

Marlow Film Studios

Document 5 - Economic case for
development

Dido Property Ltd

A report by Volterra Partners, May 2022

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1 Executive Summary

The UK is one of the world's most in demand filming locations. Film and high end TV (HETV) are experiencing substantial growth due to voracious consumer appetite for new high-quality content.

Capitalising on this growth is a national objective. Current studio space is full and planned developments will not fulfil the need.

Marlow film studios would contribute to the identified lack of studio space through providing purpose-built space that is of sufficient scale and quality to attract major blockbusters and HETV. It is in a perfect location to maximise potential and grow the overall sector by producing blockbusters that the UK has previously missed out on due to a lack of space.

If the West London cluster (WLC) does not grow, the UK will fail to capitalise on this important growth sector and could lose its world-leading position.

The scheme offers an opportunity to upskill local people and help to address historic underrepresentation of key demographics through an inclusive, wide reaching and collaborative approach to education and employment, delivering social value.

National and local need

- 1.1 The film and TV industry is one of the fastest growing sectors globally, driven by the rise of TV streaming services. The percentage of time spent streaming content nearly doubled between 2018 and 2019 and Netflix subscriptions increased by an average of 30% each year between 2012 and 2020.¹ Now nearly half of UK households have a Netflix subscription. Disney+ attracted over 100m global subscriptions in its first sixteen months.² The sector is a big business: Britons spent 40% of their waking time watching TV during the pandemic.³
- 1.2 The UK is a major player in global film production. The number of films produced in the UK increased tenfold between 1999 and 2020.⁴ In 2019, 43% of high budget films made in the UK were in the top-grossing films of the year, compared to 18% in California.⁵ Combined production spend for film and HETV in the UK has increased by 280% from 2013 to 2021. This growth in UK film and HETV spend is underpinned by a consistently growing feature film sector alongside a rapidly growing HETV sector. Production spend on HETV has increased tenfold from 2013 to 2021, overtaking spend on feature films in 2020 (£1.6bn compared to £1.5bn).⁶ Despite many major productions halting during the COVID-19 pandemic, the film and HETV sector hit record highs for production spend in 2021. In particular, HETV production spend reached new heights of £4.1bn in 2021,

1 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

2 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

3 Ofcom, 2020. Media Nations.

4 The-Numbers.com.

5 Film LA, 2020. Feature Films: A Profile of Production 2018.

6 BFI, 2022. Film, high-end television and animation programmes production in the UK: full-year 2021.

almost double the previous record (£2.2bn in 2019).⁷

“The UK audio-visual production industry has recently experienced a “golden age” as strong growth in the film industry has been complemented by growth in the adjacent categories of high end TV, video games and animation.”⁸

1.3 The UK film and HETV sector⁹ makes a significant economic contribution to the UK economy. It:

- **Supports significant employment** – 173,000 jobs in 2019, equivalent to 69% of all jobs in Buckinghamshire (249,500).^{10,11} Employment in film and HETV was one of the fastest growing sectors nationally: it has grown at between two and three times the average rate of employment across the country;¹²
- **Employs highly skilled individuals** – 61% of jobs in the film and HETV sector are held by people with a degree level qualification or higher, much higher than the percentage for all UK industries (36%). The National Film and Television School ranks 4th nationally for graduate employability, showing that people with film related qualifications are in high demand;¹³
- **Generates significant economic activity** – £19.5bn in gross value added (GVA). The sector contributes GVA equivalent to 50% of agriculture’s GVA whilst occupying 10,000 times less land;^{14,15}
- **Is highly productive** – average output (GVA) per employee (£112,500) is markedly higher than the UK average (£58,700);¹⁶
- **Generates an important trade surplus** – £4.3bn in 2019, contributing over a quarter of the whole creative industries’ trade surplus (£16bn). This is higher than other important sectors such as advertising and market research (£3.5bn) and other air transport (£3.4bn).¹⁷ Film and HETV is therefore important for the UK Government’s post Brexit aim to increase exports and FDI; and
- **Increases tourism** – UK’s inbound tourists spent an estimated £893m in the film-related tourism segment in 2018, showing the power of ‘screen tourism’.¹⁸

1.4 As a result of the growth in demand, film and TV studios in the UK have struggled to meet demand for production space in recent years. There is acknowledged to be a

7 BFI, 2022. Film, high-end television and animation programmes production in the UK: full-year 2021.

8 National Film and Television School, 2020. Graduate Impact Report.

9 The UK film and HETV sector definition comes from the Department for Digital, Culture, Media & Sport (DCMS) creative industries definition for film, TV, radio and photography. We have amended the definition to exclude radio and photography, giving an up-to-date estimate for the UK film and HETV sector.

10 DCMS, 2020. DCMS Sectors Economic Estimates 2019: Employment

11 ONS, 2020. Business Register and Employment Survey.

12 ONS, 1981-2020. Business Register and Employment Survey

13 HESA, 2021. Graduate activities by provider.

14 DCMS, 2021. DCMS Sectors Economic Estimates 2019 – Gross Value Added

15 ONS, 2019. Regional gross value added (balanced) by industry: all NUTS level regions

16 DCMS, 2021. DCMS Sectors Economic Estimates 2019 – Gross Value Added; DCMS, 2020. DCMS Sectors Economic Estimates 2019: Employment; ONS, 2019. Regional gross value added (balanced) by industry: all NUTS level regions

17 DCMS, 2021. DCMS Sectors Economic Estimates 2019 – Trade in services

18 BFI, 2021. Screen Business Report 2019.

severe shortage of studio space in the industry and only 31% of UK studio stage space is in purpose-built film studios suited to major film and TV drama productions.¹⁹ The lack of space has significant economic implications. Between 2016 and 2018 the UK lost out of an estimated 5-10 major movies per year, equivalent to almost £1bn of lost economic activity each year.²⁰ This is equivalent to losing over two thirds of the construction industry in Buckinghamshire each year,²¹ or the entire contribution of the agriculture sector in the South-East.^{22,23}

- 1.5 The visible growth in the film and HETV sector has been recognised by the Government. The creative industries is one of a few high growth sectors to benefit from a sector deal as part of the Government’s Industrial Strategy. The sector deal notes that film inward investment grew by 92% in the five years to 2017, while HETV grew even faster at 162%. This growth was expected to continue: *“with substantial increases in studio capacity and investment in skills, it is feasible that in the period to 2025 our revenues could nearly double to approximately £4bn a year.”* The deal further notes that the film and HETV sector specifically has enormous potential due to growing global demand for British creative content. The sector is of national significance and is of particular importance at a time of unprecedented uncertainty in the UK.²⁴
- 1.6 In 2021, film and HETV combined attracted £4.8bn worth of inward investment.²⁵ The sector is therefore already exceeding the sector deal target of £4bn revenue per year for 2025, demonstrating the strong performance of the sector
- 1.7 Local policy also emphasises the importance of strengthening the film and HETV offer in Buckinghamshire. Employment in production industries in Buckinghamshire grew by 76% in the decade pre-Covid, compared to 15% for overall employment growth.²⁶ The sector is identified as a growth sector by the Buckinghamshire Local Enterprise Partnership (LEP) and their recovery plan notes the importance of building on the existing assets so that it can be at the forefront of future growth. The LEP wishes to work to consolidate a global creative industries capability and further support exporting and inward investment in the film and HETV sector. Buckinghamshire Skills Hub believe that film and HETV can play a leading role in providing employment and upskilling local residents over the coming decade:²⁷

“There are twice as many creative industry jobs within the Buckinghamshire economy than the national average, many of which are in the film and TV sector”

“Thousands of jobs are expected to be created in the film and TV industry in and around Buckinghamshire over the next few years as the UK production boom continues”

- 1.8 By meeting these local aims, Marlow Film Studios can have a significant effect on the UK’s national offer in the film and HETV sector.

19 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

20 PwC, 2018. Review of UK Film and High-End TV production facility market.

21 ONS, 2021. Regional gross value added (balanced) by industry: all ITL regions

22 BiGGAR Economics, 2016. Economic Impact of the University of Warwick.

23 ONS, 2019. Regional gross value added (balanced) by industry: all NUTS level regions

24 BEIS & DCMS, 2018. Creative industries: Sectoral Deal

25 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

26 ONS, 2020. Business Register and Employment Survey 2019.

27 Buckinghamshire Skills Hub, 2022. Buckinghamshire Local Skills Report.

The importance of the West London Cluster (WLC)

- 1.9 The economic benefits of clusters are widely acknowledged and accepted. Supporting and building on existing clusters forms a key Government objective in order to deliver future economic growth. Clusters are ecosystems of interconnected firms, individuals and institutions within a particular field. They drive economic growth in the modern economy. Supporting clusters and their associated benefits of productivity, innovation and new business growth has become an important policy objective in the UK and further afield. There is a consensus that Governments should “reinforce and build on existing and emerging clusters rather than attempt to create entirely new ones.”²⁸ New business growth within a cluster results in a positive feedback loop, benefitting all the members of the cluster. As global competition heightens, and with the uncertainty caused by Brexit and COVID-19, it is even more important that we nurture and invest in our strengths.
- 1.10 The global major film and HETV sector is a good example of a field that is dominated by international clusters and hubs, with several well-known examples such as Hollywood, Vancouver and Budapest. It is unanimously accepted by respected industry bodies that the WLC is the only place in the UK that competes on this global scale and can attract the highest budget productions. The rest of the UK does not provide the ecosystem of skills, infrastructure, capabilities, reputation and facilities for major films. West London is the dominant location for high-end producers and the growing market for HETV. The WLC has existed for almost a century, since Shepperton Studios and Ealing Studios opened in 1931 and Pinewood Studios in 1936 along with several others in the following decades which has seen the cluster flourish. Between 2015 and 2020, London produced over double the amount of blockbusters compared to the second largest film cluster, Atlanta.²⁹ Nearly four fifths (79%) of the country’s turnover in film and HETV and 70% of companies are concentrated in London and the South East.³⁰

PwC interviews, 2018:³¹

“The technical talent infrastructure in the South East is way ahead of anywhere else in the UK”

“There’s a crescent from Elstree to Longcross of good facilities and crew. Major productions want a hub here because that’s where the construction crews are, and crew prefer to work close to where they live”.

- 1.11 The Buckinghamshire Local Skills Report notes that Marlow can play a part in the WLC’s offer with regards to film and HETV production space:

28 Porter, M., 1998. Systems of innovation: growth, competitiveness and employment.

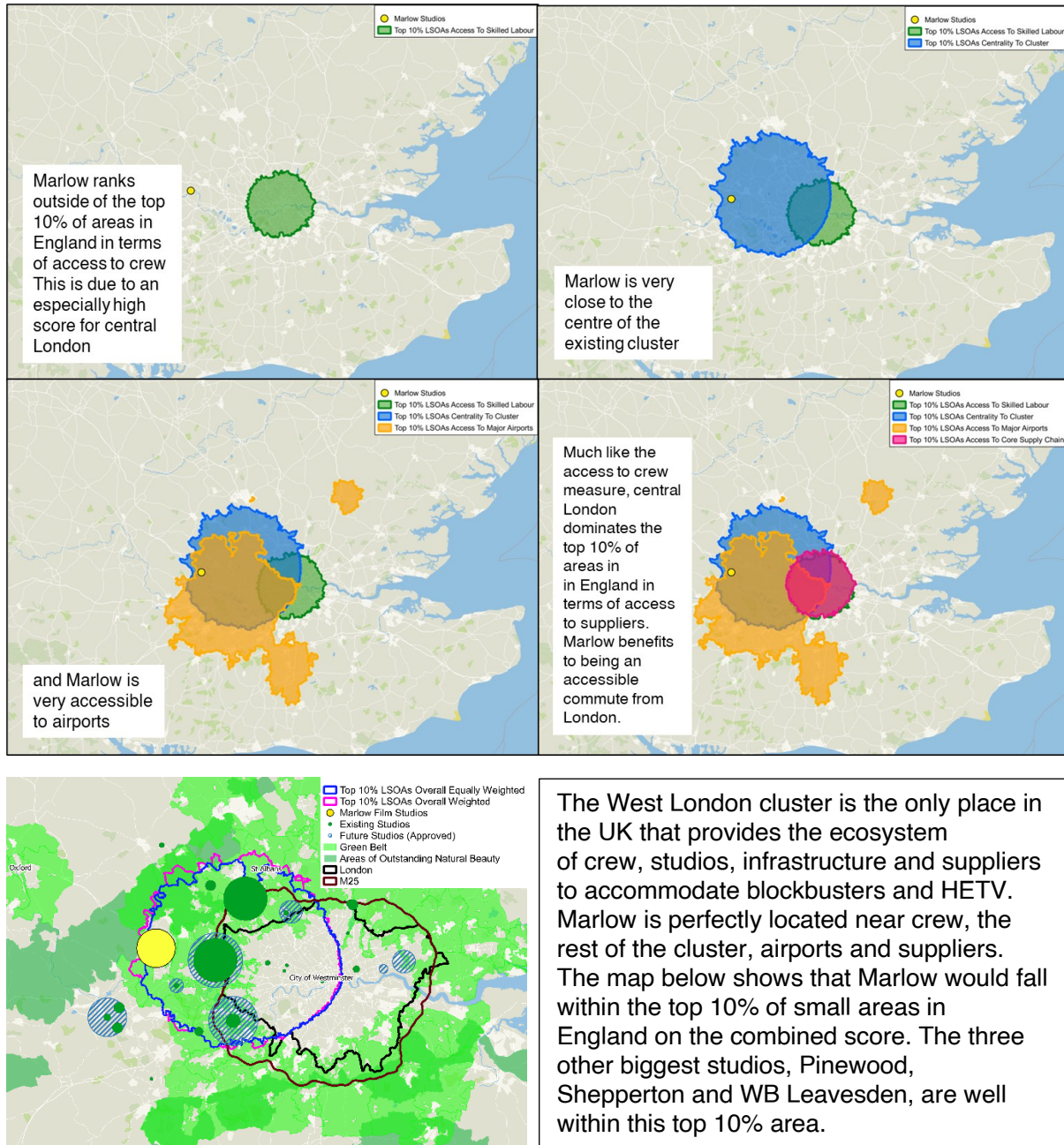
29 The-Numbers.com – movie budgets; IMDB

30 BFI, 2019. The UK Film Economy

31 PwC, 2018. Review of UK Film and High-End TV production facility market.

“Buckinghamshire’s screen sector sits within a wider West of London Screen Cluster, which includes studios at Leavesden, Elstree, Shepperton, Long Cross, Bovingdon, Didcot and, within the next few years, Reading and potentially Marlow”³²

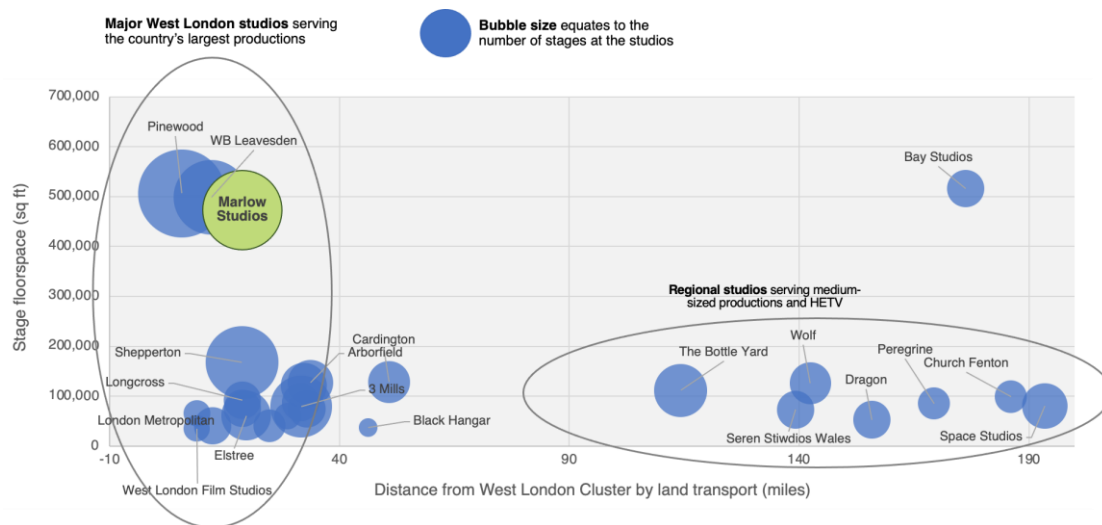
Figure 1 The WLC



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32 Buckinghamshire Skills Hub, 2022. Buckinghamshire Local Skills Report.

