to the future of the UK economy because they both act as economic producers (selling goods and services) and economic facilitators (providing the quality of life and environment within which people want to work and live). This dual role is encapsulated in the 2008 *Creative Britain* strategy:

<sup>10</sup> Work Foundation, *Staying Ahead: The Economic Performance of the UK's Creative Industries*, June 2007

<sup>11</sup> *Staying Ahead*, paragraph 1.1

<sup>12</sup> Creative Economy Programme Research, *Frontier Economics*

<sup>13</sup> It is important to recognise that these are estimates and are intended to provide an indicative view as to the sector's future prospects. This is even more relevant given the current global economic downturn.

<sup>14</sup> Henderson Aplin (June 2007) *Buckinghamshire Arts Partnership Creative Industries' Audit*.

**“Our aim is to improve the quality of life for all through cultural ...activities, support the pursuit of excellence, and champion the ... creative ... industries.”<sup>15</sup>**

- 2.14 The final CEP report highlights the importance of Government investment in the sector to help maintain recent levels of growth and it identifies eight key drivers of growth within the creative industries. These are shown below. The contribution which *Pinewood* can make to seven of these drivers is highlighted.

**Table 2.3: Drivers of Growth within the Creative Industries**

<b>Driver of Growth</b>	<b>Contribution of <i>Pinewood</i></b>
Creating a more discerning consumer	Enabling higher quality production at affordable cost
Education and skills	Providing training on site in the specialist skills the creative industries need to prosper and grow
Competition and intellectual property	Supporting creative clustering on site
Improving business capacity	Supporting creative clustering on site and providing incubator support services
Developing business networks	By supporting creative clustering on site and through linkages into London
Creating a level playing field for all entrants	By providing high quality workspace on site at competitive rates
Promoting sector diversity	Supporting creative clustering and using screen technology for other sectors. An example of this is a tenant company who has adapted camera technology which is now being used in Great Ormond Street Hospital for operations
Public sector support and access to finance	N/A <sup>16</sup>

- 2.15 From this list of key drivers it is apparent that the major challenges facing the creative industries are not related to the generation of creative ideas but the transformation of these ideas into viable businesses. The report advocates the establishment of an infrastructure (premises, exhibition space, business networks, trade fairs) within which entrepreneurs can test and sell their products. This idea of hubs and mixed media centres is taken up in the *Creative Britain* strategy (see below). *Pinewood* will directly contribute by providing facilities and business premises available on flexible terms, suitable for small and new creative businesses with inconsistent income streams, centralised administrative and IT support.
- 2.16 In terms of locations for these hubs, the report cites examples in Manchester, Glasgow, Brighton (interactive media/internet) and Oxford (publishing). However, it does not reserve creative hubs solely for major urban centres. The report also calls for hubs to be built “on existing strengths, in those cities and towns that already have particular advantages.”<sup>17</sup>

<sup>15</sup> Department for Culture, Media and Sport, Department for Business Enterprise & Regulatory Reform and Department for Innovation, Universities & Skills (2008) *Creative Britain: New Talents for the New Economy*.

<sup>16</sup> *Pinewood* is privately funded and therefore not reliant on public sector funding.

<sup>17</sup> *Staying Ahead*, paragraph 5.4.28

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- 2.17 The report notes that increasing Government activity within the creative industries is not designed solely to be an end in itself. It is also recognised that a growing creative sector will make contributions to broader Government aims including:
- a more highly skilled labour force (as creative industries jobs tend to require high level skills and qualifications);
  - higher and more stable rates of employment;
  - higher rates of self-employment and entrepreneurship (self-employment is highly prevalent within the sector);
  - boosting UK exports and increasing UK competitiveness – which in turn can help to improve the attractiveness of the UK as an inward investment destination;
  - sustainable communities (as the creative industries contribute towards the development of the retail, leisure and cultural facilities that people use every day);
  - greater levels of economic activity amongst diverse groups.
- 2.18 On this basis, a major development such *Pinewood* is not only contributing directly to the Government's strategic aim of developing the creative industries, but is also helping to support a number of broader Government priorities.

**Creative Britain: New Talents for the New Economy**

- 2.19 The Government's response to the CEP findings was delivered in the 2008 *Creative Britain* strategy. This document sets out a number of actions that Government (DCMS, BERR and DIUS) will be pursuing over the coming decade as part of an overall vision to move the creative industries from the margins of the UK economy to the mainstream. A total of 26 activities are proposed, four of which *Pinewood* will help to deliver:
- an expansion in the number of apprentices within the creative industries to **5,000** by 2013, with creative industries employers and locations being challenged by Government to commit to providing more apprenticeship opportunities;
  - the development of academic hubs that deliver employer-focused training to new entrants and those already working within the creative industries – education and training will be delivered by partnerships of universities, industry contacts and facilities;
  - a focus on mixed media centres that combine various creative disciplines and outputs, along with public access space such as cinema screens, galleries and cafes;
  - more action by UK Trade and Investment to promote the UK's creative industries to investors and international audiences via conferences, seminars and trade shows, including the Creativity & Business International Network (c&binet) which will have its inaugural meeting in October 2009.
- 2.20 The proposals for *Pinewood* are designed to meet these objectives, directly by supporting apprenticeships and providing leading-edge training provision onsite, and indirectly by creating a large cluster of creative businesses that has the capability to develop synergies with one of the national and international centres of the UK's film and television industries.

