

APPENDIX 10.1

SOCIO ECONOMIC IMPACT ASSESSMENT

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10.1 SOCIO-ECONOMIC IMPACT ASSESSMENT, TECHNICAL APPENDIX TO ES CHAPTER 10

Summary

- 1.1 DTZ has undertaken an assessment of the likely socio-economic effects of the proposed development, particularly with regard to the local economy.
- 1.2 The conclusions of the study have confirmed that the Proposed Horkesley Park Heritage and Conservation Centre (hereafter referred to as Horkesley Park) will provide a major boost to the economy of rural Colchester and further afield.
- 1.3 Once fully operational, it is expected that the equivalent of around 155 full time staff will be employed on the site.
- 1.4 This total is made up of around 84 full time employees and 142 part time members of staff, so in total around 226 people will be employed on site.
- 1.5 Staff and managers alike will work in a wide variety of jobs in a large country park, with particular emphasis on heritage and conservation, featuring a mix of countryside elements, from farming and fine art to gardens and renewable energy, brought together in celebration of the English countryside, and all fully supported by visitor facilities and services..
- 1.6 It is expected that most of the staff working at Horkesley Park will be drawn from the local area, defined as the area within 30 minutes' journey from the Centre.
- 1.7 In addition to the jobs created on the Horkesley Park Site, further jobs will be created in the local economy:
- during the construction of the new buildings and facilities, renovation of existing buildings and establishment and restoration of the gardens and surrounding parkland
 - by the purchase of products and services from local businesses needed for the operation of Horkesley Park
 - through the off-site spending of both employees and visitors in the local economy, both of which will spend money with other providers of local services.
- 1.8 Overall it is estimated that Horkesley Park will generate around an additional 45 full time equivalent jobs elsewhere in the Essex and Suffolk sub-region, on top of the 155 full time equivalent people working on the site.
- 1.9 In overall terms, therefore Horkesley Park is expected to generate around an additional 200 full time equivalent jobs in Essex and Suffolk, once multiplier¹, leakage² and displacement³ effects are taken into account.

¹ Multiplier effects are the positive spin off effects in terms of jobs, expenditure and incomes of major projects associated with increased purchases from local suppliers by the project itself and those employed by the project.

² Leakage is a term used to ensure that jobs, incomes or other benefits that arise outside the assessment area (here Essex and Suffolk) are not counted.

³ Displacement is defined as, 'the proportion of project outputs/outcomes accounted for by reduced

- 1.10 Horkesley Park will create a significant number of full and part time jobs for local people, meeting the need to create additional jobs for the growing local population. Horkesley Park will also have positive spin off benefits for local businesses, generated by off site spending of visitors, increased local incomes and local sourcing of goods and services.

Introduction

- 1.11 This Appendix sets out in detail the basis of the socio-economic impact assessment associated with the Proposed Horkesley Park Heritage and Conservation Centre (hereinafter referred to as Horkesley Park), as reported in Section 10 of the Environmental Statement. The Appendix is set out under three headings:

- Defining the area of impact
- The economic impact model
- Overall employment impacts

Defining the Area of Impact

- 1.12 It is important at the outset of any economic impact assessment to establish the area or areas within which the impacts of a proposed development are to be examined. In this regard, socio-economic impact assessment is no different to other components of the Environmental Impact Assessment. The difference that arises, however, is that the socio-economic impacts of Horkesley Park are likely to be experienced over a large area, since the proposed development will employ people from a wide area surrounding the site and draw visitors from an extensive catchment area.

- 1.13 It is also relevant to assess the impact of Horkesley Park for different areas in order to inform those responsible for decision making for different geographical areas. The local planning authority will be interested in the number of jobs created on site, but, for a major visitor attraction such as that proposed, there will be wider economic impacts across a larger area. It is conventional therefore to assess economic impacts at a local, sub-regional and regional level.

- 1.14 In identifying the spatial level at which the impacts of Horkesley Park should be assessed DTZ has had regard to three considerations:

- The majority of the people that will work at Horkesley Park can be expected to come from an area no more than 30 minutes' drive away from the site, though some employees may come from further afield. As shown in Figure 1 the 30 minutes drive time isochrone covers practically all of Colchester Borough and Babergh District, plus parts of Tendring and Braintree Districts. This is an appropriate area for which to assess essentially local impacts, since it includes the Local Planning Authority, and, because Horkesley Park is on the edge of Colchester Borough, the whole of the adjacent authority of Babergh, and relevant parts of Braintree and Tendring

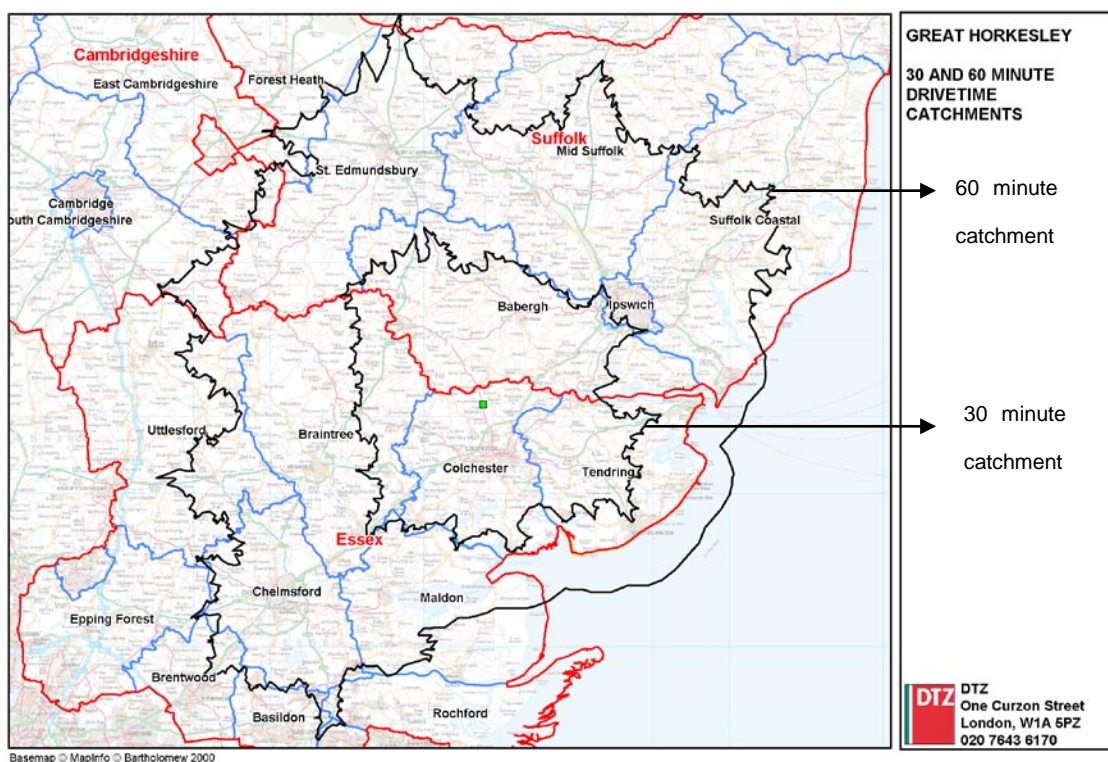
- The majority of people that will visit Horkesley Park (60%)⁴ can be expected to come from within an hour's drive of the Centre with the balance almost entirely from people living or staying within a two hour drive of the Centre (see Section 4 and 5 of the Horkesley Park Tourism Feasibility Study – December 2008). As shown in Figure 1 the one hour drive time contour includes the majority of Essex and Suffolk. Given that Horkesley Park is of a size to be of significance at the sub-regional level, and the interest of both County Councils in economic development, DTZ decided to assess the impact of the scheme at the sub-regional level, comprising the two counties of Essex and Suffolk.
- For completeness DTZ has also assessed the economic benefits of Horkesley Park at the regional level, defined as the East of England. This is both because the scheme will give rise to some additional economic benefits at the regional level, not reflected in the sub-regional analysis; and because regional organisations such as the Government Office for the East of England, the East of England Development Agency, and the East of England Regional Assembly are statutory consultees for planning applications.