Figure 2 UK production facility breakdown



Source: Volterra analysis

- 1.12 But existing studios in the cluster are full. Pinewood, Shepperton and WB Leavesden – the cluster's world class studios that can accommodate major productions – are at capacity. These three biggest studios – the only ones capable of hosting major blockbusters and HETV in the UK – are all tied down to long leases from major US businesses for the medium term, reducing space available to other production companies.³³
- 1.13 PwC estimated in 2018 that 940,000 sq ft of additional studio space was needed to accommodate footloose blockbusters alone.³⁴ Since 2018 there have been some additions to stage space, but not the level required to address this identified shortfall. Over the past 4 years since 2018, demand in the sector has also grown considerably. This can be seen in the increase in production spend over this time, increasing from £3.5bn in 2018 to £5.6bn in 2021, an increase of 13% per year after taking inflation into account.³⁵
- 1.14 As the opportunities in the sector grow across the globe, this need is likely to increase in the coming years. Various other studies have estimated how much stage space could be required over the coming years. Lambert Smith Hampton estimated 2.3m sq ft of stage space could be required by 2033, whilst Saffrey Champness suggested that more could be required (2.6m sq ft) over an even shorter period of time (by 2025).^{36,37} Based on more recent trends in the sector, Knight Frank predict that production spend will double by 2026 to £11.2bn. To facilitate this, they estimate that 6m sqft of additional stage space would be required, reaffirming that demand has increased significantly since the PwC study.³⁸
- 1.15 Expansions of Pinewood and Shepperton and several other new studios in and around London will make a significant contribution to the need for new space. In total,

33 Pinewood and Shepperton were both tied down to long leasing deals in 2019. Disney entered into an agreement with Pinewood to take most of their stages for at least a decade. Netflix entered into a similar length deal at Shepperton. Leavesden has been owned by Warner Bros since 2010.

34 PwC, 2018. Review of UK Film and High-End TV production facility market

35 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

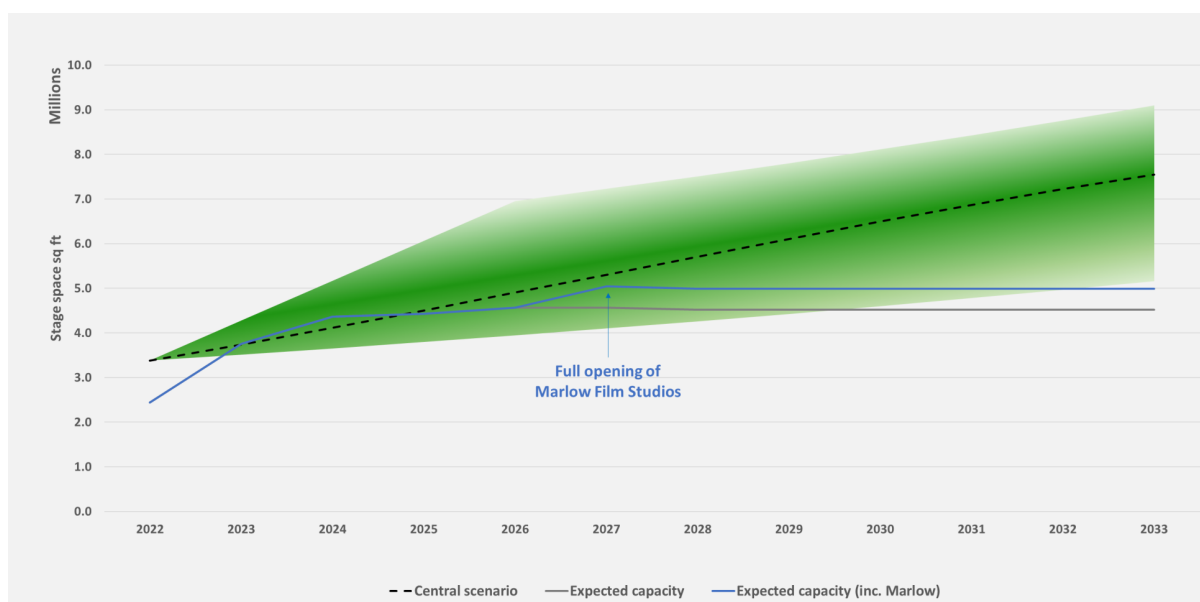
36 Lambert Smith Hampton (2021): The UK & Ireland Film & TV Studio Property Market

37 Saffrey Champness (2021): Bray Film Studios Economic Impact Analysis

approximately 3.8m sq ft of stage space has been announced to be coming forward over the next decade. It is highly unlikely that all of these projects will come forward. To address some of this uncertainty, our research includes an assessment of the developments to decide the likelihood that the studios are built. Based on this exercise, it is estimated that 2.1m sq ft of stage space will reasonably come forward. This total includes approximately 1.6m sq ft of the proposals which have received formal planning permission, and some others that are seemingly likely to do so too given their location, backing and application stages. However, due to the steep trajectory of growth, there is demand for more studios beyond what is currently in the pipeline, particularly for purpose-built space.

- 1.16 This report presents several forecasts for the requirement for new stage space in the WLC to 2033, reflecting the uncertainty about changes in how we consume media, how we exit from the pandemic and growth in the economy. Even under the lowest forecast, taking into account the pipeline and Marlow Film Studios, over 175,000 sq ft of extra stage space would still be required to meet demand by 2033 (see figure below). Based on the central forecast in this report, there would be need for an additional 2.6m sq ft of stage space by 2033 including what is already expected to be provided in the pipeline.

Figure 3 Studio space forecasts in the WLC to 2033



Source: Volterra analysis

Why Marlow Film Studios - economic and social drivers

- 1.17 **Growing sector:** the global film and television sector is one of the fastest growing sectors and is projected to grow significantly, driven by increased demand for streaming.
- 1.18 **National significance:** there is a clear need for more studio space in the WLC if the UK is going to maximise the potential of the growing film and HETV sector and achieve local and national policy to grow film inward investment and drive the economic recovery from COVID-19. The UK is already missing out on 5 – 10 blockbusters per year according to PwC research.³⁹ Expansions of Pinewood and Shepperton and several other planned new studios will make an important contribution to the need. However, there is still

³⁹ PwC, 2018. Review of UK Film and High-End TV production facility market

demand for additional stage space. Marlow Film Studios can provide the space and facilities to help meet this demand. The UK competes on a global stage for this activity. If high-quality space is not provided in the right location then the UK will continue to lose out to other countries and risk losing its world leading position. This increases the additionality of the benefits we have estimated. The need to provide studio space and enable growth in the sector is therefore of national importance.

- 1.19 **Location:** the WLC is the only part of the UK that has the critical mass of sufficient resources and competencies, including a vast pool of skills and talent, to accommodate major blockbusters and HETV. Following the expansions of Pinewood, Shepperton and other studios, Marlow Film Studios is the most sequentially preferable and deliverable Site in the cluster that is capable of delivering this scale and quality of space.
- 1.20 **Positive feedback loop:** research and Government policy supports cluster development. Investment in the cluster would increase the attractiveness, efficiency and brand of the whole cluster, resulting in a positive feedback loop which amplifies the benefits of the cluster for all members, supporting significant economic benefits to the UK economy.
- 1.21 **Purpose-built:** only 31% of studios in the UK are purpose-built. Much of the supply is made up of temporary studios or repurposed buildings / conversions.⁴⁰ Marlow Film Studios has been designed to optimise the space for productions by creating clusters of different spaces within the development to respond to the bespoke needs of different productions. There is a shortage of space in general but in particular premium, purpose-built studios meeting the changing demands from occupiers are the optimal solution to meet identified demand.
- 1.22 **Accessible location:** Marlow is a very accessible location in transport terms, particularly from the US via London Heathrow, which is important. The site is a five minute drive from Marlow Station (including High Wycombe and Maidenhead), and around an hour from the centre of London. There are two bus services that operate between Marlow and Little Marlow that can provide access to the site. The site is also accessible in terms of road through the A404 (dual carriageway) which provides direct access to the M4 (8 miles to the south) and M40 (3 miles to the north). Marlow Station is located approximately 2km from the site, providing direct access to central London.
- 1.23 **Considerable economic benefits:** Marlow Film Studios would support significant socio-economic impacts locally. The studio is projected to create 9,130 temporary construction job years, and up to an estimated 4,180 permanent direct and indirect new jobs once operational, generating approximately £338m in GVA each year. The studio is expected to support annual tax revenues of up to £105m, whilst increasing exports by up to a projected £102m annually, and attract tourists. Marlow Film Studios could directly deliver up to 17% of Buckinghamshire's planned future jobs growth to 2030, helping to counter the net loss of 138,000sqm in B class employment floorspace in Wycombe between 2005 and 2017. Marlow Film Studios would also lead to economic stimulus for wider and supporting industries through production expenditure, which is estimated at between £130m and £155m for businesses in the WLC per year.
- 1.24 **Social value:** Marlow Film Studios would positively impact skill levels in the area by providing educational-based services and programmes. The studio is also committed to improving the overall amenity of the local area. For instance, cycle access is set to be improved nearby, and pedestrian access will also be provided through the provision of

40 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

walking routes on-site.

Building on success is the agreed approach for growth in the creative industries. Government policy favours cluster development. Marlow film studios is vital for cementing the UK's position as a world leader in film making . There is no genuine alternative that would keep the UK at the forefront of international film and HETV production.

2 Introduction

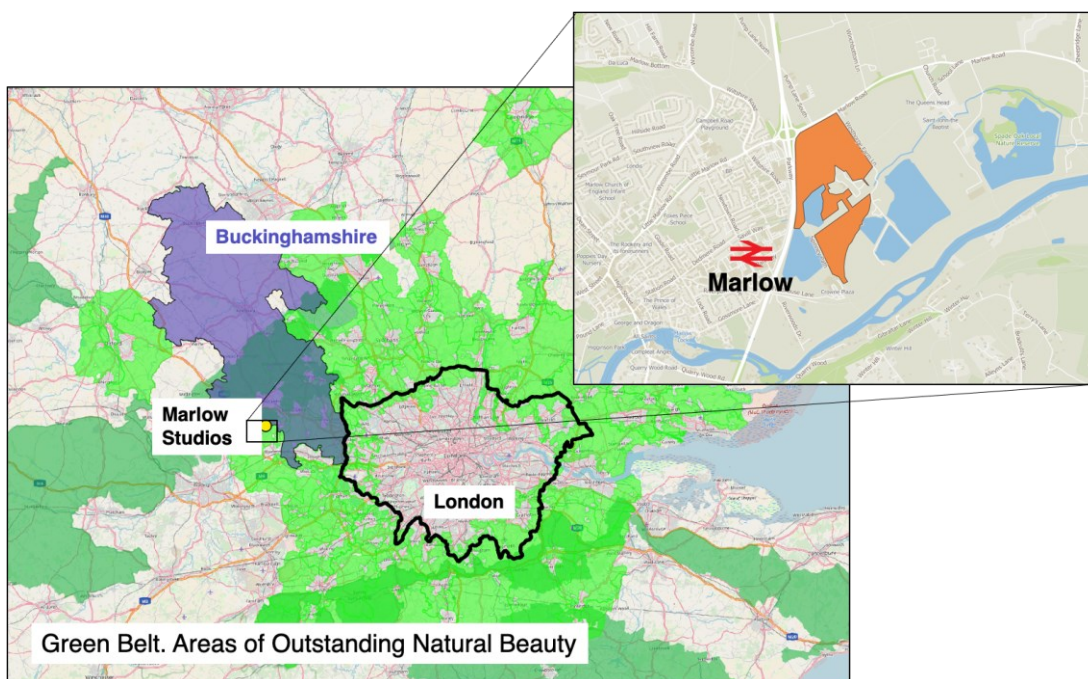
2.1 This economic case for development supports the application for the proposed Marlow Film Studios production studios in Buckinghamshire. This has been prepared by Volterra Partners LLP ('Volterra') on behalf of Dido Property Ltd ('the Applicant'), and accompanies the application for planning permission.

Site context

2.2 The Site is located adjacent to Marlow in the parish of Little Marlow. It is bound by the A404 to the west, the A4155 (Marlow Road) to the north and Westthorpe Farm Lane and hedging to the east. (**Figure 4**).

2.3 The site comprises 36 hectares. The site is a five minute drive from Marlow Station, and around an hour from central London. It is also a 20 minute drive away from the UK's most accessible airport Heathrow. Overall, it is an easily accessible location in both regional and international terms.