## Regional Strategy

### SEEDA Regional Economic Strategy (RES)

- 2.21 SEEDA is the Regional Development Agency (RDA) for the South East of England, the region within which Pinewood Studios is located. The agency has a remit to support economic and social development in the region.
- 2.22 The creative industries in the South East employ in excess of 550,000 people, accounting for approximately 1 in 8 regional employees. These industries are growing more quickly than in other regions and than other sectors of the South East economy.<sup>18</sup> Only London eclipses the South East in terms of the relative importance of the creative industries.
- 2.23 In SEEDA's 2006–16 RES, culture and the creative industries are recognised as cross-cutting themes that can contribute to aims around generating more high-value economic activity, regenerating underperforming areas, and delivering a higher quality of life for residents. There is a specific action for the creative industries (Action 5.3), which calls for:
- a step change in business support and skills training to the sector;
  - 300,000 sq. ft. of new business space; and
  - the use of festivals to showcase regional talent.
- 2.24 The creative industries are contributors to:
- encourage inward investment associated with the creative industries sectors;
  - using the sectors to stimulate innovation and education–business links;
  - taking advantage of funding regimes within these sectors;
  - realising their growth potential in partnership with London Development Agency (LDA) and the East of England Development Agency (EEDA).
- 2.25 Creative businesses within the South East are often integrated into networks and partnerships that overlap regional borders, particularly across the Greater South East. The most obvious example of this links to the creative centre of London, with Film London considering the studios of the Pinewood Studios Group to be an integral element of the 'London' film offer.

### South East Media Network (SEMN)

- 2.26 SEMN is a SEEDA-supported, business-led organisation that focuses on helping South East digital-content businesses to increase their global market share. The digital content sector is defined as incorporating publishing, software, film, television and radio, plus parts of related sectors such as photography, advertising and telecoms.<sup>19</sup> The network estimates that there are over 22,000 businesses and 170,000 employees working in the South East (excluding London-based companies and some screen industries, such as advertising and music).
- 2.27 The network focuses on 'soft' infrastructure (business support, advice, acting as an ambassador, etc.) and not the hard infrastructure of business premises and capital investment. Research conducted by SEMN confirms the findings of strategies such as *Creative Britain* including the need for better skills and training, improved access to business finance, and new business models that address the challenge of digitisation.

<sup>18</sup> Figures taken from – SEEDA/Demos, *Valuing Culture in the South East* (2005)

<sup>19</sup> For a full definition go to <http://www.southeastmedianetwork.co.uk>

### London Development Agency (LDA) and the Mayor of London

- 2.28 In addition to creative industries strategies at the South East level, it is important to identify how the sector is promoted in London. In 2003, the Mayor of London launched the Commission on the Creative Industries. The Commission published its *Creative London* strategy in 2004. It found that, despite the capital's considerable strengths, the creative industries in London were under-supported and fail to make their considerable strengths widely known, for a number of reasons, including:
- a lack of information regarding access to funding and premises;
  - a need for seed corn capital and business mentoring;
  - a lack of tailored business support;
  - disconnection between creative talent and creative industries.
- 2.29 Strategic planning was undertaken in 2006, designed to refine and refocus London's approach to the sector in the face of new research. The new approach pared down the number of target sectors to five:
- music;
  - television & radio;
  - interactive software;
  - film;
  - designer fashion.
- 2.30 These sectors were chosen because they were identified as growth areas within the London economy. It was considered that they had insufficient business support and that the intervention of public sector support would improve their potential. Distinguishing London Development Agency work on creative industries economic development from Arts Council England work in the wider arts and cultural industries was recommended.
- 2.31 There will be a further update to the *Creative London* strategy to reflect the new funding priorities agreed in the LDA's new investment frameworks for 2008/09 and to reflect the priorities of the current Mayor.
- 2.32 Over arching the sector-specific strategy of *Creative London* is London's Regional Economic Strategy, *Sustaining Success*, which runs until 2015. It aims to increase participation in the knowledge and innovation economy, a sector that includes the creative industries. The broad aim is to be achieved through a number of specific objectives. A creative hub will support three of these strategic aims:
- Strategic Action 9a: Create and sustain innovation networks;
  - Strategic Action 9b: Stimulate provision of incubator space through collaboration with universities;
  - Strategic Action 12a: Support successful clusters, such as the creative industries.

- 2.33 In May 2009, the Mayor published his consultation paper outlining his proposals for the Mayor's Economic Development Strategy for Greater London. *Rising to the Challenge* outlines the Mayor's economic strategy to support economic growth in the face of the current economic climate, a growing and increasingly diverse population, a more competitive global business environment, and a changing climate. The report recognises the benefits of being a global centre of excellence and makes supporting the role of the creative industries in future economic growth.