1.15 Therefore, in terms of Horkesley Park DTZ has assessed the impact of the proposals at three spatial levels:

- At the local level, defined as the area bounded by the 30 minutes drive time isochrone, an area within which most of those who work at Horkesley Park will live;
- At the sub-regional level, defined as being the combined counties of Essex and Suffolk, which corresponds to the area from which a majority of visitors to Horkesley Park will come;
- At the regional level, defined as the East of England (Essex, Suffolk, Norfolk, Cambridgeshire, Bedfordshire and Hertfordshire)

⁴ P112 Horkesley Park Tourism Feasibility Study – December 2008, Sykes Leisure Projects

Figure 1: 30 Minutes and One Hour Drive Time Catchment Area and Local Authority Boundaries



The Economic Impact Model

- 1.16 The model for examining the economic impact of Horkeley Park is based on the forecasts of visitor numbers as set out in the Horkeley Park Tourism Feasibility Study – December 2008, undertaken by Sykes Leisure Projects. It also draws upon information supplied by Bunting & Sons that provide estimates of on-site expenditure by visitors to Horkeley Park and on-site employment. These data provides the essential building blocks for the assessment of the wider impacts of Horkeley Park.
- 1.17 While the numbers of jobs created on site provides one measure of the economic impact of the proposals, Horkeley Park will have wider economic effects. In order to establish the number of additional jobs that a proposed development will create in the local, sub-regional, and regional economy, it is necessary to take account of leakage, deadweight, displacement and multiplier effects (see below for definitions). In assessing the scale of leakage, deadweight, displacement and multiplier effects DTZ has drawn upon the official guidance for economic impact assessment as set out in the English Partnerships' Additionality Guide (2004), and previous experience of economic impact assessment.

Leakage, Deadweight, Displacement and Multiplier Effects

Leakage is defined as, '*the proportion of outputs that benefit those outside the programme/project area or group*'.

Deadweight is a term used to identify the output that would have occurred without the project.

Displacement is defined as, '*the proportion of project outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area*'.

Economic multipliers are defined as, '*further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases*'.

1.18 The economic benefits of Horkesley Park have been broken down into five distinct categories:

- **Construction Phase Benefits:** these are the jobs associated with the one off investment required to create Horkesley Park, principally jobs in the construction sector
- **On Site Employment Benefits:** these are the jobs directly created by the operation of the proposed visitor attraction and associated facilities
- **Induced Employment Benefits:** are the additional jobs sustained by expenditure by those employed on site. Since most employees are likely to live within 30 minutes' drive of Horkesley Park, much of this additional income will be spent in the local economy
- **Indirect Employment Benefits:** are the additional jobs arising from expenditure by Horkesley Park once operational on goods and services provided by other businesses, and subsequent rounds of expenditure
- **Off site spending by day and overnight visitors:** to the extent that Horkesley Park attracts visitors to the local area, to Essex or Suffolk or extends the duration of their stay, this is likely to lead to additional expenditure and creation of jobs within the impact area.

1.19 The following sections set out the assessment of each of these five categories of economic benefit, the source of data used, the basis of the assumptions made and the conclusions reached.

Construction Phase Benefits

1.20 Construction phase benefits of Horkesley Park arise from direct capital and project management expenditure on the Horkesley Park site and the employment this supports. The promoters of Horkesley Park anticipate investing at least £24 million in the scheme.

- 1.21 Average turnover per job in the construction sector in 2006 is recorded as being around £133,890. Thus expenditure of £133,890 can be expected to create employment for one person in the sector for a year.
- 1.22 On this basis it is expected that the investment in Horkesley Park can be expected to generate around 179 person years of employment (£24 million divided by £133,890). To allow comparison and addition on a common basis, it is standard practice to say that ten person years of employment is equivalent to 1 Full Time Equivalent (FTE) job. Thus the investment in Horkesley Park is expected to create the equivalent of around 18 FTE jobs during the construction and development phase.
- 1.23 It is then necessary to think how many of these jobs are likely to be captured or filled by local people, and those working in the combined area of Essex and Suffolk. The capital programme is likely to be delivered by a number of different specialists delivering particular elements of the build programme who operate in Essex and Suffolk and the region as a whole. Some of the investment will, however, be in specialist facilities where it is more likely that contractors outside the region will be appointed.
- 1.24 A reasonable assumption would be that around a quarter of the construction jobs will be created within the local area, through use of local firms and local recruitment by contractors; another quarter will be created elsewhere in Essex and Suffolk; a further quarter elsewhere in the region; and that a further quarter leaks out of the region, supporting employment elsewhere. As shown in Table 1 this means that the proposed construction expenditure on Horkesley Park would sustain the equivalent of 4.5 FTE jobs in the local economy, 9 FTE jobs in total in Essex and Suffolk (including the local economy), and a total of 13.4 FTE jobs in the East of England.