Figure 4 Site context



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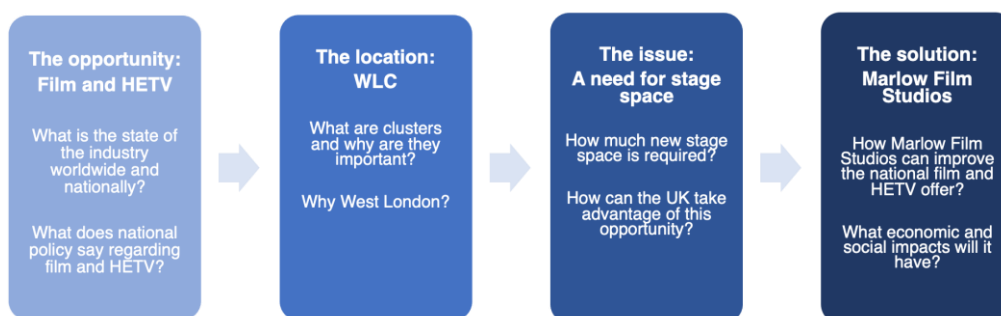
2.4 Marlow Film Studios would be a state-of-the-art film production studio, capable of hosting two big budget productions simultaneously, with a third in preparation. The vision is to be a home of choice for the film and high-end television (HETV) industry. In doing so, Marlow Film Studios aims to add to the WLC, an established world-leading film and HETV production cluster. As film and HETV production expands on a global scale, additional high-quality film studios are required to support this growth, with particular regard to advanced global studios capable of hosting the biggest and best productions.

The structure of this report

2.5 This report sets out the economic case for Marlow Film Studios and is split into the following sections:

- **The opportunity – film and HETV industry (section 3):** outlines the global importance of screen production, growth in recent times, and the UK’s ever increasing dominant position as a global player in this industry. This section concludes with a review on how the film and HETV sector fits into national policy goals;
- **The location – WLC (section 4 and 5):** first, we summarise the key economic arguments surrounding the existence of clusters, the benefits of industrial clustering, and what types of businesses cluster. Following this, we focus specifically on the WLC and its importance in drawing the world’s best talent and productions. This section considers the geography and economic value of the cluster, and concludes by assessing how the cluster plays a vital part in regional and local policy goals;
- **The issue – the need for stage space (section 6):** explores recent trends in demand and supply for film production space. This section includes forecasts for how much stage space is required in the UK to 2033, as well as looking at specific requirements for space situated in the WLC; and
- **The solution – economic and social impacts (section 7):** assesses the economic impacts of Marlow Film Studios in the form of jobs created, worker spending, GVA and tax revenues as well as the social impacts.

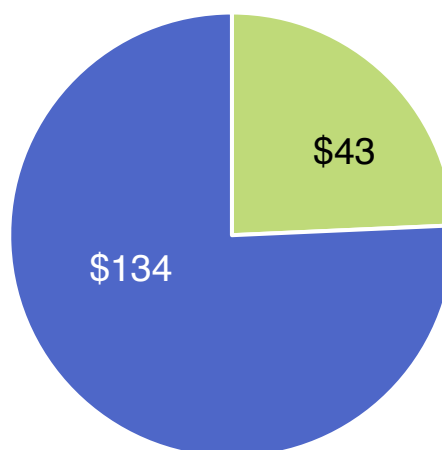
Figure 5 Report structure



3 The Film and HETV Industry: Growth, Opportunity and policy

Global importance and growth

- 3.1 The global film and HETV industry supports significant economic activity. The value of global production spend on feature film and television (multi-part television series) was \$177bn in 2019, higher than any previous year as well as the entire economy of Hungary (\$140bn).^{41,42} As shown in the figure, the majority (76%) of this spend was on television films and drama series.



■ Feature-length films ■ Television films and drama series

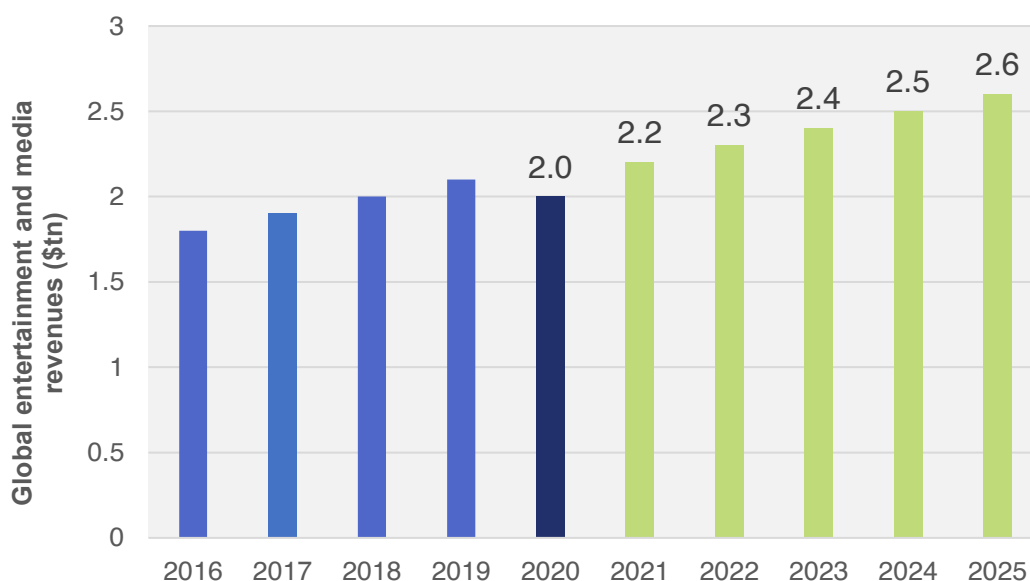
- 3.2 Global entertainment and media (E&M) revenues grew by 22% between 2016 and 2021 and are projected to grow a further 18% to 2025 (**Figure 6**).⁴³ This means by 2025 the value of global E&M revenues will equate to more than two-thirds of the value of the UK economy.

41 Worldometer, 2021. GDP by country

42 Olsberg SPI, 2020. Global Screen Production – The Impact of Film and Television Production on Economic Recovery from COVID-19

43 PwC, 2021. Global Entertainment and Media Outlook 2021-2025

Figure 6 Global entertainment and media revenues (\$tn, 2016 – 2025)



Source: PwC, 2021. PwC Entertainment and Media Outlook 2021-2025

3.3 The global screen sector (film and HETV) supports significant economic activity:⁴⁴

- An estimated 14 million FTE jobs in 2019, comprised of direct jobs, indirect jobs from knock-on benefits (e.g. transport and hospitality), and induced jobs from spending by those in screen production;
- A total global economic impact estimated at \$414bn, with a direct economic impact (\$177bn) higher than electric motor vehicles and robotics combined (\$167bn);
- Sixty-seven percent of production budgets are spent in the wider economy, including 12% on business support, 11% in construction, and 7% in hospitality and catering; and
- Indirect and induced jobs in the global screen sector are two times higher than direct jobs.

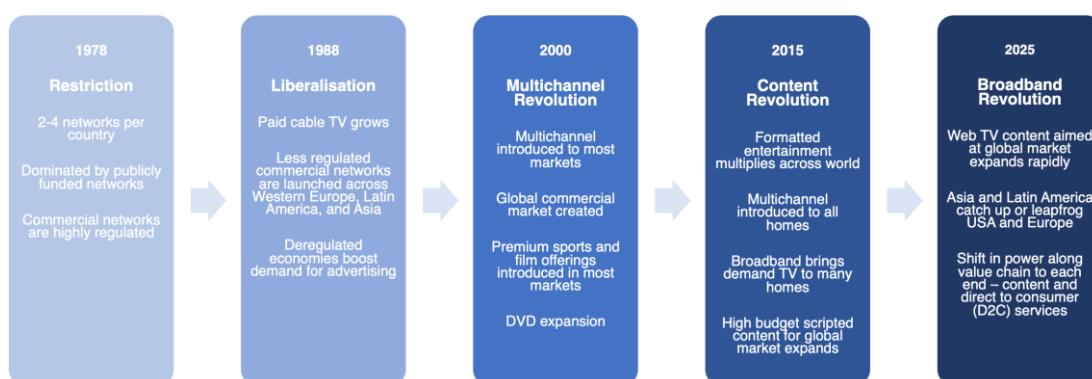
Trends in the sector

3.4 The key driver for global E&M revenue growth has been demand. This demand increase has been driven by growing budgets, development in streaming platforms, and growth in the time we spend watching content.

3.5 The development in streaming platforms has led to greater accessibility in purchasing content, in what is termed the ‘broadband revolution’ (Figure 7). The UK’s excellent infrastructure, facilities and historic strengths in the industry put it in an excellent position to benefit from changes in the sector.

⁴⁴ Olsberg SPI, 2020. Global Screen Production – The Impact of Film and Television Production on Economic Recovery from COVID-19

Figure 7 The five stages of global TV development



Source: Adapted from: Oliver & Ohlbaum, 2018. *The contribution of the UK-based film, TV and TV-related industries to the UK economy, and growth prospects to 2025*

3.6 There has also been worldwide growth in the time we spend watching content, particularly streamed content. The percentage of time spent streaming content nearly doubled between 2018 and 2019.⁴⁵ As of 2020, nearly one-fifth of television viewing in the U.S. comes from streaming services.⁴⁶ Between 2019 and 2020, the number of global online video subscriptions increased by 26%, reaching 1.2bn subscriptions.⁴⁷ This growth is expected to continue in the coming years, in fact, by 2025, subscriptions are expected to reach 1.6 billion worldwide. In tandem with this growing audience demand, new streaming platforms are entering the market at an accelerated pace. 2020 welcomed four new subscription video on demand (SVOD) platforms: Apple TV, HBO Max, Peacock, and Disney+. New SVOD platforms have created large audiences in a short amount of time. For example, Disney+ has already gained over 100 million subscribers since its launch in November 2020.⁴⁸

Table 1 SVOD subscriptions

| Platform | Paid Subscribers (June 2021) |
|---------------|------------------------------|
| Netflix | 208m |
| Prime Video | 200m |
| Tencent Video | 123m |
| Disney+ | 104m |
| iQiyi | 102m |
| Youko | 90m |
| HBO Max | 64m |
| Apple TV | 40m |
| Hulu | 38m |
| Eros Now | 36m |

Source: Visual Capitalist, 2021. *Trends in Film and TV*.

45 Nielsen, 2020. The Nielsen total audience report: August 2020.

46 Nielsen, 2020. The Nielsen total audience report: August 2020.

47 Visual Capitalist, 2021. Trends in Film and TV. Available at: <https://www.visualcapitalist.com/trends-in-film-and-tv/>

48 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

- 3.7 Netflix subscribers increased by an average of 30% each year between 2012 and 2020, equivalent to an eightfold increase from 26m to 206m.⁴⁹ Nearly half of UK households have a Netflix subscription. Whilst growth has slowed recently (indeed in 2022, Netflix lost users for the first time in its history), it is still anticipated that demand will remain strong as consumers continue to demand more and better quality content. Netflix is already planning to shift their business model to, among other things, restrict account sharing and focus on the quality on their content. In order to sustain this growth, more studio space to produce this high-end content will be required.

“In 2020, consumers’ embrace of all things digital helped offset sharp revenue losses across the broader global E&M sector”⁵⁰

- 3.8 The strong viewing figures for streamed content continued throughout the lockdown period. During this time, people in the UK spent around 40% of their day watching TV.⁵¹ In April 2020 (during full lockdown), the average person in the UK spent six hours and 25 mins watching TV or other audio-visual content.⁵² This has since fallen to five hours and 40 minutes in 2021,⁵³ but remains higher than pre-Covid figures at five hours and 1 minute in 2017.⁵⁴

Media Connected Consumers⁵⁵

The increase in digitalisation has not only been for film & HETV, but also for other forms of entertainment and media such as radio.

Research by Nielson showed that in Q3 2020, individuals spent 10 hours per day consuming various types of content on electronic devices.

Of which, over 5 hours was spent consuming video content through TV, video on computers, smartphones and tablets.

18-34 year olds spent almost half (45%) of their time on electronic devices on smartphones or tablets, whilst for 65+ year olds, this was much less (21%) but still a considerable amount.

This increased use of a variety of electronic devices to consume media content provides extra opportunities for the film & HETV industry to produce content and expand their reach.

- 3.9 Online services and TV broadcasters are moving away from third-party content and more towards creating their own content which can be sold worldwide, increasing

49 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

50 PwC, 2021. Global Entertainment and Media Outlook 2021-2025.

51 Ofcom, 2020. Media Nations.

52 Ofcom, 2020. Media Nations.

53 Ofcom, 2021. Media Nations.

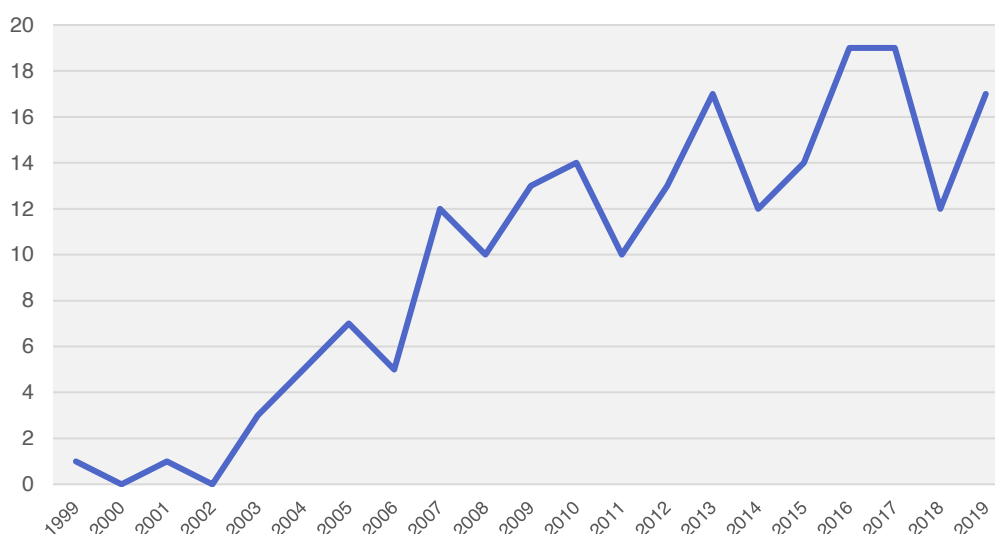
54 Ofcom, 2018. Media Nations.

55 Nielson, 2021. Total Audience Report, Q3 2020.

demand for studio space capable of hosting big budget productions. Netflix has pledged to spend \$1bn in the UK on TV shows and films,⁵⁶ with other major production companies, such as Amazon, Disney and Apple, following suit.

- 3.10 In response to the growth in time spent watching content and the increasingly competitive market, large film producers are striving towards differentiating their product through a ‘greater cinematic experience’ by increasing the quality and scale of their movies. This has led to a large increase in the number of blockbusters being produced over the last two decades (**Figure 8**).⁵⁷ These trends increase the demand for sound stage space and large studios.