### Screen Industries

- 2.34 The Creative Britain strategy document is not sector specific in defining actions. Within the creative industries, the **UK has built up a particular reputation in the 'screen industries'** of film, television and computer games/interactive media. These sectors **account for 8% of total UK employment in the creative industries and 30% of turnover**; they are **among the highest value added components of the UK's creative industries**. Including advertising, it is important to emphasise that the screen industries were the **main contributor (at 88%) to total growth in the creative industries over the last decade**.<sup>20</sup> The creative industries will become increasingly important in driving growth as other sectors decline due to the recent economic downturn.

### Regulatory Fostering

- 2.35 Regulation of the screen industries is the responsibility of the UK Film Council, the Government's lead agency for the film industry, Ofcom and the operations of the BBC. The UK Film Council is responsible also for the Regional Screen Agencies, which typically take strategic responsibility for the screen industries as a whole. For example, Screen South is the film and media agency for the South East region. The main aim of the agency is to, *"...stimulate a competitive, successful and vibrant UK film industry and culture, and to promote the widest possible enjoyment and understanding of cinema in the region."*
- 2.36 The UK Film Council's overarching objectives are to **develop a sustainable UK industry, backed by a strong culture of education and access**. It is supported in these aims by Skillset, the Sector Skills Council for the audiovisual industries. Key priorities for developing the UK's film industry include the following:
- to develop and enhance regional film centres as **cultural and creative hubs**, through the brokering and managing of cross-sector partnerships and the involvement of a range of academic and business partners;
  - maximising **inward investment** leveraged through film production;
  - creating opportunities for UK film makers through stronger links to the United States;
  - to help the sector **harness the potential offered by digital technologies** by encouraging partnerships between production companies and technology partners/researchers;
  - to offer a more **diverse range of films** to audiences which leads to an overall increase in the size of the UK box office.

<sup>20</sup> Frontier Economics (2007) "Analysis of Firm Level Growth in the Creative Industries", DCMS

- 2.37 Research estimates that the **UK screen industries employ approximately 150,000 people**,<sup>21</sup> broadly in the following broad sectors:
- 54,000 in television;
  - 41,000 in film;
  - 43,000 in interactive media.
- 2.38 **Nearly three-quarters (112,500 jobs) of UK screen employment is within the Greater Southeast, accounting for 1.1% of total employment in the area.** All of the UK's major broadcasters, film production companies, post production and studio facilities are based in and around London and the Greater South East. Roughly 80% of all film production activities take place within the Greater South East.
- 2.39 **Turnover (all sales within the production chain) within the screen industries is estimated to be approximately £22bn**<sup>22</sup> - equating to 30% of UK creative industries turnover - of which the majority is accounted for by television:
- £13.7bn. in television;
  - £3.5bn. in film;
  - £1.75bn. in interactive media;
  - £2.8bn. in commercials, corporate video.

### Strengths and Threats

- 2.40 The screen industries are a major component of the creative industries and a key, and internationally recognised, strength of UK plc. In addition to creating direct employment and generating substantial revenue, the UK screen industries achieve other benefits:
- **they are considerably more productive** than the average creative industries employee,<sup>23</sup> who in turn is more productive than the average UK worker;
  - **they export approximately £3.3bn per year**<sup>24</sup> - a share of UK exports greater than their share of national output - thereby making a positive contribution to the UK balance of payments of **£2.57bn. every year**<sup>25</sup>;
  - **they contribute to the UK's tourism sector** - research undertaken by UKFC into 'movie-related tourism' concluded that around 1-in-10 visits to the UK could be classed as film-induced, generating **£1.8bn** of visitor spend, supporting **20,000 jobs and £200m** in Exchequer revenues every year<sup>26</sup>.

<sup>21</sup> UKFC/Cambridge Econometrics, *Economic Impact of the UK Screen Industries*, section 3.3

<sup>22</sup> UKFC/Cambridge Econometrics, *Economic Impact of the UK Screen Industries*, section 3.2

<sup>23</sup> Whilst the screen industries account for 8% of creative industries employment, they produce 30% of its turnover, meaning that the output per worker in the screen industries is 3.75-times greater than in the creative industries as a whole.

<sup>24</sup> UKFC/Oxford Economics, *Economic Impact of the UK Film Industry*, p.62.

<sup>25</sup> Excluding import activity related to interactive media due to data limitations.

<sup>26</sup> UKFC/Oxford Economics, *Economic Impact of the UK Film Industry*, chapter 7.