Table 1: FTE E employment from Development Phase

Build and Fit-Out costs – Rounded Total	£24,000,000
Average turnover per job in the construction sector	£133,890
FTE job years	179
Total FTE job positions	18
<i>of which</i>	
<i>In Local Area</i>	4.5
<i>In Essex and Suffolk (including Local Area)</i>	9
<i>Elsewhere in the region</i>	4.4
<i>In East of England</i>	13.4
<i>Outside of the region</i>	4.6

Note: Local Area defined as the area within 30 minutes' drive of Horkesley Park

⁵ Source, Annual Business Inquiry 2006

On-Site Employment Benefits

- 1.25 Data provided to DTZ by Bunting & Sons indicates that Horkesley Park will create 226 jobs once open to the general public and fully operational. Of these 84 are expected to be full time jobs, and 142 will be part time jobs (see Table 2). On the basis that two part time jobs are equivalent to one FTE job, this implies that Horkesley Park can be expected to create 155 FTE jobs on site, and therefore are attributable to the local area in the sense that this is where the jobs are based.
- 1.26 Evidence from the 2001 Census indicates that over half (56%) of all residents of Colchester Borough travel less than 10km to work, and another 9% travel between 10km and 20km to work (see Appendix 1). The nature of the jobs that will be created at Horkesley Park means that it will draw upon a largely local labour force. DTZ would therefore estimate that 75% of all the jobs that are created on site will be filled by people living in the local area (defined as the area within 30 minutes' drive of Horkesley Park) with the balance filled by people living elsewhere in Essex and Suffolk.
- 1.27 DTZ would not expect any of the people employed in the proposed activities at Horkesley Park to live outside of Essex or Suffolk. Thus the scheme can be anticipated to create 116.3 FTE jobs for people resident in the local area and another 38.8 FTE jobs for those resident elsewhere in Essex and Suffolk, with all 155 jobs being filled by residents of Essex and Suffolk.
- 1.28 Table 3 shows the distribution of jobs between the different elements of Horkesley Park. The table shows that staff and managers alike will work in a wide variety of jobs. These will be in a large country park, with particular emphasis on heritage and conservation, featuring a mix of countryside elements, from farming and fine art to gardens and renewable energy, brought together in celebration of the English countryside, and all fully supported by visitor facilities and services.

Table 2: Horkesley Park On-site Employment

On site employment - full time	84
On site employment - part time	142
Total on site employment - FT and PT Jobs	226
Total FTE Jobs (PT jobs = 0.5 FTE jobs)	155
<i>of which</i>	
<i>In Local Area</i>	116.3
<i>In Essex and Suffolk (including Local Area)</i>	155
<i>In East of England</i>	155

Note: Local Area defined as the area within 30 minutes' drive of Horkesley Park

Table 3: Distribution of Horkesley Park On Site Jobs by Work Area/Function

Work Area / Function	Full Time	Part Time	Total	Full Time Equivalent
Main Building excluding work area/functions in Main Building marked *	8	18	26	17
Food Experience*	15	16	31	23
Specialist Gardens Centre*	6	8	14	10
Gardens including Show Gardens and Parkland	4	8	12	8
The Chantry Gallery	2	12	14	8
Suffolk Punch Breeding Centre and all activities with the heavy horses	6	4	10	8
The Farm Barn, The Warren & The Hollow	2	12	14	8
Country Park	3	4	7	5
Food & Beverage	13	28	41	27
Senior Management including Travel Co-ordinator	4	2	6	5
Office Administration	5	4	9	7
Security (24 hours)	6	6	12	9
Tour Guides	2	6	8	5
Maintenance	4	2	6	5
Cleaning & Waste Disposal	4	12	16	10
TOTAL	84	142	226	155

F/T – Full-time employees working on average 40 hours per week and having statutory time off for holidays, etc.

P/T – Part-time employees working on average 20 hours per week and having pro-rata statutory time off for holidays, etc.

Induced Employment Benefits

- 1.29 The expenditure of those people employed on site will generate additional expenditure in the economy and hence additional jobs. As noted above, the majority (75%) of those who work at Horkesley Park can be expected to live within the local area, and the remainder elsewhere in Essex or Suffolk. The expenditure of these employees can be expected to feed through into the local and sub-regional economy – though obviously expenditure leaks out of the area. The larger the assessment area, the larger the impact, since more of the first and second round expenditure of incomes generated by Horkesley Park will be captured within the area.
- 1.30 Based on past experience, and taking into account the guidance contained in the

English Partnerships (EP) Additionality Guide, DTZ estimate that the spending of incomes generated by the scheme will result in the creation of an additional 0.1 jobs for every FTE job created in the local area, an *additional* 0.075 jobs for every FTE job created in the combined area of Essex and Suffolk, and a further 0.075 jobs for every FTE job created in the East of England. This is equivalent to an income multiplier of 1.1 at the local level, 1.175 at the sub-regional level and an income multiplier of 1.25 at the regional level.

- 1.31 The application of these multipliers to the number of direct jobs created by Horkesley Park shows that at the local level, the expenditure of employees in the local economy can be expected to support the creation of an additional 15.5 FTE jobs in the local economy, the creation of 27.1 FTE jobs in Essex and Suffolk as a whole, and 38.8 FTE jobs in the region as a whole (see Table 4).

Table 4: Horkesley Park Induced Employment Benefits

Total FTE Jobs (Induced) created in the region	38.8
<i>of which</i>	
<i>In Local Area</i>	15.5
<i>In Essex and Suffolk (including Local Area)</i>	27.1
<i>In East of England</i>	38.8

Impact of Operational Expenditure

- 1.32 Horkesley Park will purchase goods and services from other local businesses, and from businesses elsewhere in Essex and Suffolk, and the East of England as well as from national suppliers. This additional expenditure will create and sustain jobs in those locations where suppliers are located and in turn, the expenditure of those suppliers and their employees on purchasing goods and services will further stimulate job growth.
- 1.33 The nature of Horkesley Park, and in particular the Food Experience, means that there will be a particular focus within the scheme on sourcing of local products. Bunting & Sons already demonstrate strong commitment to local production and sourcing for the Anchor Inn Public House. The emphasis on local sourcing is consistent with government objectives. EEDA and GO-East are promoting a number of regional specialist food initiatives⁶, and the Countryside Agency (now part of Natural England) has run a local food sourcing initiative called ‘Eat the View’ for many years.
- 1.34 Information has been provided by Bunting & Sons about the pattern of operational expenditure associated with Horkesley Park. All operational expenditure incurred in the running of Horkesley Park potentially gives rise to wider economic impacts in the local, sub-regional and regional economy. The exception to this is expenditure on non-domestic rates and bank charges, which can reasonably be assumed to leak out of the regional economy entirely.
- 1.35 In order to assess the impact of this indirect expenditure on the economy of the local area, the sub-region and the region, DTZ has taken a view of the proportion of total expenditure on each cost item that will be sourced locally, sub-regionally and regionally and how much will be sourced outside the region. Overall DTZ

⁶ See examples highlighted in GO-East News, Issue 2:2007

estimates that:

- around 17% of operational expenditure will be incurred with local suppliers (those within the area bounded by the 30 minutes drive isochrone, including almost all of the Colchester Borough)
- another 21% will be spent with suppliers elsewhere in Essex and Suffolk
- a further 26% will be spent with suppliers elsewhere in the region
- in total some 36% of expenditure will leak out of the region through expenditure with national suppliers.

1.36 On average one FTE job in a supplier business can be sustained by expenditure of £58,816⁷. On this basis Table 5 shows the number of FTE jobs that Horkesley Park’s anticipated expenditure with supplier businesses will sustain at the local, sub-regional and regional level. Table 5 shows that the first round of expenditure with suppliers can be expected to support about 18.6 FTE jobs in the local area defined by the 30 minutes drive isochrone, 40.5 FTE jobs in Essex and Suffolk, and a total of 67.9 FTE jobs in the East of England.