Figure 8 Blockbuster growth (\$150m+ budget), 1999 – 2019



Source: The-Numbers.com

- 3.11 The global film and HETV industry was hard hit by the COVID-19 pandemic. In the first half of 2020, nearly 60% of film commissions that responded to a survey said they lost 75% or more of expected production volume. However, COVID-secure protocols and GDP recovery has led to increasing confidence to undertake productions. The film and HETV sector has proven to be robust, resilient and fast-acting when emerging from a challenging economic situation. Analyses of production budgets and cost reports have shown that screen productions inject huge amounts of capital very rapidly into an economy – analysis of a major film shows that an average of \$10 million per week was spent during a 16-week shoot.⁵⁸ The film and HETV sector has therefore been a spearhead in the global recovery from COVID-19, and will continue to drive this recovery in the coming years.
- 3.12 Indeed there is evidence that the pandemic has accelerated changes in the sector. As we have seen, during lockdown people in the UK spent around 40% of their waking hours watching TV and online video services. The driver of this was an increase in time watching subscription services. A survey by AudienceProject found that the number of UK viewers streaming or downloading content increased from 57% in 2019 to 77% in

56 The Guardian, 2020. Netflix to spend \$1bn in UK in 2020 on TV shows and films.

57 Stephen Follows, 2019. How much does the average movie cost to make? [Available at: <https://stephenfollows.com/how-much-does-the-average-movie-cost-to-make/>]

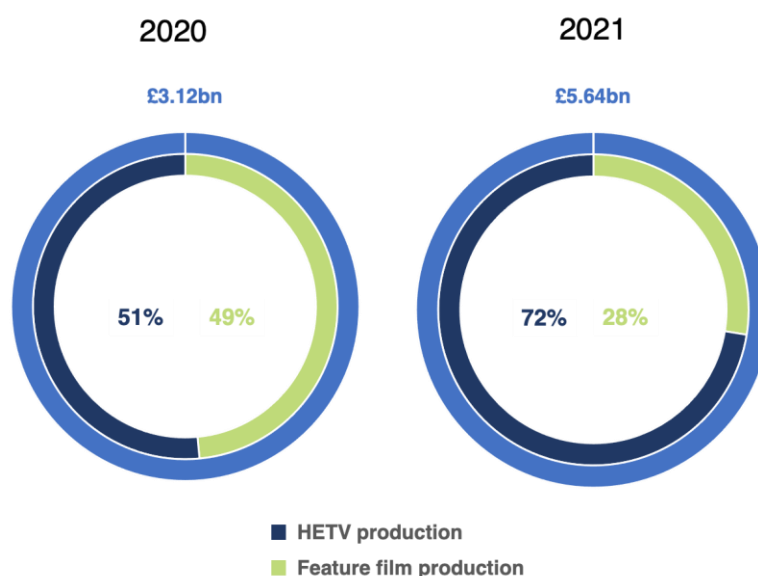
58 Olsberg SPI, 2020. Global Screen Production – The Impact of Film and Television Production on Economic Recovery from COVID-19.

2020.⁵⁹ This demand for the content and streaming services has generated significant demand for studio space worldwide.

UK film and HETV, success and future direction

- 3.13 The UK punches above its weight in total production spend, having overtaken California in production spend on high-end movies in 2015.⁶⁰ The UK generated 126% more production spend in 2015 than California, despite hosting four less projects. In 2018, 43% of high budget films made in the UK were in the top-grossing films of the year, compared to 18% and 12% in California and New York respectively.⁶¹ The value of the UK’s film sector is also 20% larger than Germany’s and 50% larger than France’s.⁶²
- 3.14 This trend intensified during the recovery from COVID-19, with spend on HETV in the UK hitting £4.1bn in 2021. This spend was almost twice as high as the previous record spend in the UK on HETV in 2019 (£2.2bn). In total, film & HETV spend in 2021 hit £5.6bn, attracting £4.8bn worth of inward investment. This is a new record which shows that the industry is exceeding even the challenging industry aspirations for growth.⁶³

Figure 9 Total UK spend on film & HETV production



Source: BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

- 3.15 Eighty-four percent of total spending on film and HETV production was from foreign direct investment (FDI) in 2021, showing the impact of the sector in terms of drawing money into the country from abroad.⁶⁴ In 2019, whilst companies based in the UK spent \$5.2bn on film production worldwide, companies based outside of the UK spent \$21bn

59 AudienceProject, 2020. Insights 2020.

60 Variety, 2016. California was world’s top film production centre in 2015, UK generated most spending.

61 Film LA, 2020. Feature Films: A Profile of Production 2018.

62 Oliver & Ohlbaum, 2018. The contribution of the UK-based film, TV and TV-related industries to the UK economy, and growth prospects to 2025

63 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

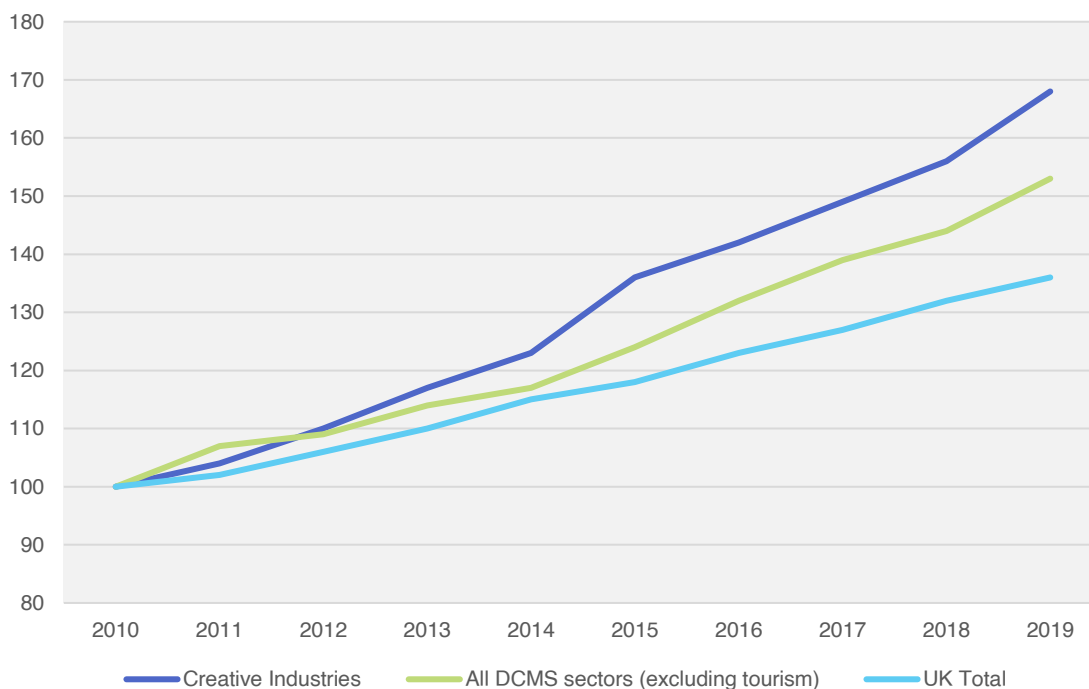
64 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

within the UK.⁶⁵ The sector is therefore important for the UK Government’s post Brexit aim to increase exports and FDI.⁶⁶

UK film and HETV sector – economic footprint

- 3.16 Both the creative industries as a whole and the film and HETV sector specifically have been showing positive growth in recent years. The creative industries accounted for £116bn of GVA in 2019, equivalent to £318m per day, supporting over two million jobs.
- 3.17 Furthermore, the creative industries are growing faster than the overall UK economy.⁶⁷ Between 2010 and 2019, the contribution of GVA from this sector has increased by £47bn, an increase of 68% compared to a 36% increase in UK total GVA over the same period.⁶⁸ The contribution of the creative industries cannot be understated: **Figure 10** shows that it has been growing at a faster rate than the whole economy as well as other DCMS sectors (cultural sectors, gambling, sport and telecoms).

Figure 10 Index of real-terms GVA growth for creative industries and for total UK: 2010 to 2019 (2010 = 100)



Source: DCMS, 2021. DCMS Economic Estimates 2019: Gross Value Added; NB: Creative industries refers to the DCMS definition of the creative industries. The other DCMS sectors include cultural sectors, gambling, sport, and telecoms.

- 3.18 The sector deal notes that film inward investment in the UK grew by 92% in the five years to 2017, while HETV grew even faster at 162%. This growth was expected to continue if further supply was delivered in the appropriate locations: “with substantial increases in studio capacity and investment in skills, it is feasible that in the period to

65 Olsberg SPI, 2020. Global Screen Production – The Impact of Film and Television Production on Economic Recovery from COVID-19.

66 HM Government, 2018. Export strategy

67 DCMS, 2021. DCMS Economic Estimates 2019: Gross Value Added

68 DCMS, 2021. DCMS Economic Estimates 2019: Gross Value Added

2025 our revenues could nearly double to approximately £4bn a year.” The deal further noted that the film and HETV sector specifically has enormous potential as there growing global demand for British creative content.⁶⁹

- 3.19 In the year 2021, film and HETV combined attracted £4.8bn worth of inward investment.⁷⁰ This contributed to an overall production spend of £5.6bn.⁷¹ This shows the sector has been growing even quicker than the target rate set in the sector deal, highlighting the great potential it has to deliver high levels of growth.
- 3.20 The British Government have been vocal about their support for the creative industries, and specifically the film and HETV sector. They have supported other developments in the sector since 2018, and have noted the UK’s strength in producing films:

“People always want to make films in this country and it’s increasing the whole time.”⁷²

- 3.21 The UK film and HETV sector⁷³ makes a significant economic contribution to the UK economy. It:

- **Supports significant employment** – 173,000 people in 2019, equivalent to 69% of total jobs in Buckinghamshire (249,500);^{74,75}
- **Generates significant economic activity** – £19.5bn in GVA. The sector contributes GVA equivalent to 50% of agriculture’s GVA whilst occupying 10,000 times less land;^{76, 77}
- **Is highly productive** – average output (GVA) per employee (£112,500) is markedly higher than the UK average (£58,700);⁷⁸
- **Generates an important trade surplus** – £4.3bn in 2019, making up 27% of the entire creative sector surplus (£16bn). This is higher than sectors advertising and market research (£3.5bn) and other air transport (£3.4bn);⁷⁹ and
- **Increases tourism** – UK’s inbound tourists spend about £893m in the film related tourism segment in 2019,⁸⁰ showing the power of ‘screen tourism’. Locations linked to TV shows can have large increases in visitors. Highclere Castle (location of Downtown Abbey) was bringing in £40,000 per day in 2014 as a result of tourism-related activity.⁸¹ Whilst the West Midlands attracted a record 1.8m visitors between January and September in 2017 in between Peaky Blinders

69 BEIS & DCMS, 2018. Creative industries: Sectoral Deal

70 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

71 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

72 WH Times, 2021. Boris backs 'Broxywood!' Prime Minister welcomes Hollywood's plans for new Hertfordshire film studios

73 The UK film and HETV sector definition comes from the Department for Digital, Culture, Media & Sport (DCMS) creative industries definition for Film, TV, Radio and Photography. We have amended the definition to exclude radio and photography, giving an up-to-date estimate for the UK film and HETV sector.

74 DCMS, 2020. DCMS Sectors Economic Estimates 2019: Employment

75 ONS, 2020. Business Register and Employment Survey.

76 DCMS, 2021. DCMS Sectors Economic Estimates 2019 – Gross Value Added

77 ONS, 2019. Regional gross value added (balanced) by industry: all NUTS level regions

78 DCMS, 2021. DCMS Sectors Economic Estimates 2019 – Gross Value Added; DCMS, 2020. DCMS Sectors Economic Estimates 2019: Employment; ONS, 2019. Regional gross value added (balanced) by industry: all NUTS level regions

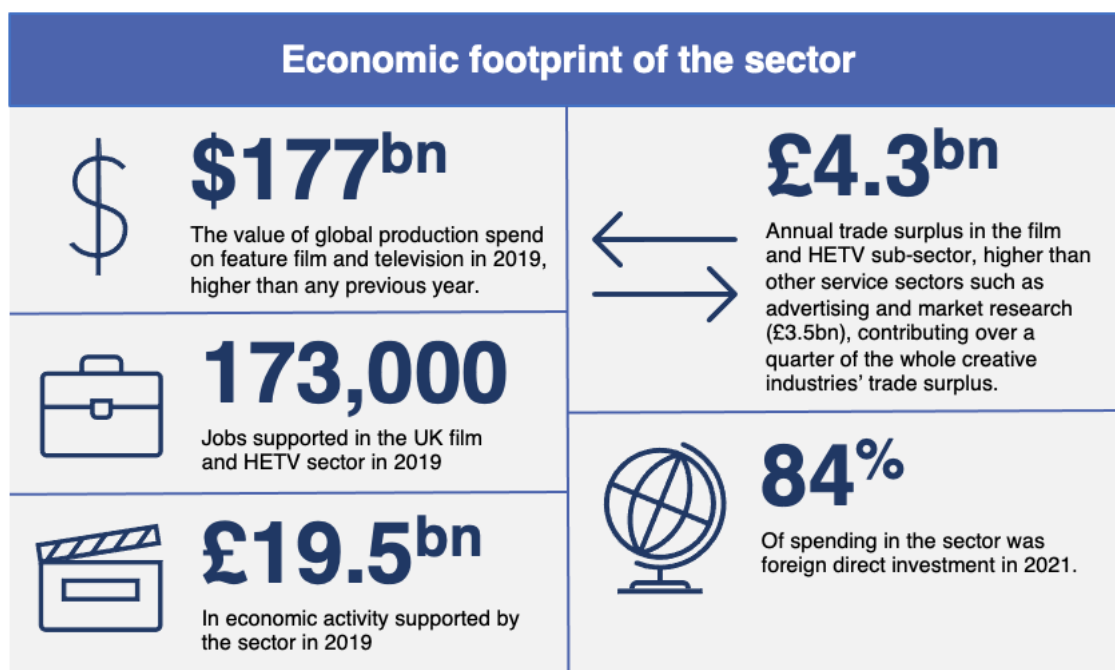
79 DCMS, 2021. DCMS Sectors Economic Estimates 2019 – Trade in services

80 BFI, 2021. Screen Business Report 2019.

81 Tourism Review, 2019. Screen tourism: how much money is this tourism trend making in the UK?

seasons 3 and 4.⁸²

Figure 11 Summary of economic benefits of UK film and HETV



Growth in UK film and HETV

3.22 The number of films produced in the UK increased tenfold between 1999 and 2021 (Figure 12) which broadly mirrors global trends⁸³ Between 2014 and 2021, the number of films produced globally has increased by 139% compared to 124% in the UK. The dip in 2020 represents the effect of COVID-19, as the number of films produced stagnated in light of the restrictions of movement imposed. The reason this dip in numbers continued into 2021 was that the average production budget per movie was over \$100m. In the previous decade, the highest average budget was \$48m. This suggests that as bigger movies were hosted, the number fell. However, the total produced in 2021 is still impressive in the context of the imposed lockdowns and increased focus on higher budget movies. This increase in the production of larger budget movies requires larger, purpose-built facilities:

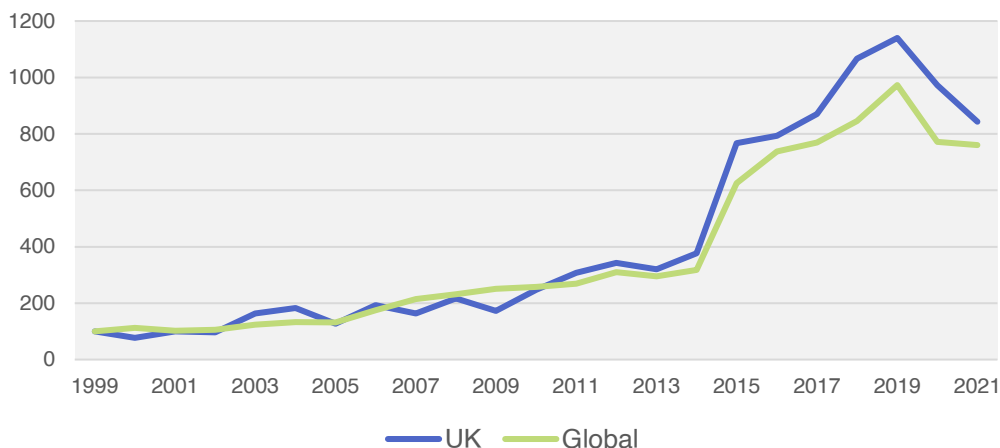
“Major studios such as Pinewood, Shepperton and Leavesden are the most desirable locations in the UK for blockbuster films; smaller studios tend to serve different customers”⁸⁴

82 Tourism Review, 2019. Screen tourism: how much money is this tourism trend making in the UK?

83 The Numbers, 2021. Where data and the movie business meet. Available at: <https://www.the-numbers.com/>

84 PwC, 2018. Review of UK Film and High-End TV production facility market

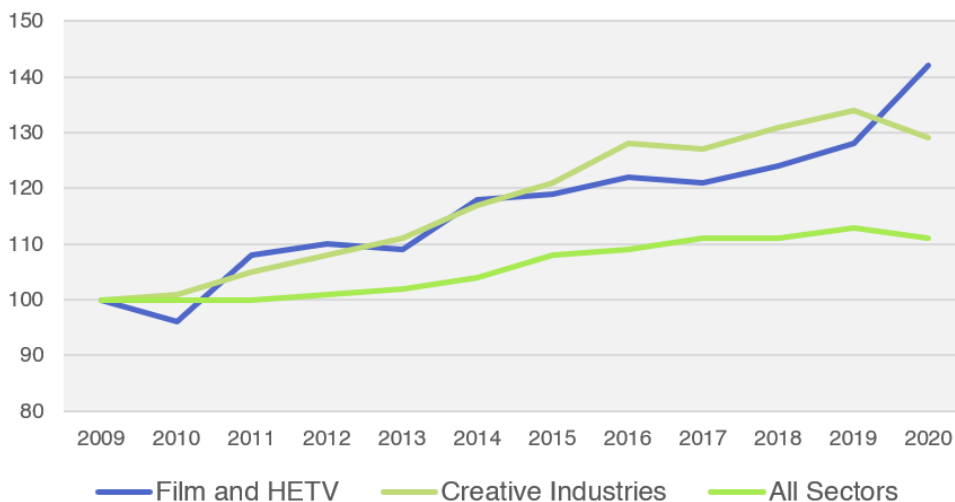
Figure 12 Index of number of films produced (1999 = 100)



Source: *The Numbers, 2021. Where data and the movie business meet*

3.23 Employment in film and HETV⁸⁵ has grown much faster than the rest of the economy over the last 40 years.⁸⁶ Since 1981, employment in the sector has grown at between two and three times the average rate of employment growth across the country. Since 2009, employment in the sector has grown by 42%, almost four times that of general employment growth (11%). Film and HETV was one of the fastest growing sectors nationally.

Figure 13 Indexed employment growth in England film and HETV (2009 = 100)



Source: ONS, 2009-2020. *Business Register and Employment Survey*

85 Employment figures for 2020 use the aforementioned DCMS definition for UK film and HETV. It has not been possible to trace this back accurately to 1981, and so the closest sectors have been used in earlier years. This is, however, assumed to mirror the DCMS definition for the sector accurately.

86 ONS, 2020. *Business Register and Employment Survey*

- 3.24 Growth in UK film and HETV is underpinned by rapid growth in the HETV sector. Between 2008 and 2021, spend on feature film in the UK grew by 3% per year. In the pre-covid period this figure was 7% per year. Meanwhile, growth in HETV was much greater, with a real increase in spend in the UK of 29% year on year between 2013 and 2021.⁸⁷ This growth in HETV was twenty times the annual rate of GDP growth in the UK over the last two decades. Inward investment and co-production spend on HETV also grew by a staggering 41% year on year between 2017 and 2021.⁸⁸
- 3.25 Film and HETV is clearly integral to the UK economy. It is also resilient to shocks. The industry prevented the UK economy from slipping into recession in 2019,⁸⁹ and has been a key driver in the global economic recovery from COVID-19. Recognising the role that the sector has to play in recovery, the DCMS founded the Film & TV Production Restart Scheme in 2020.⁹⁰ This was an effort to help productions that had been halted due to the difficulty in obtaining insurance for COVID-19. Productions were allowed to claim compensation for up to 20% of the value of the production budget. This stimulated productions that had previously been delayed due to COVID-19 and contributed to a record year of production spend in 2021 for film and HETV combined. DCMS announced that this scheme would be extended until April 2022, reiterating the Government's commitment to supporting the industry through the COVID-19 recovery.

What makes the UK such an attractive destination?

- 3.26 The UK attracts the best talent and productions for numerous reasons:⁹¹
- **History and influence** – the UK has created some of the most popular film and television in the world and has a strong history of producing film and HETV. This legacy helps the UK maintain its position;
 - **Highly skilled and versatile workforce** – having a highly skilled and experienced workforce is an important draw to the UK. There is investment in new skills and training to ensure there is a pipeline of new skills, supported by bodies such as Screen Skills;
 - **Unique location and facilities** – world class established facilities make the UK an excellent location for big productions, with major players Shepperton Studios, Pinewood Studios, and Warner Bros Studios Leavesden. The UK also has world-class film and television schools, encouraging growth in this sector, as well as diverse filming locations which attract screen-related tourism;
 - **Infrastructure** – the UK's speedy rollout of super-fast broadband and 4G/5G networks also provides valuable opportunities for UK film and HETV in partnership with the UK's excellent technology sector; and
 - **Tax relief policies** – tax relief policies in the UK have helped attract inward investment. The Government offer a scheme where up to 25% of UK qualifying expenditure can be reimbursed on the production of films and HETV shows. As of

87 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

88 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

89 Forbes, 2019. British Movies, TV and Music Help Keep U.K. Out Of Recession, but GDP Now 'Lowest' This Decade

90 DCMS, 2020. Film & TV Production Restart Scheme.

91 The Creative Industries, 2020. TV & Film: Why the UK?

February 2021, a total of £3.9bn has been paid out to over 6,000 claims since the current film tax relief was introduced in 2007.⁹²

UK Tax Reliefs

The UK Government have offered a generous tax relief scheme since 2007. This has been one of the one of the main drivers of inward investment in the film industry.⁹³ Major blockbusters such as The Bourne Ultimatum, The Dark Night Rises and Star Wars: The Force Awakens all made use of the scheme.⁹⁴

The Government offer tax reliefs to attract the best productions to the UK. This policy allows qualifying films or HETV programmes to receive a cash rebate of up to 25% on UK qualifying expenditure. There are various ways in which a film can qualify for UK tax relief:

Pass the BFI cultural test or be an official international co-production;

Be intended for theatrical release; and

Have at least 10% of its total production costs relating to activities in the UK.

Tax relief in the UK for film and HETV production is readily available, simple and more attractive than competing locations. They are designed to be gifted back to producers; the more they produce, the more they receive. It is recognised as one of the world's most transparent, inclusive and reliable production incentives. In 2019-20, 300 British films claimed film tax relief, with UK expenditure of £2.5 billion.⁹⁵ The BFI claim that film tax relief contributed to 45,460 FTEs and £2.4bn in GVA in 2019.⁹⁶

The Annual Screen Business Report by the BFI reports on the success of the tax relief scheme for film and HETV. In 2019, the BFI claim that film tax relief contributed to 45,460 FTEs and £2.4bn in GVA in 2019.⁹⁷

It is further shown that the tax relief system provides a significant return on investment (RoI). In 2019, for every £1 of film tax relief (FTR), an £8.30 ROI was generated. For HETV tax relief (HETR), the figure was £6.44.

Tax reliefs, along with the other factors, mean that producers of HETV and blockbusters have a preference to be based in the UK. Recently,

92 The Creative Industries, 2021. Film Tax Reliefs 2020.

93 Nyman Libson Paul, (no date). Film tax relief

94 Film London, (no date). Tax Relief. Available at: <https://filmlondon.org.uk/filming-in-london/tax-relief>

95 Creative Industries Council, 2021. Film Tax Reliefs 2020.

96 BFI, 2021. Screen Business Report 2019.

97 BFI, 2021. Screen Business Report 2019.

some of the major film production companies have shifted a larger amount of their budget to the UK. In 2020 Netflix increased their budget for UK film and HETV by 50% despite the COVID-19 pandemic.⁹⁸ The WLC is developing into a global production hub, which rivals major North America locations in its importance to the international film and HETV industry.

UK film and HETV, national policy

Levelling-up

“The creative industries – from film production, to video game design – have a critical role to play in levelling up. Not only are they sources of local pride and improved quality of life, they are drivers of growth and productivity.”⁹⁹

- 3.27 Developing the UK’s film and HETV sector can help to achieve the Government’s levelling-up agenda in a number of ways.¹⁰⁰ For instance, a key aspect of the policy is to up-skill people across the country. Of particular interest is young people. The film and HETV sector can play a part. The BFI is currently undertaking a major strategic skills review in order to plan out long-term solutions to tackle the skills needs in the sector. The BFC is looking at skills training, and how the sector can best work alongside industry and education partners to ensure that UK crews can meet future demand for productions.
- 3.28 Addressing inequality in the workforce is a key part of the Government’s levelling-up agenda. Marlow Film Studios could help the creative sector to lead the way in addressing the long-standing inequalities in the sector by offering employment and training opportunities for people from all backgrounds. This is also a key part of the Buckinghamshire skills agenda as outlined later on in the document from **paragraph 5.30**. This would help to create a more inclusive environments in one of the country’s high growth sectors.
- Build back better**
- 3.29 In 2021, the Government announced their plan for growth through significant investment in infrastructure, skills and innovation. This plan was released in response to the covid-19 crisis.¹⁰¹
- 3.30 Within this plan, the UK’s creative industries sector are noted as world class. The ambition is to continue to grow the sector, and it is stated that the Government will support the creative industries to flourish through growing more creative business around the country.¹⁰²

98 The Guardian, 2020. Netflix to spend \$1bn in UK in 2020 on TV shows and films.

99 Siepel, J., Camerani, R., Masucci, M., Velez Ospina, J., Casadei, P. and Bloom, M. (2020) Creative Radar: Mapping the UK’s creative clusters and microclusters. Multiple: Creative Industries Policy and Evidence Centre and The University of Sussex.

100 We do not anticipate that Marlow Film Studios will contribute to the regional aspect of levelling-up, given its location in the West London Cluster. However, it can play a big role in up-skilling people and providing opportunities to people from all backgrounds. This meets a key aspect of the levelling-up agenda, despite the geographical location of Marlow being inside the West London Cluster.

101 HM Treasury, 2021. Build Back Better

102 HM Treasury, 2021. Build Back Better

Industrial strategy and the creative industries sector deal

- 3.31 The UK Government published its industrial strategy in 2017. The strategy set out several objectives with the aim of helping businesses to create better, higher-paying jobs, boosting productivity in the process.
- 3.32 Within the industrial strategy, the UK's strength in the creative industries is noted, being referred to as a "world-class" industry that was growing at twice the rate of the whole economy.¹⁰³
- 3.33 The creative industries is one of a few high growth sectors given a sector deal as part of the Industrial Strategy in 2018. This outlines a number of key policies under the 'five foundations of productivity': ideas, people, infrastructure, business environment, and places. The aim is to support the growth of the creative industries by increasing exports of this sector, sustaining rapid growth and boosting jobs.
- 3.34 Following this, the creative industries has formed a substantial part of the 'levelling-up' agenda. Specifically, a £50 million Government boost is set to be provided to help drive economic growth and level up the country through the creative sector. Within this, the UK's leading position on film and HETV is recognised. A commitment to £21m into a UK global screen fund to promote UK films internationally shows a desire to capitalise on the strong existing position, and maximise potential in the sector.¹⁰⁴ This investment was greatly encouraged by BFI CEO Ben Roberts:

*"It's great news that the UK Global Screen Fund is set to deliver a further three years of vital support to our world class independent screen industries. In its pilot the year, the fund has stimulated new international partnerships, boosting co-production, distribution and development opportunities to drive growth and export."*¹⁰⁵

*"This continued investment recognises the power and potential of UK screen content and ensures that we can build on its global impact, delivering for the UK economy and reaching new audiences around the world."*¹⁰⁶

103 HM Government, 2017. Industrial Strategy

104 DCMS, 2022. £50 million of Government investment announced for creative businesses across the UK

105 DCMS, 2022. £50 million of Government investment announced for creative businesses across the UK

106 DCMS, 2022. £50 million of Government investment announced for creative businesses across the UK

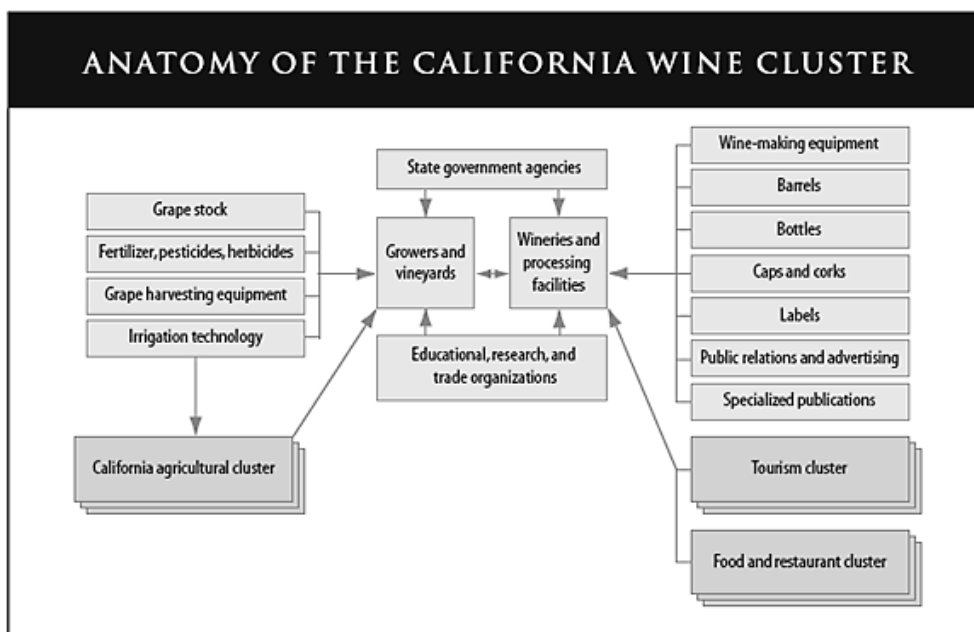
4 Industrial Clusters

What are clusters and why do they occur

- 4.1 Clusters are geographic concentrations of interconnected companies and institutions in a particular field.¹⁰⁷ They can include a variety of linked companies – including suppliers of specialised inputs and infrastructure, customers of the industry and businesses working in complementary products. Institutions and Government bodies are also important in terms of providing skills and research. Clusters can be thought of as ecosystems of linked firms, individuals and institutions.
- 4.2 Michael Porter, who popularised the clustering concept, describes the California wine cluster as a good example:¹⁰⁸

“It includes 680 commercial wineries as well as several thousand independent wine grape growers. An extensive complement of industries supporting both wine making and grape growing exists, including suppliers of grape stock, irrigation and harvesting equipment, barrels, and labels; specialized public relations and advertising firms; and numerous wine publications aimed at consumer and trade audiences. A host of local institutions is involved with wine, such as the world-renowned viticulture and enology program at the University of California at Davis, the Wine Institute, and special committees of the California senate and assembly. The cluster also enjoys weaker linkages to other California clusters in agriculture, food and restaurants, and wine-country tourism.”