- 2.41 Without a strong screen industries sector, the UK economy would be significantly damaged. Nevertheless, the UK screen industries face threats to the economic contribution that they make.
- 2.42 Recent years have seen increasing numbers of film and television productions **shooting overseas**, particularly in lower cost Eastern European locations. This has been accelerated by the rapid development of **digital technology, which has allowed production to become more portable and versatile**. An inevitable consequence of the loss of productions to overseas locations is that they use local studios, facilities, resources, and skills, **reducing the capacity of the UK industry**. These issues have been reflected in Government policy with the new Film Tax Credit to support the UK industry, which is particularly concerned with encouraging filming *within* the UK rather than overseas.
- 2.43 In addition to these competitive pressures, **a number of skills gaps and shortages** exist within the UK screen industries that will hamper its long-term sustainability unless addressed. Joint research by UKFC and Skillset has found that businesses are reporting a number of industry-wide skills issues relating to topics including production skills, camera work and technical competencies. Within the film and television industries the skills shortages are more specific, and centre on:
- studio crews;
  - project management;
  - commercial awareness and business acumen;
  - gallery production skills;
  - editing and subtitling;
  - strategic business planning.
- 2.44 In response to these findings, Skillset has authored *A Bigger Future*, the skills strategy for the UK's screen industries, which is to be jointly funded by government and industry. A Film Skills Council has been appointed which has been tasked by **Skillset**, the Sector Skills Council (SSC) for Creative Media, to produce recommendations for skills and training for 2010-2013 for consideration by the **UK Film Council** by mid-July 2009. Pinewood Studios Ltd are members of the **Film Skills Council**.
- 2.45 As such, the screen industries are an important and high-profile economic sector for the UK, but one that it is recognised as needing nurturing and support if it is to not only maintain this contribution but to build upon it and develop the UK as a hub for the screen industries.

### Strategic Impact

- 2.46 National and regional government **policies seek to support the creative industries and to make the UK the world's creative hub**. The creative industries have been growing at a faster rate than the UK economy as a whole. The screen industries, which are amongst those sectors most likely to be attracted by Pinewood, have been central to this fast pace of growth.
- 2.47 An audit of the creative industries, undertaken in 2007, found that employment in the sector stands at over **90,000** within Buckinghamshire alone.
- 2.48 Government support for the creative industries is not just about the direct economic contribution they make. It is also recognised that the creative industries make **contributions across a spectrum of government objectives that include the following:**

- **increasing highly skilled labour force:** since creative employment tends to require higher skills and qualifications;
- achieving high and stable rates of employment at wages levels higher than the UK average;
- achieving higher rates of **entrepreneurship:** self-employment and freelancing is common within the sector;
- boosting UK exports and improving the **balance of trade;**
- **developing sustainable communities:** the creative industries contribute towards the development of the retail, leisure and cultural facilities that people use every day;
- increasing levels of economic activity amongst black and minority-ethnic (BME) groups.

2.49 Secondly, *Pinewood* will **contribute towards a number of wider strategic priorities**, including:

- the need for **facilities to educate and train** new entrants and current workers in creative sectors, such as film and television;
- the positive **spillover benefits** the creative industries will generate for the region in terms of delivering a higher quality of life and promoting the region to international investors;
- wider Government objectives for **stronger, safer communities**, as encapsulated in *Living Places*;
- UK and international **environmental targets for CO<sub>2</sub> reductions**, by reducing the need for air travel to make films 'on location'.

### Contribution of *Pinewood*

2.50 *Pinewood* will provide a location to increase the already significant **employment** opportunities available at Pinewood Studios. *Pinewood* can build upon Pinewood Studios' international brand and reputation to develop a national and global **hub for the screen and creative industries** unencumbered by the capacity constraints of Central London, which includes a lack of good accommodation for the creative industries sector. Work by Porter<sup>27</sup> has argued that such clustering can lead to increases in productivity, increasing levels of innovation and supporting new business formation.

2.51 Pinewood Studios will also provide the **ideal (and natural) location for skills and training organisations**. *Pinewood* can make a **direct contribution to overcoming skills barriers** within the screen industries in line with Government policy. *Pinewood's* proximity to London will facilitate **strong links with the UK's leading screen academies** located in and around the capital, enabling students from these centres of excellence to put their training into practice through use of the facilities and the opportunity to work on productions being shot onsite. Linkages such as this are already being developed, with the announcement in December 2008 of a new skills partnership between Skillset, Pinewood Studios and the Skillset Screen Academy at the London College of Communication and the Ealing Institute of Media.

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<sup>27</sup> Porter, 2000, Economic Development Quarterly pp. 15-34 - *Location, Competition and Economic Development: Local Clusters in a Global Economy*.

### 3.0 Economic Impact of *Pinewood*

3.1 The section above highlighted the importance of the creative industries, and the screen industries within these, to the UK economy. Pinewood Studios already plays a central role in the screen industries and *Pinewood* will make a major contribution to growth in the sector. Pinewood Studios plays a major part in the South Bucks economy, which will be enhanced by *Pinewood*.

3.2 Pinewood Studios already makes a number of major direct contributions to the economy:

- the employment in Pinewood Studios;
- their contribution to the UK's GDP;
- the attraction of inward investment in the form of film and television productions coming to *Pinewood* to shoot; and
- the UK's balance of payments in the form of exports.