Table 5: Horkesley Park Indirect Employment Associated with Annual Expenditure on Goods and Services

Total FTE Jobs (Indirect) created in the region	67.9
<i>of which</i>	
<i>In Local Area</i>	18.6
<i>In Essex and Suffolk (including Local Area)</i>	40.5
<i>In East of England</i>	67.9

1.37 The first round expenditure with suppliers in the region will in turn generate further revenues as those businesses source goods and services from other businesses in the region. To estimate these second round effects, it has been assumed that only 30% of first round expenditure gives rise to further expenditure with suppliers, and that leakage out of the area is similar to that recorded for the first round effects. Table 6 shows that this second round expenditure can be expected to create a modest number of additional jobs.

Table 6: Indirect Employment Resulting from Subsequent Expenditure by Supplier Businesses

Total FTE Jobs (Indirect) created in the region	10.9
<i>of which</i>	FTE
<i>In Local Area</i>	1
<i>In Essex and Suffolk</i>	4.6
<i>In East of England</i>	10.9

Direct Impact of Off-Site Spending by Visitors to Horkesley Park

1.38 One of the reasons why tourism projects have a greater impact than many other economic development projects is that they can attract visitors to an area, and while schemes may capture much of the expenditure by those visitors, visitors also spend money in the local economy as well as at the visitor attraction in question.

⁷ GVA across all sectors for the East of England divided by employment across all sectors for the East of England, 2006

Horkesley Park has the capacity to draw a significant number of visitors from outside of the immediate area, who will spend money in the local economy in addition to spending money at the site itself.

- 1.39 It is anticipated that Horkesley Park, once fully operational, will attract around 485,200 visitors per annum. To establish the impact of the scheme, it is necessary both to assess how much they are likely to spend offsite and how many of these visitors are attracted to the area because of the presence of the attraction. The number of visitors who are deemed additional to the area will depend on the particular area of impact for which the assessment is being undertaken. The contribution to the local economy of this additional expenditure needs to be assessed. The impact of the on-site expenditure has already been assessed since it is this spending that sustains the jobs on site.
- 1.40 In terms of visitor spending the Colchester Tourism Survey⁸ recorded that day visitors to the area were typically spending £28.47 per person on their visit. Taking account of likely increases since the date of this survey we estimate the figure will have increased to £31.319. The business plan for Horkesley Park anticipates an average spending per visitor of around £23.84, (excluding internet sales). This means that on average, day visitors to Horkesley Park can be expected to spend an additional £7.47 in the local economy – probably in local shops, pubs, at other visitor attractions, or on fuel.
- 1.41 Horkesley Park is likely to attract mainly day visitors, but by broadening the appeal of the Essex and Suffolk area it may attract visitors who stay overnight or encourage those already staying in the area to extend their stay. Overnight visitors to the Colchester area spent an average of £167.30 per visitor in 2005¹⁰. Taking account of the likely increases in this expenditure since 2005 this figure is likely to have increased to £184.07, so to the extent that Horkesley Park generates additional staying visitors for the area, then it will generate spending of £160.23 per visitor (£184 less the on site expenditure of £23.84 at Horkesley Park).
- 1.42 It is also important to estimate how many visitors to Horkesley Park are additional to the local area, in the sense that they would not have visited the local area in the absence of the visitor attraction, or that they incur additional expenditure if they do so. The Horkesley Park Tourism Feasibility Study – December 2008, indicates that 40% of the expected visitors will come from between one and two hours drive from Horkesley Park. It seems reasonable to assume that these visitors are being drawn to the local area (the area of the 30 minutes drive isochrone) by the attractions of Horkesley Park itself.
- 1.43 Some 60% of expected visitors are expected to come from within an hour's drive of Horkesley Park. DTZ have assumed that half of these, some 30% of all visitors come from between a 30 minutes' and one hour's drive time, and the other half are resident in the local area. The 30% of visitors who come from between 30 minutes' and one hour's drive time are likely to be additional visitors to the local area, given the absence of significant similar attractions in the local area. At least some of the visitors living in the local area, will be people who would have travelled out of the area on a day visit, or who undertake an additional outing in the

⁸ Economic Impact of Tourism, Colchester 2005, East of England Tourist Board

⁹ Based on the annual increase in spend on leisure services as recorded by the Family Expenditure survey, and the recorded increase in spend on tourism visits from the English leisure visits survey

¹⁰ Economic Impact of Tourism, Colchester 2005, East of England Tourist Board

local area because of what is on offer at Horkesley Park.

- 1.44 DTZ have therefore assumed that 75% of the visitors to Horkesley Park are additional to the local area, and that their offsite spending in the local economy is additional. Hence, any jobs arising from such expenditure is additional. In total Horkesley Park is anticipated to stimulate an additional £2.7 million of expenditure in the local area each year. It is estimated that 1 FTE job is created in the tourism sector for every £34,955 spent by day visitors¹¹. This expenditure can therefore be expected to sustain an additional 77.8 FTE jobs in the local area.
- 1.45 In addition to the impact of the offsite day visitors on the local area, some allowance should be made for the likelihood that Horkesley Park will have some impact on staying visitors. The Colchester Tourism Survey identifies that only 6.5% of all visitors to Colchester Borough currently stay overnight, the vast majority (93.5%) being day visitors. There is no doubt that the majority of visitors to Horkesley Park will be day visitors, and that these will include people who are staying overnight in the area at any rate. The establishment of a major visitor attraction such as Horkesley Park will, however, have some impact on the numbers of people staying in the area, broadening the offer of the area, and encouraging visitors to stay an extra night, or helping to persuade others it is worth visiting the area.
- 1.46 To make allowance for the impact of Horkesley Park on the tourism offer on the local area, DTZ has assumed that 1% of the total visitor numbers will stay overnight in the area, or stay an additional night because they have decided to include Horkesley Park in their visit to the area. The expected offsite expenditure of these visitors to the local area will be £152.76 per visitor (£160.23 less expenditure of £7.47 per day already allowed for). For overnight visitors it is estimated that every £34,955 of expenditure supports 1 FTE job. These overnight visitors are expected to generate an additional £741,181 of expenditure in the local area, which will support around an additional 21.2 FTE jobs in the local area.
- 1.47 To estimate the contribution of offsite tourism expenditure to creation of jobs at the sub-regional level it is necessary to consider the extent to which visitors to Horkesley Park and their associated spending is additional at the sub-regional level. The range of competing attractions within the sub-region is greater than at the local level and this is a factor that would suggest that additionality will be lower than at the local level. However, the Tourism Impact Assessment indicates that 40% of all visitors to Horkesley Park will come from outside the 1 hour drive time isochrone, which broadly corresponds to Essex and Suffolk. Moreover, to the extent that Horkesley Park helps to retain expenditure in the two counties where people would have gone on visits outside of the Essex and Suffolk, this can be regarded as additional. It is also important to consider that year by year leisure spending is increasing.
- 1.48 Given the above considerations DTZ would estimate that the number of visits to Horkesley Park that are additional at the sub-regional (Essex and Suffolk) level is 60%. This would indicate that offsite expenditure associated with day visitors to Horkesley Park would support around 62.2 additional FTE jobs in the Essex and Suffolk area. The number of jobs supported by additional overnight stays is unchanged compared to the figure for the local level (21.2 FTE jobs) since all

¹¹ The Hotels and Restaurants sector has been taken as a proxy for tourism. The turnover in this sector for the East of England divided by the number of jobs in this sector for the East of England is equal to £34,955.

these overnight stays can be assumed to be additional to the Essex and Suffolk level. Thus the total number of FTE jobs sustained in Essex and Suffolk by the offsite expenditure of visitors is estimated to be around 83.4 FTE jobs.