Figure 14 California wine cluster



Source: Harvard Business Review, 1998. Clusters and the New Economics of Competition

107 Harvard Business Review, 1998. Clusters and the New Economics of Competition

108 Harvard Business Review, 1998. Clusters and the New Economics of Competition

- 4.3 Clusters will often include institutions, such as universities, which help shape networks and encourage the sharing of knowledge. These institutions add to the international competitiveness of such clusters, making them even more desirable for firms. Institutions within clusters may provide specialised training, education, information, research, and technical support.¹⁰⁹

Clusters are areas which reach a critical mass where sufficient resources and competences facilitate a competitive advantage over other places.

Benefits of industrial clustering

- 4.4 By locating in a sectoral cluster, firms are able to take advantage of agglomeration economies. This is the primary reason for the existence of clusters. Firms benefit from better supply channels, lower production/transportation costs, specialist infrastructure, and a stable source of trained workers.¹¹⁰ Workers and firms can learn more from one another when they are close. They benefit from what is known as knowledge spill overs – relationships and networks can be built.
- 4.5 There are several key benefits of industrial clustering:¹¹¹
- **Productivity:** firms locating near one another benefit from productivity advantages associated with agglomeration economies. These include access to a wide pool of specialised workers, access to a deeper supplier base, and access to specialised information and institutions within the cluster;
 - **Innovation:** there is evidence that clusters result in higher levels of innovation due to better awareness, knowledge spill overs, and competition; and
 - **Growth:** growth of new businesses is encouraged in the cluster. This can be due to benefitting from existing infrastructure, being an attractive location for new firms, and a positive feedback loop existing within the cluster.

It is widely accepted that a country's economic success is not decided by individual firms, but rather innovative clusters of companies localised in the same geographical area and working in the same field¹¹²

- 4.6 Another way of thinking about why it can be beneficial for firms to co-locate is the opportunities provided for sharing, matching and learning due to proximity.¹¹³ Matching means access to a deeper pool of skilled workers and suppliers, sharing infrastructure

109 Porter, M. 1998. Clusters and the New Economics of Competition

110 Pearl & Coutts, (no date). Types of business clusters in London

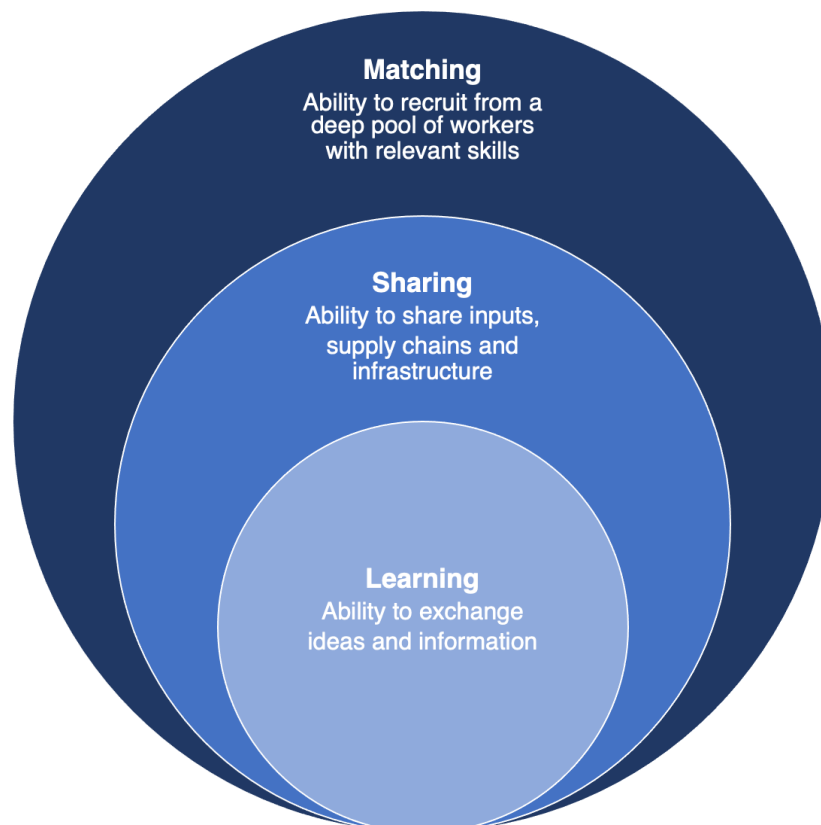
111 PwC (January 2013), Pinewood Studios, Market Review, Appendix B.

112 Porter, M. 2000. Location, Competition, and Economic Development: Local clusters in a global economy

113 G Duranton and D Puga, 2003. "Microfoundations of agglomeration economies", Centre for Economic Policy Research

(roads, airports, amenities), production facilities, and learning from other firms and individuals in similar industries. The co-location of similar firms is successful in the Hollywood film production cluster.

Figure 15 Why firms cluster



Case study: Hollywood

Los Angeles (LA) is the most populous city in California, and is one of the largest economies in the world, topping many whole countries.¹¹⁴

LA, similar to the WLC, benefits from good educational institutions (UCLA and USC), high levels of employment, and a clustering of film activities. Hollywood is one of the biggest centres of motion picture activities in the world.

Hollywood is attractive as a destination for film production due to many conditions. These include demand conditions (one of the biggest markets), firm conditions (cooperation between studios and strategic monopoly of big studios), factor conditions (excellent human capital,

114 Warsaw School of Economics, 2014. Hollywood Movie Cluster Analysis

financial investments, geographical conditions), and a high degree of supporting and related industries.



The Hollywood cluster has linkages with a variety of other clusters. This can create powerful knock-on benefits for surrounding industries. This can be achieved directly, with linkages at the factor input level (e.g. sound recording, training programmes, home entertainment, theatrical venues) or indirectly (e.g. tourism, IT, fashion).¹¹⁴ In LA specifically, the entire value chain is present in the economic area, allowing these industries to benefit from the existence of the powerful film activities cluster in Hollywood.

- 4.7 The benefits accrued to surrounding industries shows the potential for the WLC to do something similar, not only creating direct jobs and economic output, but also a large amount of indirect economic benefits.

“The formation of new businesses within a cluster is part of a positive feedback loop. An expanded cluster amplifies all the benefits I have described — it increases the collective pool of competitive resources, which benefits all the cluster’s members. The net result is that companies in the cluster advance relative to rivals at other locations.” – Michael Porter

- 4.8 Technology and globalisation have made sectoral clusters more important. Fewer barriers to trade have enabled strong clusters to grow and increased the returns to skills.

What types of businesses and sectors cluster?

- 4.9 There are higher returns to clustering in some sectors than others. Sectors are more likely to converge towards a clustering of activity if business is more productive when inputs and resources are shared. Industries containing a high in-out flow of labour would have a preference to be based near similar businesses to reduce the transaction costs involved with finding a new employer, e.g. technology firms. Specific sectors may also cluster to increase their competitiveness, e.g. it is optimal for financial services firms in London to be based in the City or Canary Wharf.

- 4.10 Notable examples of clusters in London include the City of London financial and business services cluster and the East London technology cluster. Within these clusters, there is excellent access to specialist human talent from London's top institutions and large labour market, knowledge sharing and spill over, and top infrastructure and technology capabilities.
- 4.11 The film and HETV sector and the wider creative industries are good examples of sectors that cluster. There is evidence that creative firms tend to be more geographically concentrated than most other sectors.¹¹⁵
- 4.12 Creative businesses in particular may choose to cluster for these primary reasons:¹¹⁶
- **Agglomeration economies** – cost advantages due to the spatial concentration of productive resources and actors. Creative businesses can take advantage of shared labour and infrastructure to lower their costs. Creative businesses will also benefit from increases in economic output from the cities in which they choose to locate;
 - **Related variety** – this concept relates to shared or complementary competencies. Proximity to other related firms enables effective communication and interaction which in turn enables a higher capacity for innovation. Related variety looks at the relationship between sectors and economic activities in terms of competences, innovations, and transfers of knowledge; and
 - **Concentration of human capital** – a large concentration of human capital in one area (e.g. actors/film production crews in London) lowers the transaction costs involved in the flow of labour.

Case study: East London Tech City – Silicon Roundabout

London contains over 50,000 tech firms, with over 260,000 employees.¹¹⁷ Venture capital investment has risen from £384m in 2013 to £1.8bn in 2018. East London is a key part of the London tech revolution and is home to world-renowned creative and tech brands including Google, Facebook, Cisco, and Intel.

Creative clusters 'are the geographic concentration which pool together resources into networks and partnerships to cross-stimulate activities, boost creativity and realise economies of scale.'¹¹⁸ For tech firms starting out in London, regardless of size, it may be an optimal decision to locate in proximity to Silicon Roundabout for agglomeration economies of creative knowledge and skills, or access to shared resources and mutual help. Co-working spaces and financial technology ('fintech') accelerators aid this process, proving to be a valuable resource for start-ups.

115 Freeman, A., 2010. 'London's creative workforce: 2009 update.' GLA Economics Working Paper Series, 40. London: GLA Economics. Available at: http://legacy.london.gov.uk/mayor/economic_unit/docs/wp40.pdf

116 Lazzeretti et al, 2009. Why do creative industries cluster? An analysis of the determinants of creative industries

117 LSE, 2019. Silicon Roundabout: did light touch policy interventions work?

118 (in)visible cities, 2010. Preliminary Literature Review – Creative Clusters in Western Context



As clusters get bigger, the exchange of people and ideas between firms increases. This may be particularly beneficial for the WLC as it continues to expand, simultaneously expanding agglomeration economies and traditional economic benefits associated with the cluster.

Silicon Roundabout may also deliver powerful knock-on benefits to surrounding industries. The office market in Shoreditch has boomed over the last decade as the number of firms in the area grows. The presence of the area has led to large increases in technological investments, having amassed £17bn more than any other European country.¹¹⁹ The resulting benefits to the London and national economy are huge as a direct result of the cluster. In the case of the WLC, expansion of the cluster can continue to deliver powerful knock-on benefits to surrounding and complementary regions and industries.

Case Study: The BBC

The BBC provides a significant economic contribution across each of the UK's nations and regions.¹²⁰ Every £1 of the BBC's economic activity was found to generate a total of £2.63 in the economy. This is achieved through the BBC's local and national investments, creative innovation, continual investment in research and development, and investment in people.

The report found that the BBC support a total of over 53,000 jobs across the UK, with half outside of London. The BBC generated an estimated £4.9bn in the UK economy in 2019/20, and around half of the BBC's total economic contribution is generated outside of London (an increase from a third in 2012). Over 60% (£3.1bn) of the BBC's economic contribution was generated in the UK creative sector. This shows how creative clusters can deliver powerful knock-on benefits to surrounding regions and industries.

119 The Stage Shoreditch, 2019. Silicon Roundabout v. Silicon Valley
120 KPMG, 2021. An Assessment of the Economic Impact of the BBC

The report identified the emergence of two new 'creative clusters' in the UK, one in Salford (employment grew by 142% between 2010 and 2019, with the number of digital or creative businesses growing by 70%) and an emerging creative cluster in Cardiff. These creative clusters have the potential to have powerful knock on benefits for surrounding industries as well as a regions. For every job created by the BBC, a further 1.7 jobs are created in the wider economy. Additional contributions by the BBC include investments of over £100m in skills and training over the last four years (benefiting surrounding industries that use the same human talent), funding of traineeships (lifetime earnings uplift for those apprentices of £91m), and supporting surrounding creative businesses to better exploit their Intellectual Property.



In summary, the BBC help support economic growth throughout the UK by rebalancing the economy in two ways. One is sectoral – by supporting the development of a more high tech, knowledge based economy with the creative sector as a key source of growth – and the other is geographically – by spreading licence fee investment and production out of London and seeding creative clusters across the UK.¹²¹

Cluster policy

- 4.13 Supporting clusters has become an important policy objective in the UK and further afield. There is a general consensus that it is essential to build on existing clusters, and that should be prioritised over creating a new cluster.¹²² Porter recommends that Governments should *“reinforce and build on existing and emerging clusters rather than attempt to create entirely new ones.”*¹²³ Clusters need to change and evolve to respond

¹²¹ BBC, 2011. Helping drive growth in the UK creative economy

¹²² The Work Foundation (February 2011), Creative Clusters and the Changing Economy.