#### Current Contribution

##### Existing Pinewood Studios Employment

3.3 Existing employment at Pinewood Studios comprises three broad categories:

- **Employees of Pinewood Studios**, totalling around **200 staff**.<sup>28</sup>
- **Tenant companies and their employees**: companies based at Pinewood Studios range from Technicolor, Panalux and Avid Technology, for example, occupying entire buildings to one or two-person enterprises taking rooms or suites of offices in shared accommodation on shorter leases. Permanent employment in these companies is estimated at **750 people**.<sup>29</sup>
- **Production companies and their employees**: the productions which are based at Pinewood Studios and use the Studio's facilities to make feature films, television programmes and commercials employ a wide range of free-lance professionals for varying lengths of time and in varying numbers. The total number of people to a production depends on its size and budget, and in front of the camera, the requirement or not for extras. *Ladies in Lavender* (2004), for example, involved only three actors throughout whereas *The Phantom of the Opera* (2004) required an audience of supporting artists for the opera scenes. A film requiring a series of large-scale interior sets such as *Bond* or *Batman* would employ some two to three hundred carpenters, plasterers, scenic artists and riggers for several months. It is estimated by Pinewood Studios Ltd that there are some **800** people on site on an average day employed by the production companies which, on days of peak activity, could rise to some **1,800** people.

3.4 DTZ have estimated an average daily employment figure for each 'production unit' at *Pinewood*. There are currently 20 production units at Pinewood Studios, comprising 18 film studios and 2 television studios (supported by 2 post production suites).

<sup>28</sup> Data from Pinewood Studios Group provided 12/05/2009. This includes employees of Pinewood Studios Group and their contract staff.

<sup>29</sup>Data from Pinewood Studios Group provided on 12/05/2009.

- 3.5 Dividing the employment amongst the production companies of **800–1,800** by the 20 production units suggests that **on any given day there are 40–90 employees in each production unit.**
- 3.6 The Pinewood Studios Masterplan also needs to be taken into account and this estimates an additional **1,500 jobs** would be created. Planning permission has been granted for office space, which is likely to include offices for production and Pinewood staff, workshops, stages/studios, and post production space.

#### Current Contribution of Pinewood Studios to Gross Value Added (GVA)

- 3.7 From the DCMS Creative Industries estimates it is possible to calculate the contribution per creative industries employee to UK GVA. In 2006 (the latest year for which GVA data is currently available), each employee within the creative industries (i.e. excluding employees in creative occupations in businesses outside the creative industries) contributed **£51,836** to UK GVA (at current prices).
- 3.8 In order to estimate the contribution that production companies and their employees filming at Pinewood Studios make to the UK economy, the numbers of employees filming onsite needs to be converted into person-years of employment. This has been done by using the average production company employment for any given day of **800** and multiplying this by **250-working days** per year (i.e. 5-days a week, 50-weeks per year), to give a total of **200,000 days** employment per annum.<sup>30</sup> This figure is then divided through by an average of 235 working days per year (i.e. 5-days a week with 25 days holiday, including public holidays) to give total employment years of **851**.<sup>31</sup>
- 3.9 Applying the creative industries average GVA per employee of **£51,836** to the employees at Pinewood Studios (permanent and production-related) gives the following GVA contributions:

**Table 3.1: Current GVA Contribution of Pinewood Studios**

Job type	Employment Group	Employees	GVA Contribution
<b>Permanent</b>	Pinewood Studios staff	200	£10,367,219
	Tenant company staff	750	£38,877,073
<b>Production</b>	Onsite filming	851	£44,115,827
<b>Total</b>		<b>1,801</b>	<b>£93,360,119</b>

- 3.10 The calculations outlined above give a **total contribution to GVA of £93,360,119** (at 2006 prices).

<sup>30</sup> Because the average employment onsite figure is used, no utilisation rate has been applied – it is assumed that this averages out days when facilities are not actually being used or only lightly used against days of peak activity, when a further 1,000 employees could be onsite.

<sup>31</sup> Note that whilst this figure can be understood alongside permanent employment it should not be considered to be a permanent figure.

### Current Contribution of Pinewood Studios to UK Trade & Inward Investment

- 3.11 The UK screen industries are not just a national but also an international success story, attracting inward investment, promoting the UK overseas, and with film alone generating a **continuous positive contribution to the UK balance of payments since 1995**.
- 3.12 In film alone, the **UK attracted inward investment of £570m in 2006 from 27 films, the majority of which (at 19 productions) used facilities at Pinewood Studios – with total UK spend for these titles standing at approximately £76.5m**. This strong contribution is reflected in the latest UK Film Council statistics (Statistical Yearbook 2008), which shows **inward investment for 2007 was £532m, comprising a total of 28 films, 12 of which used the facilities at Pinewood Studios**, including major features such as *Harry Potter and the Half Blood Prince* (2009), *Mamma Mia!* (2008) and *The Chronicles of Narnia: Prince Caspian* (2008).
- 3.13 These figures do not include the contribution that PSL makes to the UK television, which is also a big UK exporter. For example, in 2007/08, BBC Worldwide had total sales of **£916.3m** whilst in 2007 ITV Global Content generated revenues of **£564m**.