1.49 The extent to which visitors to Horkesley Park are additional in a regional context will be more limited than at the Suffolk and Essex level. However, as noted above, 40% of visitors forecast to visit Horkesley Park are expected to be drawn from areas within a 1-2 hour's drive of the Centre. This will include areas of north and east London. To the extent that the scheme draws visitors from London this will create additional employment in the East of England. Similarly to the extent that Horkesley Park retains expenditure in the East of England then this will create additional jobs within the region. Given that much of the region outside of Essex and Suffolk falls within the 1-2 hour drive isochrone, there are significant numbers of people expected to visit Horkesley Park from the rest of the region, and were they to travel westwards from their home to alternative attractions this expenditure would be lost to the region. DTZ has assumed that 40% of all visits to Horkesley Park are additional at the regional level. On this basis it is expected that off-site visitor spending will create an additional 62.7 jobs at the regional level.

1.50 Table 7 presents the level of additional offsite expenditure generated by Horkesley Park at the local, sub-regional and regional level by both day and overnight visitors. Table 8 presents the number of FTE jobs sustained by this expenditure. Horkesley Park would provide a significant boost to the tourism and leisure sector in both the local area and within Essex and Suffolk. It is also an important addition to the tourism and leisure offer at the regional level.

Table 7: Additional Offsite Expenditure (£,000)

	Day Visitor	Overnight Visitor	Total
Local Area	2,719	741	3,460
Rest of Essex and Suffolk	2,175	741	2,916
Rest of Region	1,450	741	2,191

Table 8: Additional FTE Jobs Created by Offsite Expenditure

	Day Visitor	Overnight Visitor	Total
Local Area	77.8	21.2	99.0
Rest of Essex and Suffolk	62.2	21.2	83.4
Rest of Region	41.5	21.2	62.7

Direct Impact of Off-Site Spending by Visitors to Horkesley Park

1.51 The expenditure by day and overnight visitors in the surrounding economy will further stimulate the local economy as those whose jobs are sustained by the additional tourist expenditure spend money in the local economy, and as the businesses that benefit make purchases from other suppliers. DTZ has not estimated these effects as they become ever more diffuse in the economy, but they are an additional benefit of the scheme.

Assessing the Net Impact of the Proposed Development

1.52 In order to assess the true impact of Horkesley Park on the local, sub-regional and regional economy it is important to ensure that proper account has been taken through the assessment of the following factors:

- Multipliers
- Leakage
- Deadweight
- Displacement

The definition of these terms is contained in the box above para 8.

Multiplier Effects

1.53 The analysis presented above has already taken into account the additional economic benefits, measured in FTE jobs, that will be generated at the local, sub-regional and regional level as a result of spending of employees, spending with suppliers and the off site expenditure of visitors. Multiplier effects have therefore been fully taken into account.

Leakage

1.54 Leakage refers to the proportion of benefits that are lost to outside the area of impact. For the purposes of this assessment, DTZ has assessed the proportion of benefits that would arise within the local area, the combined area of Essex and Suffolk and within the wider region (the East of England). Throughout the description of the main areas of economic benefits, specific leakage factors have been applied. For example, for the construction phase it has been assumed that one quarter of all the FTE jobs sustained by construction expenditure will leak out of the region. The leakage factors used have been derived by reference to the EP Additionality Guide, the nature of the scheme, and other good practice in economic assessment.

Deadweight

1.55 Deadweight takes account of what would have happened without the scheme being taken forward. At present, only the equivalent of 3 FTE people are employed on site. In recent years, the primary businesses previously occupying the developed part of the site (The Nursery Site) have relocated, therefore significantly reducing the number of employees on the developed part of the site. In the absence of Horkesley Park it is unlikely that the site will be developed for alternative uses in the foreseeable future.

1.56 In view of the above it is reasonable to assume that there is no need to make any adjustment for deadweight. The existing jobs on the site are unlikely to be lost entirely, but will, in all probability, be relocated within the local area. They have not, therefore, been subtracted from the economic benefits. The impact of Horkesley Park on competing businesses is considered under the assessment of displacement, analysed below.

Displacement

- 1.57 As the population increases within the local area, the combined area of Essex and Suffolk and the East of England, and as incomes increase year on year, spending on leisure activities will also increase. Horkesley Park, once open to the general public and fully operational, is intended to respond to and capture for local benefit a reasonable share of this anticipated increase in leisure spending.
- 1.58 However, it is important to acknowledge that Horkesley Park has the potential to compete with existing leisure operators and more generally will compete for people's discretionary expenditure. To establish the net impact of the scheme on jobs it is important, therefore, to assess the extent to which jobs may be displaced in the local, sub-regional and regional economies.
- 1.59 The assessment of the extent to which the scheme may displace employment elsewhere in the economy is the counterpart to the assessment made of the extent to which visitors to Horkesley Park are additional at local, sub-regional and regional level. This was discussed in connection with the assessment of the job creating impacts of additional offsite expenditure.
- 1.60 Thus it has been assumed that:
- At the local level, 75% of all visitors are estimated to be additional to the local area. Thus, 25% of visitors would have visited other attractions within the area and spent money at those attractions and elsewhere in the local economy had Horkesley Park not been created
 - At the sub-regional level, 60% of all visitors are estimated to be additional to the local area. Thus, 40% of visitors would have visited attractions within Essex and Suffolk and spent money at those attractions and elsewhere in the sub-regional economy had Horkesley Park not been created
 - At the regional level, 40% of all visitors are estimated to be additional to the local area. Thus, 60% of visitors would have visited attractions within the region and spent money at those attractions and elsewhere in the sub-regional economy had Horkesley Park not been created
- 1.61 To calculate the maximum level of displacement in a static (non-growing) economy, DTZ has:
- Calculated the proportion of all visitors that are non-additional at the local, sub, regional and regional level
 - Established what percentage this is of the total numbers of visitors for the local, sub-regional and regional level of analysis
 - Taken the total revenues captured by Horkesley Park (£13.4 million pa –less £1.85 million internet sales) and calculated the proportion of this total income associated with the non-additional visitors
 - On the basis that £34,955 of expenditure sustains 1 FTE job in the tourism and leisure sector, calculated the maximum number of jobs that could be displaced at local, sub-regional and regional level.
- 1.62 Table 9 shows the maximum number of FTE jobs that might be displaced by

Horkesley Park at local, sub-regional and regional level, were Horkesley Park being launched into an economy that was not growing in terms of population, incomes and hence growing available expenditure. However, the fact is that the population of the area is growing, earnings have been increasing in real terms, and with this, expenditure on leisure activities can be expected to grow.