¹²³ Porter, M., 1998. Systems of innovation: growth, competitiveness and employment.

to new trends. As explained in the context of the Pinewood expansion:

“For the Greater West London film industry cluster, building on current success is the likely to be the most advantageous option for continued growth.”¹²⁴

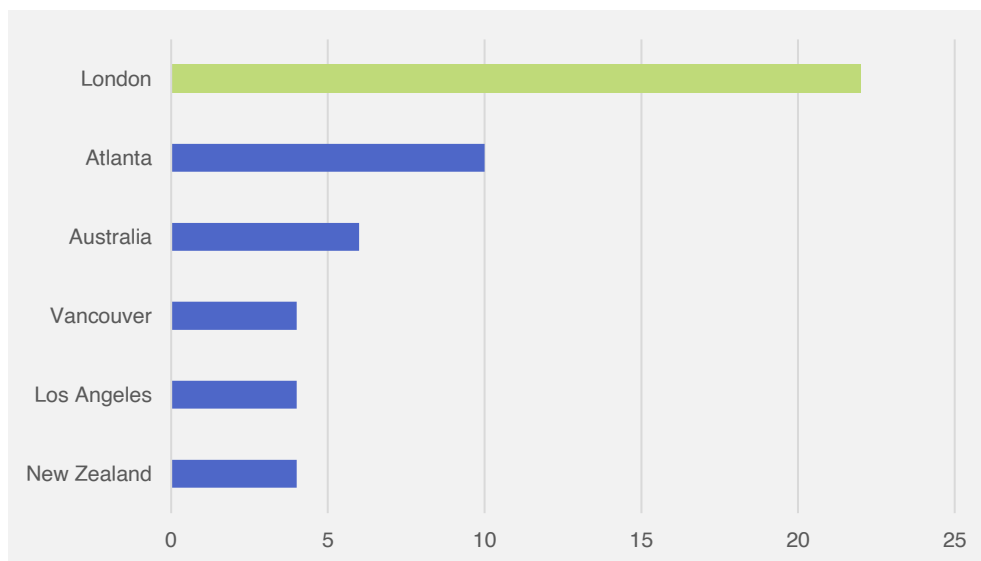
- 4.14 The new studio needs to be in the cluster to benefit from the area’s infrastructure, skills, supply chain, accessibility and location. The benefits flow both ways: proximity to the other major studios would increase the chance of success for the proposed studio, and investment in the cluster would increase the attractiveness, brand and efficiency of the whole cluster. Building on past success is an accepted approach for economic development.¹¹¹ Investment in the cluster is more efficient than investment outside the cluster, and as a result Government policy tends to favour cluster development.¹²⁵ As such, Marlow Film Studios would complement the existing studios in Buckinghamshire and the rest of the existing cluster.

¹²⁴ Turley Associates, 2018. Pinewood The Case For Expansion.

¹²⁵ HM Government, 2018. Industrial Strategy, Creative Industries Sector Deal.

5 The West London Cluster

Figure 16 Number of blockbusters (\$150m+) produced 2015-2020



Source: *The-Numbers.com – movie budgets; IMDB*

- 5.1 Global competition for large film and HETV productions is led by international clusters and hubs. The WLC is the only place in the UK that can attract major HETV and the highest budget films. International productions come to the cluster or look to other international clusters in LA, Atlanta, Australia, Vancouver and others.
- 5.2 It is clear that West London is the optimal destination for high-end film producers and the ever growing market for HETV. Between 2015 and 2020, London produced over double the amount of blockbusters than the second largest film cluster of Atlanta.¹²⁶

Strength of the WLC

- 5.3 There is not one specific way of showing that a cluster exists. There are several measures that can be used to understand the presence of similar firms or jobs in an area but all clusters are different and no one source can be used to identify a cluster. By combining several sets of information, PwC explain the following reasons which give strong support to the presence of the West London film and HETV cluster:¹²⁷
- All the major production studios are located in or near the west of London;
 - 70% of UK film production activity and 80% of industry turnover is concentrated in London and the South East;
 - Greater London supports 65% of total employment in the industry;
 - Location quotient measures show industry clustering in Greater London; and

¹²⁶ The-Numbers.com – movie budgets; IMDB

¹²⁷ PwC (January 2013), Pinewood Studios, Market Review, Appendix B.

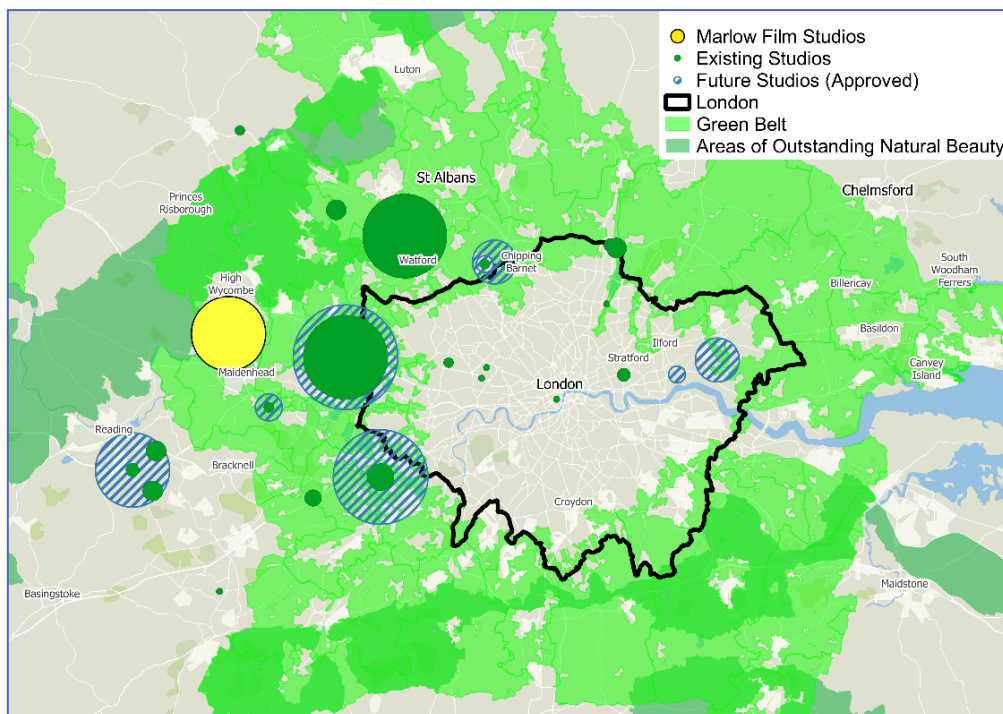
- 60% of Pinewood’s supply base is within 50km of Pinewood Studios. 60% of businesses that supplied a major inward investment film at Pinewood are within 35km from the studio.

5.4 Other studies have identified the presence and strength of the cluster. Turley Economics’ Case for Space,¹²⁸ PwC’s Market Overview,¹²⁹ AMION Consultancy’s Business Case and Economic Impact Assessment of the expansion at Pinewood Studios in 2013,¹³⁰ and the BFI’s 2021 Screen Business Report¹³¹ all noted the presence of the cluster. Recent work by PwC confirmed that this was the ideal location for many film producers. As part of their review of UK film and HETV production facilities, they interviewed several producers who stated, amongst others, the following key reasons as to why the WLC stands out:

- Access to Heathrow;
- Existing culture that fosters talent in the sector across London and the South East;
- Access to film and HETV construction crews; and
- Internet connectivity.

5.5 **Figure 17** maps the studios in and around the cluster, as well as the approved future studios that are set to come forward over the next few years. The size of the bubble shows the amount of stage space at each studio.

Figure 17 Existing and future studios near London



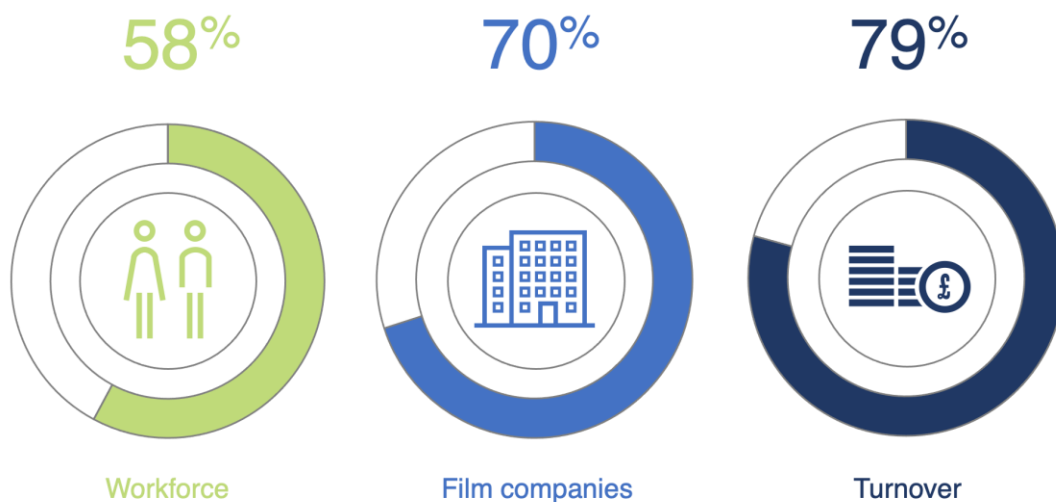
128 Turley Economics, 2018. The case for space – Shepperton Studios planned application for growth 2018
 129 PwC, 2013. Market review – Pinewood Studios.
 130 AMION Consultancy, 2013. Pinewood Studios: Business Case and Economic Impact Assessment
 131 BFI, 2021. Screen Business Report 2019.

Table 3 outlines the name of the existing studios included in this map. Whilst the future studios are listed in Table 4. Note that Table 4 lists some other studios that have not yet been approved and are not included in this map. Contains OS Data @ Crown Copyright and database right (2021); NB: The size of each bubble denotes the amount of stage space at each studio.

The economic value of the cluster

- 5.6 London and the South East dominate UK film and HETV production. Talent and complementary firms diverge towards these regions to benefit from the advantages of the cluster.
- 5.7 The WLC is recognised as the only international film destination that is competitive in a global context within the UK.¹³² Buckinghamshire in particular has seen employment in production industries grow more than four-fold relative to general employment (76% relative to 15%) in the decade pre-Covid evidencing the rapid expansion of the region.¹³³

Figure 18 UK Film and HETV: contribution of London and the South East



Source: ONS, 2020. Business Register and Employment Survey; BFI, 2019. The UK Film Economy

Why locate in the WLC?

- 5.8 The WLC is an economic cluster, and its importance is driven by several factors:
 - **Infrastructure:** there are currently only three studios in the UK that can meet the requirements of major feature films – Shepperton, Pinewood and Warner Bros Leavesden. This is due to their provision of stage space, capability to hold multiple productions, and reputation for hosting some of the largest productions. These include Star Wars, James Bond, Mamma Mia, and Harry Potter, amongst many others. The studios have built up a significant amount of technical

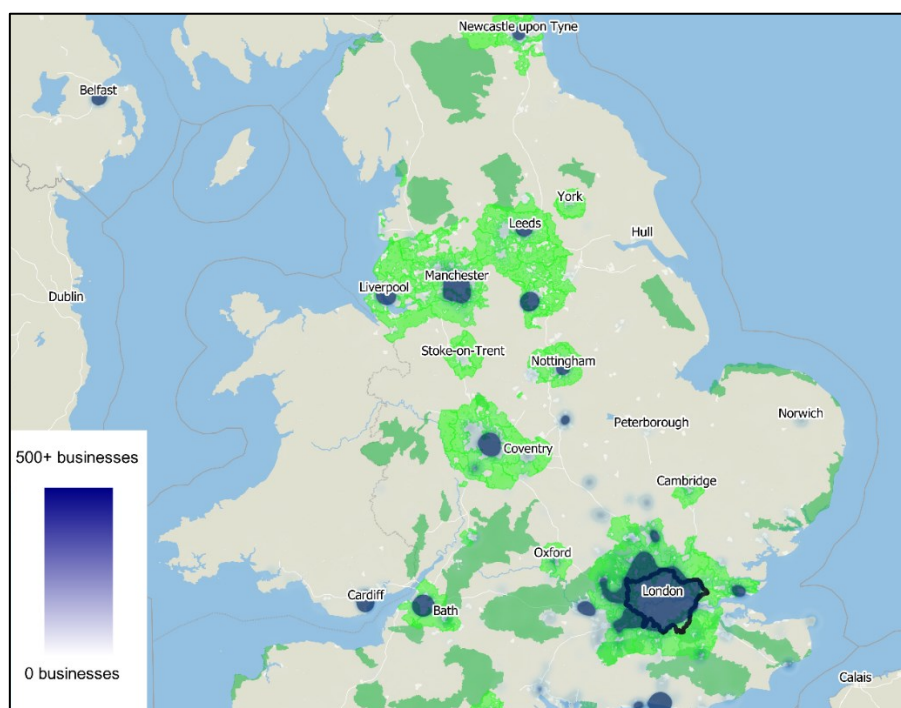
132 Turley Economics, 2018. The case for space – Shepperton Studios planned application for growth 2018

133 ONS, 2020. Business Register and Employment Survey, 2019.

infrastructure.¹²⁸ The choice provided at this location gives producers more options in one location. The WLC has over 2.4m sq ft of stage space, and has an estimated potential 2.1m sq ft in the pipeline over the next decade.¹³⁴ London's substantial amount and quality of production space is a key attractor for the world's top productions.

- **Supply chain:** the co-location of studios has also driven the need for associated supply chain to service the cluster. Within and around the WLC are a multitude of complementary firms supporting the production of film and HETV. These include equipment hire services, casting and talent agencies, catering services, medical services, and accommodation. The location of these suppliers firms facilitate cost effective and efficient production in the cluster. This analysis defines businesses that could be considered in the 'core supply chain'.¹³⁵ There is a natural divergence of these businesses towards the capital. **Figure 19** shows the concentration of suppliers around London as well as regional clusters around Birmingham, Manchester, Brighton and Bristol. It is understandable why 60% of Pinewood's supply base is within 50km of Pinewood Studios.¹³⁶

Figure 19 Location of film and HETV core supply chain businesses



Source: Companies House, 2021. Free Company Data Product; Volterra analysis. Contains OS Data @ Crown Copyright and database right (2021)

134 The following new studios and expansion of existing studios have been included in the pipeline: Elstree Studios, Sky Studios Elstree, Winnersh Studios, The Wharf Studios, Eastbrook Studios, Shepperton Studios, Pinewood Studios, Bray Studios and Shinfield Studios.

135 The core supply chain consists of the following SIC codes: motion picture production activities, video production activities, television programme production activities, motion picture, video and television programme post-production activities, motion picture distribution activities, video distribution activities, television programme distribution activities, motion picture projection activities, sound recording and music publishing activities, television programming and broadcasting activities, film processing, renting and leasing of media entertainment equipment, motion picture, television and other theatrical casting, performing arts, support activities to performing arts.

136 PwC, 2013. Market review – Pinewood Studios

- Labour and skills:** due to long existence and history of film studios in this location, a significant depth and quality of highly skilled crew has built up in the area. London also has a vast array of high-quality educational institutions supporting the development of skills. The scale of skills and talent is not available outside the cluster. The figure below shows where residents with relevant artistic, media and literary occupations live, illustrating the concentration of these in and to the west of London.¹³⁷

Figure 20 Location of film and HETV workers



Source : ONS, 2011. Census. Figure maps occupation sector 341 (artistic, media and literary occupations)

- Proximity to London and brand:** London was recently named the best city in the world to invest in due to its excellent educational institutions and high levels of innovation, high scores in environmental and economic impact, and transport accessibility.¹³⁸ The proximity to London and accessibility of the cluster particularly to international locations via London Heathrow is an important factor. London is a leading global city and its offer of cultural and leisure attractions, and common and universal language, make it highly attractive to producers and actors as a base for filming; and
- Financial:** tax relief policies in the UK have helped attract inward investment. Inward investment makes up 84% of production spend across film and HETV in the UK.¹³⁹ Significant growth in new studio space, along with investment that is

¹³⁷ As described in the sequential test, this is most accurate data available on where residents in the sector live. This data is from the 2011 census and includes the relevant occupations for the film and HETV sectors that are listed in the creative industries occupations definition as well as other occupations, such as artists and dancers. These occupations are not directly relevant to film and HETV, but no further detailed split is available. However, this is the most accurate residence-based dataset available, and it is important to use residence based to understand where the crew live.