### Pinewood Impact – Employment

- 3.14 In terms of employment, *Pinewood* will:
- generate temporary construction employment during the building phase;
  - need additional employees of Pinewood Studios Ltd to run the new site;
  - enable significantly more productions to film onsite supporting greater employment;
  - create permanent employment onsite in the form of creative industries workspace, retail, and community facilities; and
  - generate multiplier impacts for the businesses that support *Pinewood* due to the increased activity on site.

### Construction Employment Impact

- 3.15 Current professional estimates for the construction cost of *Pinewood* range from **£313m–£394m<sup>32</sup>** and it is expected that *Pinewood* will involve a 10-year build programme.
- 3.16 In order to estimate construction employment supported by this build programme, the total construction cost is divided by the average turnover per construction employee. In the Berks, Bucks, Hants, Oxon area of the South East, this amounts to **£72,500** (calculated from the Government's official Construction Statistics Annual 2008). This means that over the whole life of the project between **4,312 and 5,438** construction years of employment will be supported. Dividing these years of employment by the anticipated project duration of 10 years, suggests that on average, construction of *Pinewood* will support an estimated **431–544 construction jobs onsite every year over the construction period of the development**.
- 3.17 A key element of the development will be to encourage the construction company to establish a temporary building skills academy on site. This would offer training to local people and provide valuable skills in the building trade, in addition to employment opportunities.

<sup>32</sup> Davis Langdon Addendum 1 to Cost Model 3 (2008)

### **Operational Employment Impact**

- 3.18 Since no project of this type has ever been developed before, there are no clear benchmarks against which to assess economic and employment impact. Therefore, an assessment of the impact of *Pinewood* needs to be derived from the existing employment and economic impact of the current Pinewood Studios extrapolated to the new development.

### **Pinewood Studios Ltd Staff**

- 3.19 *Pinewood* will require an expanded ancillary staff providing administration, security, cleaning, and so on. Figures from PSL show that the current PSL employ 21 people in such positions. The project will almost double the size of the building footprint of the current Pinewood Studios, and the open-plan nature of *Pinewood* and the presence of residents are likely to require greater ancillary support than the current Studios. PSL believe that *Pinewood* will require at least **50 permanent ancillary employees**.

### **Creative Industries Employment**

- 3.20 In addition to PSL's own staff, there will also be new employment opportunities created onsite, particularly by the 8,000 sq m (GEA) of creative industries workspace at the heart of the Project. In order to estimate the likely employment supported by the creative hub, official guidelines for employment densities have been used (English Partnerships, 2001).
- 3.21 Given that the creative hub is focused towards SMEs, with larger requirements being met by the main Pinewood Studios site, the space is intended to be a mix between incubation and managed workspace. Therefore, on a density basis, the hub will be closest to a "Serviced Business Centre", where densities within units are high but common areas reduce the overall density to 20 sq. m per employee. If the hub is developed as more functional workspace, without significant common areas, then densities are likely to rise to Business Park levels of 16 sq m per employee.
- 3.22 On this basis, **the creative hub at *Pinewood* will support 400–500 employees in the creative industries**, though given the desire to create high-quality incubation and managed workspace for the sector, the overall employment maybe towards the lower end of this range.

### **Screen Crafts Academy**

- 3.23 The latest quantum of development (dated 10<sup>th</sup> November 2008) also contains proposals for a *Screen Crafts Academy* of up to 2,000 sq. m (GEA). The Academy will be developed in order to establish a world class training facility to ensure the continued provision of high quality craft support for future generations of film and programme makers working in the UK. The proposals for this initiative estimate that 50 students would attend the Academy in year, rising to 110 in year 2 and 120 in year 3.
- 3.24 Using latest Department for Children, Schools and Families (SFR26/2008) official statistics, this means mean that the Academy is likely to **employ 5 teaching staff in year 1, which would rise to 10 in year 2 and 11 in year 3** (excluding administration and clerical staff).

### Ancillary Filming Accommodation

- 3.25 *Pinewood* will also see the creation of ancillary filming accommodation/services floorspace, which will be up to 1,000 sq. m (GEA). However, it is anticipated that this will be used by people filming on site and will not generate any additional employment. Job creation for this floorspace type is therefore considered to be zero.

### Retail Employment

- 3.26 In addition to the creative industries workspace and PSL's own staff, the supporting services for the scheme, such as retail/food and drink and community facilities will also generate employment.
- 3.27 The latest quantum of development shows that there will be approximately 2,000 sq. m of gross external retail floorspace – which is mainly of high-density. This retail space will provide a mix of different uses and unit types, including cafés, bars and restaurants. It is however assumed that this retail is predominantly oriented to servicing the resident and working population of the site and meeting the needs of local residents, and therefore there will be no large units or 'big box'/retail warehouse-type development. On this basis, and for ease of estimation, it is assumed that the high-density development will comprise 'small shops' and 'general restaurants'. On this basis, the following employment figures are derived:

	Gross External Area (sq. m)	Employment Density	Employment
High-density Retail Floorspace	2,000	20 <sup>1</sup>	100

<sup>1</sup> Based on English Partnerships (2001) guidance.