1.63 Key facts from the analysis of local data are as follows:

- The combined population of Colchester and Babergh is expected to grow from 257,500 to 293,600 (+14%) between 2006 and 2014.¹² Further growth is anticipated beyond 2014
- Average resident earnings have risen by 7.1% in the Borough of Colchester and by 10.9% in Babergh District over the last 5 years (2002-06)
- Between, 2002/03 and 2006 leisure spending per household grew by c10% per household¹³; while discretionary expenditure is likely to drop in the current recession, HM Treasury expect a return to growth in 2010, and it is reasonable to anticipate continued growth in leisure expenditure when the economy recovers.

1.64 Horkesley Park will be launched into a market where incomes and expenditure can be expected to be growing, and where new jobs are needed due to job losses in the recession. In view of these facts DTZ believes it appropriate to adjust that anticipated displacement of the scheme to reflect a figure that might better reflect reality. This is further justified since the findings of the Retail Assessment indicate that any impacts on garden centre or food outlets associated with the Specialist Garden Centre and the Food Experience are minimal – even if these elements of Horkesley Park were open to the general public without ticketing and charge, which they will not be.

1.65 Given these considerations DTZ has reduced the forecast level of displacement by 10% at each of the spatial levels at which assessment has been made (the local level, the sub-regional level and the regional level). Table 9 shows the resultant estimates of displacement associated with Horkesley Park at local, sub-regional and regional level. It is worth noting that the positive spin off benefits from additional tourism spending in the local economy, outweigh any negative impacts from Horkesley Park, so local businesses can be expected to benefit.

Table 9: Potential Displacement

	Potential Displacement in static Economy (FTE Jobs)	Adjustment Factor to allow for growth in the Economy	Assessed Displacement allowing for Growth (FTE Jobs)
Local Area	82.7	0.90	74.4
Rest of Essex and Suffolk	132.3	0.90	119.1
Rest of Region	198.5	0.90	178.7

¹² ONS Population Projections

¹³ Family Expenditure Survey, 2007 edition

- 1.66 More generally it is important to appreciate the fact that though Horkesley Park is assessed as having the potential to displace some employment at the sub-regional and regional level this cannot be taken to mean that there will be significant job losses. The reason for expressing displacement in terms of FTE jobs is to provide a standard unit of measurement. In practice in a dynamic economy jobs are continually being created and lost as businesses expand, contract, close, start up, and relocate. The establishment of a new visitor attraction is just one of the myriad changes that take place day to day in a competitive business environment.

Overall Employment Impacts

- 1.67 Table 10 summarises the total economic effects that can be expected from Horkesley Park, in terms of the creation of the FTE jobs and the geographical area within which these benefits will arise. The key findings of the analysis are:

- Once Horkesley Park is open to the general public and fully operational, it is expected that the equivalent of around 155 full time staff will be employed on site. This total is made up of around 84 full time employees and 142 part time employees, so in total around 226 people will be employed on site
- Staff and managers alike will work in a wide variety of jobs in a large country park, with particular emphasis on heritage and conservation, featuring a mix of countryside elements, from farming and fine art to gardens and renewable energy, brought together in celebration of the English countryside, and all fully supported by visitor facilities and services. It is expected that three quarters of the staff working at Horkesley Park will be drawn from the local area defined as the area within 30 minutes' journey from the Centre
- In addition to the jobs created on the Horkesley Park site, further jobs will be created in the local economy:
 - during the construction of the new buildings and facilities, renovation of existing buildings and the establishment and restoration of the gardens and surrounding parkland;
 - by the purchase of products and services from local businesses needed for the operation of the Centre;
 - through the off-site spending of both employees and visitors in the local economy, both of which will spend money with other providers of local services.
- Overall it is estimated that Horkesley Park will generate around an additional 45 FTE jobs elsewhere in the sub-region of Essex and Suffolk, on top of the 155 FTE people working on the site. Therefore in overall terms Horkesley Park is expected to generate around an additional 200 FTE jobs in Essex and Suffolk, once multiplier¹⁴, leakage¹⁵ and displacement¹⁶ effects are taken into account
- At the local level defined by reference to the 30 minutes drive isochrone (see

¹⁴ Multiplier effects are the positive spin off effects in terms of jobs, expenditure and incomes of major projects associated with increased purchases from local suppliers by the project itself and those employed by the project.

¹⁵ Leakage is a term used to ensure that jobs, incomes or other benefits that arise outside the assessment area (here Essex and Suffolk) are not counted.

¹⁶ Displacement effects are the potential adverse impact a project might have on jobs or incomes elsewhere in the assessment area resulting from trade being drawn away from existing operators.

Figure 1) Horkesley Park is expected to create a total of around 180 FTE jobs once allowance is made for multiplier effects, leakage and displacement

- Horkesley Park can be expected to have positive spin off benefits for local businesses, in terms of additional sales. The additional off-site spending of tourists in the local economy more than outweighs any competitive impact of Horkesley Park on local business. The Retail Statement concludes that Horkesley Park will have minimal impact on local food stores and garden centres, even without the proposed entry charge, which will deter casual local use
- The overall proposal will therefore create a significant number of full and part time jobs for local people, meeting the need to create additional jobs for the growing local population, and contributing to the achievement of local economic development objectives.

Table 10: Overall E employment Impacts¹⁷

	Local	Essex and Suffolk	East of England
Development Phase	4.5	9.0	13.4
Direct Operational Jobs			
<i>Full Time</i>	63.0	84.0	84.0
<i>Part Time</i>	106.5	142.0	142.0
<i>Total FT and PT jobs</i>	169.5	226.0	226.0
Total FTE	116.3	155.0	155.0
Induced Employment	15.5	27.1	38.8
Indirect Employment 1st Round	18.6	40.5	67.9
Indirect Employment 2nd Round	1.0	4.6	10.9
Total Direct, Indirect & Induced Employment	155.8	236.2	285.9
Off Site Visitor Spending	99.0	83.4	62.7
<i>less</i>			
<i>Potential Displacement</i>	-74.4	-119.1	-178.7
Net Employment Creation	180.4	200.5	170.0

Note: Local Area defined as the area within 30 minutes' drive of Horkesley Park

Essex and Suffolk include Local

1.68 The overall impact of Horkesley Park should be considered in the wider context of change in the local economy. Annex 1 presents an analysis identifying the anticipated growth of population and households in Colchester, Babergh, and more broadly in Essex and Suffolk, along with data on earnings, and employment. Key points emerging from this analysis together with the assessment presented above are:

¹⁷ Figures may not sum due to rounding

- The proposals for development at Horkesley Park represent a significant opportunity to create new employment within Colchester Borough, and for residents of Colchester Borough and adjacent areas in Babergh, Braintree and Tendring Districts
- If all those that work at Horkesley Park were to be employed by a single employer, this would make Horkesley Park one of the largest employers in the Borough of Colchester
- Horkesley Park will be of particular benefit to the rural area of Colchester Borough and the neighbouring areas of Babergh, Braintree and Tendring Districts. The evidence is that many of those living close to Horkesley Park have to travel out of the area to work
- The creation of additional jobs is important to the sustainable development in Colchester Borough and more broadly in Essex and Suffolk. The area is identified as accommodating significant levels of new housing and is expected to experience significant growth in population and households. It is important that jobs are created to accompany demographic growth
- By the time Horkesley Park opens to the general public and is fully operational it is reasonable to expect that the economy will be recovering from recession, and as a result of anticipate growth in population, households and incomes in the years following the launch of Horkesley Park, leisure spending can be expected to grow significantly. Horkesley Park is therefore expected to be launched into a growing market, which will reduce risk of displacement significantly.

ANNEX 1

BACKGROUND INFORMATION ON THE IMPACT AREA

ANNEX 1: BACKGROUND INFORMATION ON THE IMPACT AREA

1. The Environmental Statement has identified that the Colchester and Babergh areas, and indeed Essex and Suffolk and the East of England generally is growing. Reference has also been made to a number of characteristics of the local economy and travel to work patterns. This Annex presents background information on:

- Population Growth
- Household Growth
- Earnings
- Housing Requirements
- Employment
- Travel to Work

Population Growth

2. According to the Office for National Statistics (ONS) in 2006 around 170,800 people lived in the Borough of Colchester, and another 86,700 people lived in Babergh District. Table A1.1 shows that the population of both Colchester and Babergh is expected to increase significantly over coming years. Over the decade from 2006 to 2016 the population of Colchester is expected to grow by some 36,700 people and the population of Babergh by 8,000 people. Further population growth is expected in Colchester Borough and Babergh District after 2016.
3. Table A1.1 also highlights the anticipated expansion of the population of Essex and Suffolk and the East of England as a whole. The Retail Impact Study notes that the population of those living within a 30-minute drive time of Horkesley Park is forecast to grow from 260,000 in 2001 to 288,000 by 2021, according to EERA forecasts. This is an annual equivalent increase of 1,400 people pa.

Figure A1.1: Absolute Population Projections 2003 to 2026

	2006	2011	2016	2021	2026	Change between 2006 and 2016
Colchester	170,800	190,100	207,500	223,500	238,300	36,700
Babergh	86,700	90,400	94,700	99,400	104,100	8,000
Colchester & Babergh	257,500	280,500	302,200	322,900	342,400	44,700
Essex	1,361,200	1,427,300	1,494,400	1,562,200	1,626,700	133,200
Suffolk	702,000	741,800	784,100	827,600	869,000	82,100
East of England	5,606,600	5,890,100	6,179,500	6,471,000	6,747,400	572,900
England	50,762,900	52,706,400	54,724,200	56,757,000	58,682,400	3,961,300

Source: ONS 2006 Based Sub-National Population Projections

Household Growth

4. Unsurprisingly with a growing population, the number of households in the local area and the sub-region is expected to increase. Figure A1.2 shows that the number of households in Colchester and Babergh is expected to grow by 12,000 households between 2006 and 2016 with a 60,000 increase in households in Essex anticipated and a 40,000 increase in Suffolk.

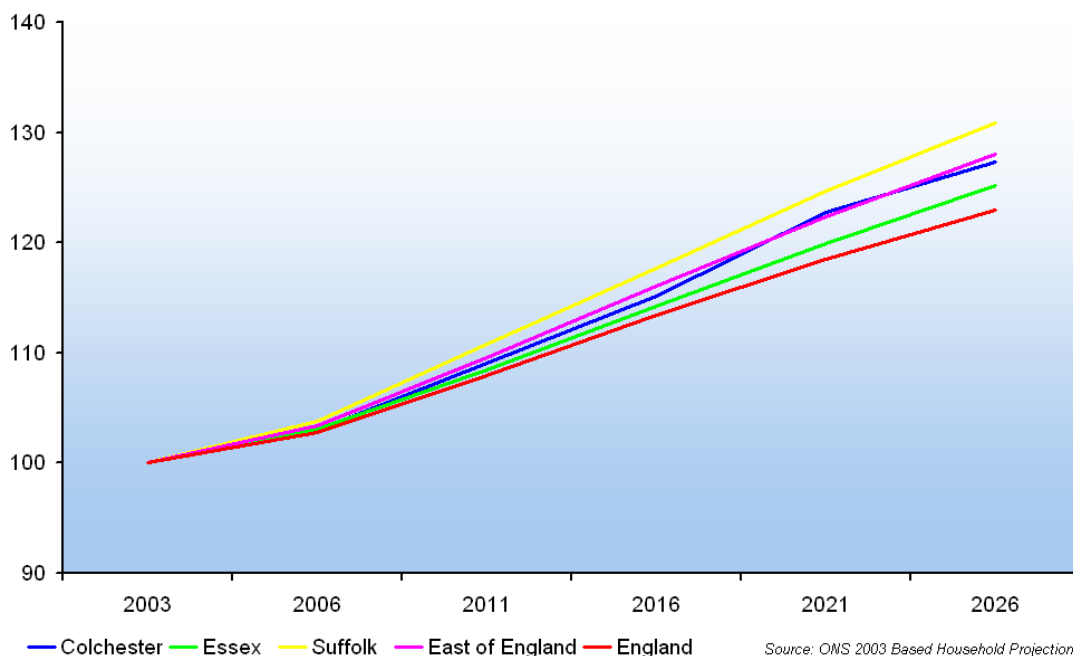
Figure A1.2: Absolute Household Projections 2003 to 2026

	2003	2006	2016	2026	Change 2006 to 2016
Colchester	66,000	68,000	76,000	84,000	8,000
Babergh	36,000	37,000	41,000	45,000	4,000
Colchester & Babergh	102,000	105,000	117,000	129,000	12,000
Essex	556,000	573,000	635,000	696,000	62,000
Suffolk	288,000	299,000	339,000	377,000	40,000
East of England	2,286,000	2,364,000	2,653,000	2,926,000	289,000
England	20,904,000	21,485,000	23,705,000	25,713,000	2,220,000

Source: CLG 2003 Based Household Projections

5. Figure A1.3 shows that household growth in Colchester is forecast by CLG to increase at a markedly higher rate than that in England over the next twenty years. Between 2003 and 2026 CLG project that the number of new households in Colchester will increase by 27%, compared with 23% in England and 25% in Essex. The rate of household growth in Suffolk is forecast to be even higher at 31%, almost 10% higher than the national average.

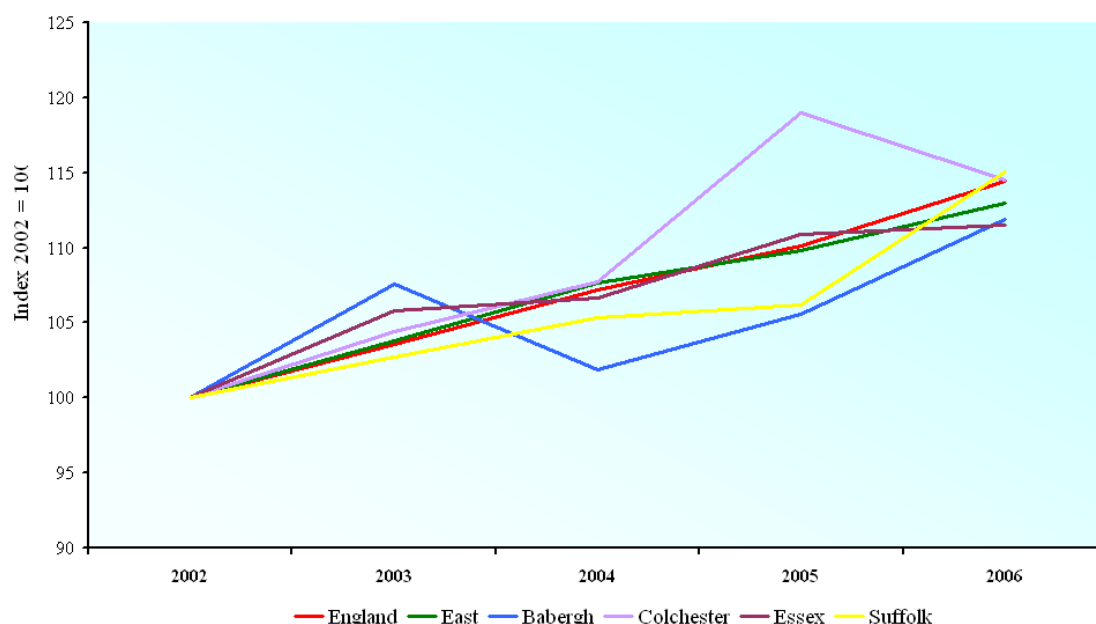
Figure A1.3: Indexed Household Projections 2003 to 2026



Earnings

6. Not only is leisure spending likely to increase because of the growing local population, it is also likely to increase because of rising earnings and growth in average household incomes which is anticipated beyond 2010 when the economy recovers from its current recession. Figure A1.4 shows that average earnings in Essex and Suffolk are around 12% and 15% higher respectively in 2006 than in 2002.

Figure A1.4: Growth in Average Weekly Incomes 2002 to 2006



Source: Annual Survey of Hours and Earnings

Housing Requirements

7. If the proposals contained in the Regional Spatial Strategy come to fruition some 22,700 new dwellings are to be built Colchester and Babergh over the next 20 years to accommodate the growth in households and population (see Figure A1.5). This equates to a net new dwelling provision of 1,110 dwellings per annum.

Figure A1.5: Regional Spatial Strategy (RSS) Planned New Dwelling Provision 2001 to 2021

	2001	2021	Change 2001 to 2021	Annual Change 2001 to 2021
Colchester	65,400	82,500	17,100	830
Babergh	36,100	41,700	5,600	280
Colchester and Babergh Combined	101,500	124,200	22,700	1,110
East of England GOR	2,313,300	2,821,300	508,000	26,830

Source: East of England Regional Plan, May 2008

8. If this level of development is to be sustainable then it will be important that new jobs are created within the Ipswich and Babergh areas, and more generally with Essex, Suffolk and the East of England. Failure to provide an appropriate level of new employment growth within the area would very likely lead to rising levels of out-commuting, contrary to the principles of sustainable development. Horkesley Park clearly makes a significant contribution to the economic development of the area, both in terms of the direct jobs it will create but also in terms of the spin off benefits associated with Horkesley Park.

Employment

9. There are some 78,500 jobs in the Borough of Colchester and another 30,400 in Babergh District¹. The creation of some 226 jobs in total at Horkesley Park may not seem very significant set in the context of these totals, but it is worth bearing in mind that it would be big news if an employer of 200 people were to announce that they were closing. In any dynamic economy jobs are continually being lost, and it is important, particularly in the current economy climate, that encouragement is given to investments that will create new jobs.
10. Figure A1.6 analyses the size structure of employment establishments in Colchester Borough. If all those employed at Horkesley Park are employed by a single employer, Horkesley Park would be one of the largest employers in Colchester Borough. Less than 1% of employers in Colchester Borough employ more than 200 people.

Figure A1.6: Size Structure of E Employers (% of Establishments by Number of Employees)

	1-10 employees	11-49 employees	50-199 employees	200+ employees ²	Total
England	84	12	3	1	2,042,463
East of England	85	12	3	1	234,086
Essex and Suffolk	86	11	3	1	86,332
Colchester	84	13	3	1	6,933
Babergh	88	10	2	1	3,915

Source: ABI 2005

11. In absolute terms, the number of jobs that would be created on site at Horkesley Park is particularly significant in the context of the area immediately surrounding Horkesley Park, essentially the rural area in the north of Colchester Borough, and in the adjacent rural areas of Babergh and Braintree and Tendring Districts. There are some 2,400 jobs located in the wards of Fordham and Stour in the Borough of Colchester and Nayland ward in Babergh District. Thus the jobs associated with the development of Horkesley Park represent an addition of just under 10% of the jobs available in the immediate area around Horkesley Park.

Travel to Work

12. The area immediately around Horkesley Park has an economically active population of 3,450 (2001 Census data), so the number of people in work or seeking work is greater than the number of jobs in the area (2,400 jobs). People will therefore travel out of the area to work. Table A1.7 shows that in Colchester Borough 44% of people in work live within 5 kms of their place of work – though those living in rural areas will generally have longer journeys to work than those in urban areas. Thus those living in the wards of Fordham and Stour and Nayland only 8% of those in work travel less than 2kms to work and 21% travel between 5kms and 10kms. Horkesley Park will widen the range of job opportunities for people in the rural parts of Colchester Borough and the neighbouring districts and should help reduce the need to travel long distances to work.

¹ These figures are according to the ABI 2005

² These figures have been rounded to the nearest 1%

Figure 16.15 Distance Travelled to Work

	England	East of England	Essex and Suffolk	Colchester
ALL PEOPLE	22,441,500	2,579,380	939,010	75,120
Less than 2km	20%	20%	20%	21%
2km to less than 5km	20	17	16	23
5km to less than 10km	18	14	13	12
10km to less than 20km	15	15	15	9
20km to less than 40km	8	12	12	10
40km to less than 60km	2	4	5	2
60km and over	3	3	4	9
Other	14	15	15	14
Total	100	100	100	100

Source: Census 2001