- 3.28 On this basis, the **retail floorspace at *Pinewood* will support approximately 100 jobs.**

### Community Facilities Employment

- 3.29 In addition to retail, the masterplan for *Pinewood* includes up to 4,000 sq. m (gross external) of community facilities, including a nursery, primary school, and multi-purpose community space.
- 3.30 Estimating the likely employment generated by these community facilities is more difficult, since there is no full set of official employment densities covering the range of facilities proposed. For example, it is projected that the primary school will have 320 pupils, which from the latest Department for Children, Schools and Families (SFR26/2008) official statistics means the school is likely to employ 27 adult staff (excluding administrative and clerical staff), of which 15 will be qualified teachers.
- 3.31 In order to overcome this shortage of data, and because of the wide variation in the types of facilities involved, an average of the official employment densities for "Leisure and visitor attractions" has been used, which includes "Private Sports Clubs", but excludes "General Restaurants" and "Cinemas".
- 3.32 On this basis, the average density for the community facilities will be 55 employees per sq. m, which over the total gross external floor area of 4,000 sq. m gives a **total employment of 73.**

### Streetscapes

- 3.33 As noted above, *Pinewood* involves the construction of 17 discrete 'streetscapes', but we have estimated the employment impact using 15 streetscapes, in order to provide a figure

which does not overestimate the results. From discussions with PSL, it is assumed that a streetscape operates as a ‘production unit’ in a different but broadly equivalent way as a studio, and therefore it is assumed that average employment on each streetscape on any given day will match that currently found at the existing Pinewood Studios. On any given day there are 40–90 employees in each production unit. Taking a mid-point of this figure, it is therefore assumed that **average daily employment will be 65 employees per streetscape** (though in reality, these major productions may well support even more employment than this ‘average’, and thus the employment impact estimated here may be conservative).

- 3.34 The average number of people employed daily at *Pinewood* is estimated to be 975, with 65 working on each of the 15 streetscapes daily.
- 3.35 From discussions with PSL, it is apparent that the dedicated nature of each streetscape means that, unlike a studio, which is customised for each and every production, there has to be a specific artistic demand for that particular location. As such, it is conservatively assumed that the utilisation rate for each streetscape will be 10% (i.e. 25 days per annum on the basis of 5 days a week for 50 weeks of the year operation).
- 3.36 Therefore, **on average, daily employment at *Pinewood* is likely to be around 98 employees.**
- 3.37 Assuming *Pinewood* operates 5 days a week for 50 weeks of the year (i.e. 250 days p.a.), this translates to **24,500 days of employment per year.**
- 3.38 This figure is not directly comparable with the more traditional employment structure for the other elements of the scheme, since employment on the streetscapes is project based rather than year round/continuous and a worker may be involved in more than one project over the year. However, as for construction employment, for ease of understanding, it can be translated into years of employment on the basis of an average of 235 working days per year,<sup>33</sup> giving **104 person-years of employment per annum.**

***Pinewood* Employment Impacts – Total Employment Impact**

- 3.39 It is estimated that *Pinewood* will generate 628 permanent jobs, broken down as follows:

**Table 3.2: Employment Impact of *Pinewood***

	Permanent Employment	Years of Temporary Employment p.a.	Number of Years
Construction		431-544	10
Collage of Streetscapes		104	Ongoing
Pinewood Studios Ltd Staff	50		
Creative Industries Employment	400		
<i>Screen Crafts Academy</i>	5		
Retail	100		
Community Facilities Employment	73		
<b>Total</b>	<b>628</b>		

- 3.40 Applying the same GVA per employee figures for the creative industries as used for the

<sup>33</sup> Assuming a 5-day working week and 25 days of holiday (including public holidays) per year.

existing employment at Pinewood Studios above plus the respective GVA per employee figures for construction, retail and other service activities from the 2008 Blue Book<sup>34</sup> allows an estimate of *Pinewood's* GVA contribution to be made.

- 3.41 **During the construction phase, on average *Pinewood* will directly contribute £16.7m of GVA per annum. Once fully operational, *Pinewood* will contribute £24.2m of GVA to the UK economy.**

### Multiplier Impacts

- 3.42 The **screen industries spend roughly £13bn. per year on goods and services<sup>35</sup>** (in addition to employment and freelance costs), thereby providing a major boost to other sectors of the UK economy.
- 3.43 Work by the UK Film Council (UKFC) has found that for **every £1 spent by the UK screen industries £1.40–£2.50 is generated in UK economic activity<sup>36</sup>**. Expenditure multipliers within the Greater South East are especially strong due to the presence of large numbers of screen industries suppliers and customers and ancillary services within these regions. For example, **a £1 increase in expenditure at *Pinewood* would be expected to create up to £2.50 worth of activity within the UK economy.**
- 3.44 Applying UK Film Council's multipliers and EP displacement<sup>37</sup> factors, this means that in addition to its direct economic impact of **£24.2m**, *Pinewood* will also generate:
- **a further £36.2m of economic activity within the UK<sup>38</sup>; and**
  - **a further 962 net additional jobs<sup>39</sup>.**

### Local Employment Opportunities

- 3.45 The Greater South East is already the hub of the UK's screen industries, with nearly three-quarters of UK employment in the sector. This means that the area has a large pool of labour with the skills needed to work in the screen industries. Indeed, one of the key strengths of the *Pinewood* proposal is the presence of this labour force around *Pinewood*. **A significant proportion of the employment supported by *Pinewood* will be filled by residents of the region.**
- 3.46 The scheme will **deliver jobs in high-value, high-wage activities in the key target sector of the creative industries that is a regional and national priority for growth.** At the regional level, the **South East Plan has a target to bring 250,000 South East residents into employment by 2026, with jobs growth focused predominantly in the service sector.** Further, the **South East Economic Development Strategy has Innovation and Creativity** as one of its objectives, with the aim of "*Increas[ing] the percentage of total South*

<sup>34</sup> United Kingdom National Accounts: The Blue Book, 2008 Edition. Office for National Statistics.

<sup>35</sup> UKFC/Cambridge Econometrics, *Economic Impact of the UK Screen Industries*, section 3.4.

<sup>36</sup> Economic Impact of the UK Screen Industries: A Report Submitted to the UK Film Council and the National and Regional Screen and Development Agencies. Cambridge Econometrics & Optima, May 2005

<sup>37</sup> The proportion of project outputs/outcomes accounted for by reduced outputs/outcomes elsewhere

<sup>38</sup> This figure takes into account displacement and multiplier impacts.

<sup>39</sup> Calculated by dividing GVA per employee at a UK level (£37,668 - derived from the 2008 Blue Book) into the £36.2m of additional GVA generated by the scheme.

East business turnover attributable to new and improved products and services from 12% during 1998-2000 to 20% by 2016". **Pinewood will contribute to these objectives, in terms of the number and nature of employment created and the types of businesses that will be attracted to it.**

- 3.47 It is also expected that the **majority of ancillary employees will be residents of South Buckinghamshire and its environs**, as is the case with current ancillary employees working at Pinewood Studios.
- 3.48 The **multiplier benefits** of *Pinewood* will be felt by businesses across the South East region, but typically are strongest in those areas closest to the new development and therefore should be **particularly beneficial for the businesses and residents of South Buckinghamshire**.
- 3.49 Finally, whilst the residential units onsite will be available for public sale, the nature and scale of the development will inevitably be particularly attractive to creative individuals involved in the screen industries, which supports creative clustering on site. Porter<sup>40</sup> has argued that such clustering can lead to increases in productivity, increasing levels of innovation and supports new business formation. The unique attractions of *Pinewood* will comprise a central part of the target marketing, thereby creating a **living and working local community that will embody the principles of sustainability**.

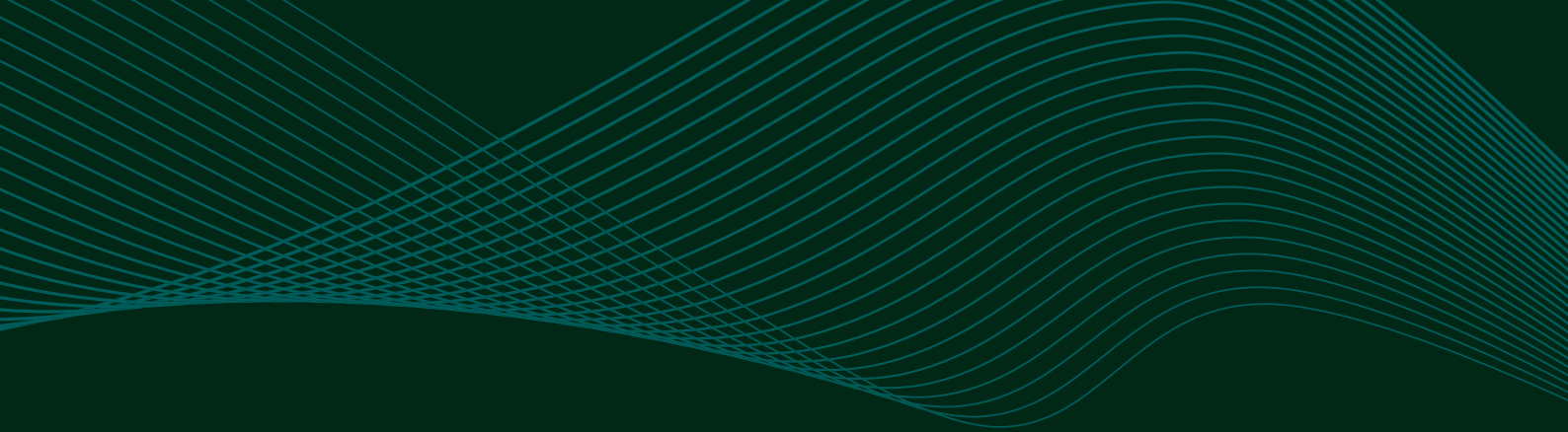
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<sup>40</sup> Porter, 2000, Economic Development Quarterly pp. 15-34 – *Location, Competition and Economic Development: Local Clusters in a Global Economy*



*Pinewood*  
*A Living Community for the Creative Industry*

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