¹³⁸ Schroders, 2021. Global Cities Index

¹³⁹ BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

pledged in the Governments 'levelling up' programme will help investment to increase beyond the target of £4 billion a year by 2025.¹⁴⁰

5.9 These factors combine to facilitate a cluster of skills and industries which are required to attract and produce the biggest films.

Location of skilled labour

The production crew for major feature film and HETV productions are largely freelancers. This makes it difficult to capture in the publicly available data sources.

The British Film Commission commissioned analysis on the accessibility of prospective studios sites and developments by crew.

Undertaken as part of the Stage Space Support & Development (SSSD), the British Film Commission (BFC) has commissioned analysis on the accessibility of prospective studio sites and developments by crew, largely freelance personnel engaged on major feature film and HETV production.

Geo-reporting and drive-time modelling components have been developed using established routing software. It is important to note that whilst a significant quantity of UK inward investment based productions have been sampled for trend analysis, geographical distribution and levels of crew are indicative only and all data provided remains subject to variation.

For the proposed development at Marlow Studios, analysis shows that the associated site location would be accessible by the following percentages of London & Home Counties freelance film and HETV crew, with corresponding journey times:

- Within 15 minutes, 3%
- Within 30 minutes, 13% (cumulative)
- Within 45 minutes, 37% (cumulative)
- Within 60 minutes, 62% (cumulative)

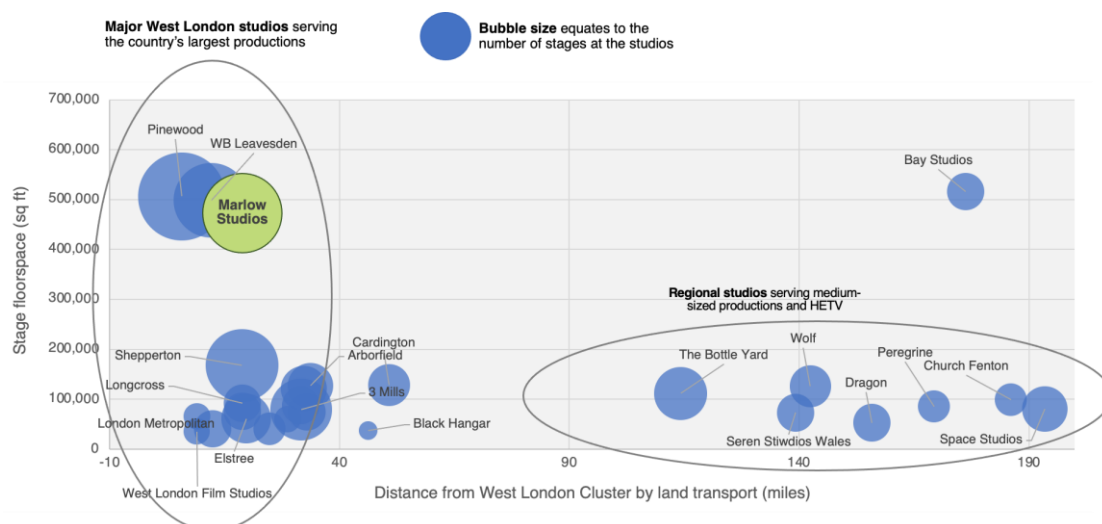
This shows that Marlow Film Studios is in an ideal location to access the relevant pool of skilled labour for major feature films and HETV shows.

140 HM Government, 2018. Industrial Strategy, Creative Industries Sector Deal.

UK production facilities

- 5.10 Due to the critical mass of facilities, infrastructure, labour, supply chain, accessibility and brand, the WLC is the only place in the UK that can attract major HETV and the highest budget films. There are important studios elsewhere in the UK. These regional studios provide a valuable resource to the wider media industry, supporting smaller films and TV shows. But to attract major films and HETV productions, and retain global leadership in a rapidly growing sector, a studio of this type and size must be located in the WLC.
- 5.11 **Figure 21** identifies where Marlow Film Studios would fit in the context of the UK production cluster. Marlow Film Studios would have features similar to the other three major studios in the cluster: Pinewood, WB Leavesden and Shepperton. Regional studios make an important contribution to the industry but in terms of scale, skills, accessibility and brand are distinct from the WLC. They are unable to replicate the unique attributes provided in the cluster and therefore tend to be more suited to smaller productions.

Figure 21 UK production facility breakdown



Source: Volterra analysis

- 5.12 As part of the sequential test, a search area has been identified for the site selection. This search area aims to approximate the area of the WLC based on several key factors that are important drivers of the cluster. It is the first effort of its kind to empirically define the area of the WLC in this way. The broad presence of the cluster has unanimous acceptance from industry experts, and in most cases, covers West London and Buckinghamshire, as well as some other areas across the South East that are home to major film studios. Listed below are some mentions of the cluster:

“There is a clear ranking and preference with by far the most desired being the West London cluster followed by LA, Atlanta, Australia, Vancouver, Louisiana and Germany”¹⁴¹

141 Turley Economics, 2018. The case for space – Shepperton Studios planned application for growth 2018

“The popularity of and demand for the West London cluster is driven by the attributes of an economic cluster: infrastructure and skills, location and financial”¹⁴²

“Metro London combines Greater London with Hertfordshire (from the East of England) and Buckinghamshire and Surrey (the South East of England) to form a Metro London region that better reflects the geography of film and HETV production, given that several of the major studio facilities are located in these counties.”¹⁴³

“There is strong economic evidence for a hub-and-spoke cluster in film production in the Greater West London region”¹⁴⁴

5.13 The technical note appended to the sequential test provides more detail on the approach. The assessment combines the following economic drivers for the cluster to approximate its area:

- **Centrality to the cluster:** considers how close the site is to the centre of the existing cluster as proximity to the other actors in the cluster is important in terms of learning and facilitating social capital, driving growth and innovation;
- **Distance from airports:** being close to an airport provides access to domestic and international locations. Accessibility to major international film investors and producers in places like the US is vital for a successful cluster and studio;
- **Supply chain:** access to suppliers is important. The analysis defines the core supply chain and provides a measure of access to the supply chain across the UK; and
- **Skilled labour:** access to a variety of skilled crew is vital for producing a blockbuster films and HETV shows. The analysis considers data on the crew base and the type of crew needed, highlighting where they are located across the UK and how accessible they are to different locations.

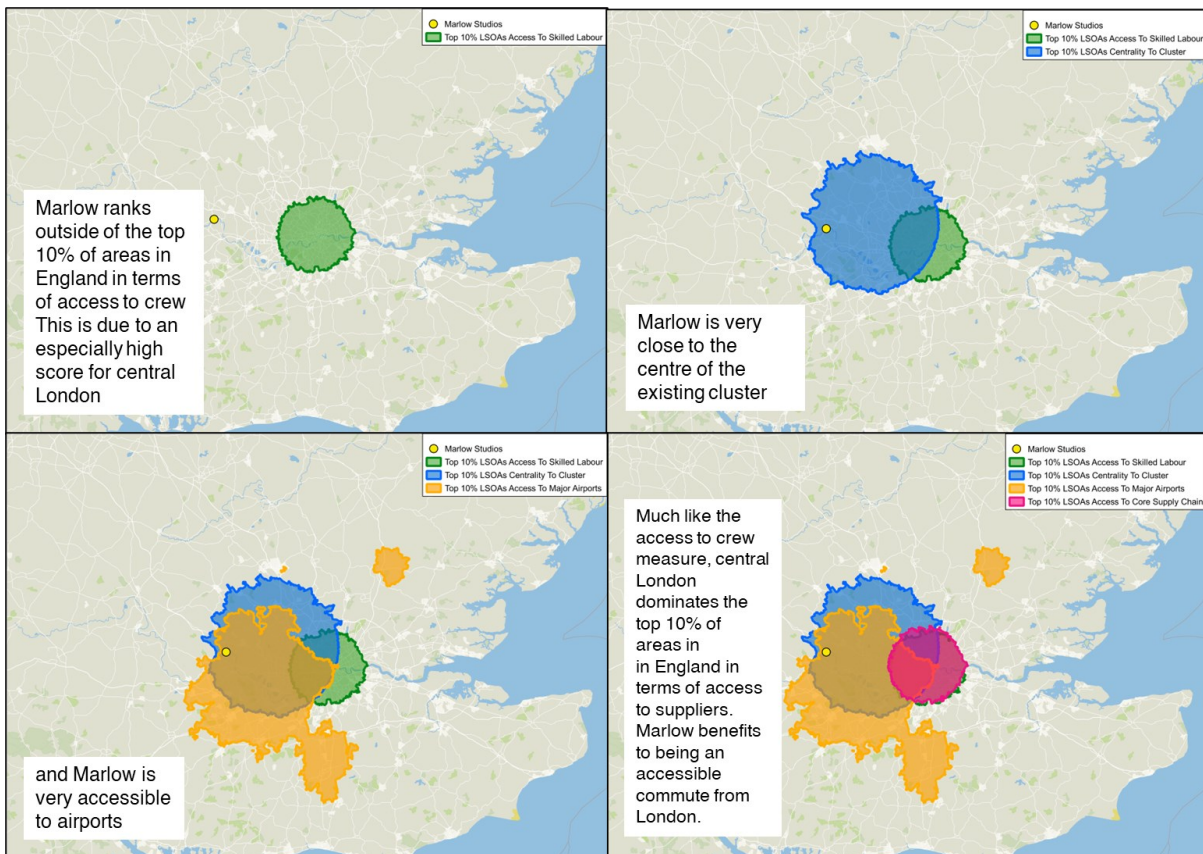
5.14 To get an understanding of the optimal area for a new purpose-built studio to locate, analysis underpinning the sequential test assessed the top scoring 10% of areas in England for the above four economic drivers. The maps overleaf shows each measure comes together to form the search area. This area provides a representation of the WLC based on its key economic drivers.

¹⁴² Turley Economics, 2018. The case for space – Shepperton Studios planned application for growth 2018

¹⁴³ BFI, 2021. Screen Business Report 2019.

¹⁴⁴ PwC, 2013. Film and HETV market review.

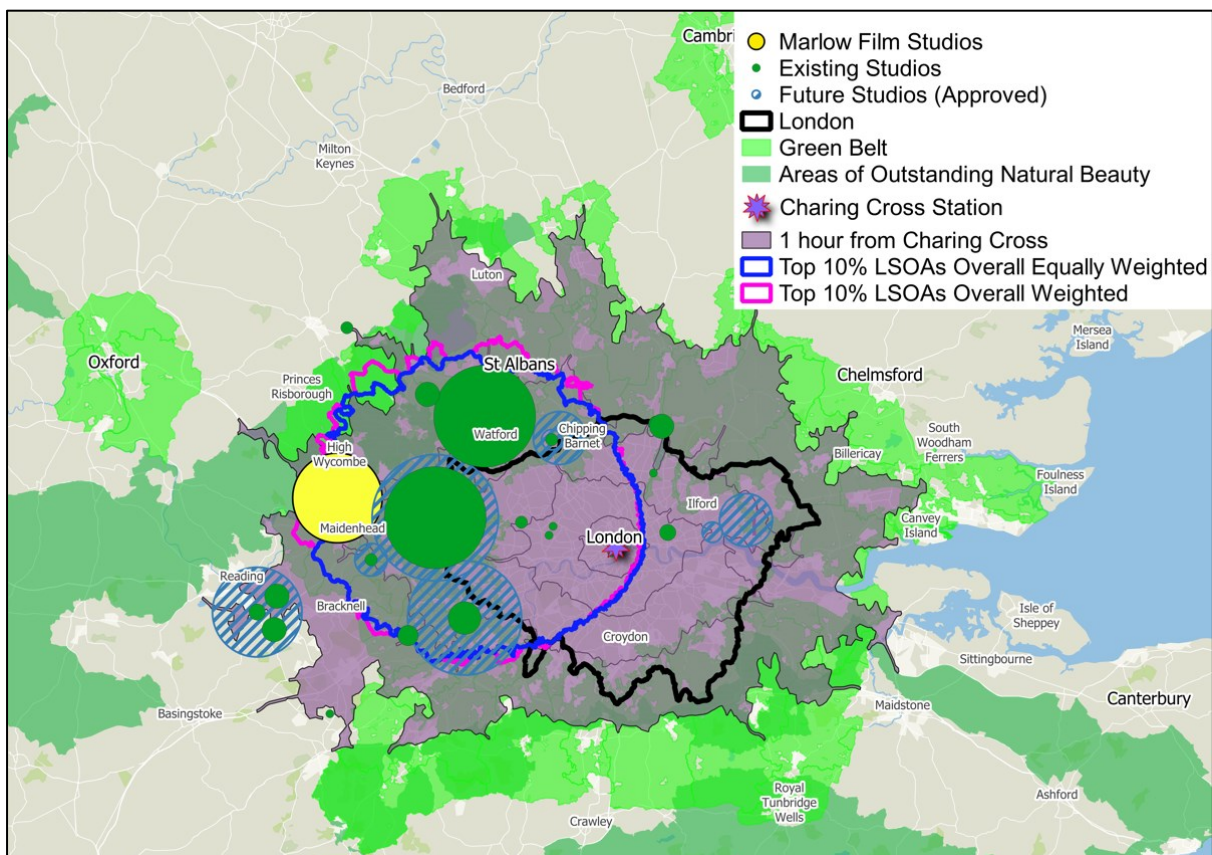
Figure 22 The West London Cluster



Source: Volterra analysis. Contains OS Data @ Crown Copyright and database right (2021)

- 5.15 The final search area is shown in **Figure 23**. This area provides a representation of the WLC based on its key economic drivers. Major studios, Pinewood, Shepperton and WB Leavesden, area all within the cluster. The majority of the cluster is also within a one hour commute of Charing Cross, a common proxy for central London. Marlow Film Studios is also in this cluster, and is the most sequentially preferable and deliverable Site in the cluster that meets the requirement for a major studio.
- 5.16 Marlow Film Studios would expand the capacity of this world-leading cluster of major studios, adding to the production capability of the WLC. The next section shows the increasing demand for studio space in the UK and the need for new space.

Figure 23 Final search area, studios background

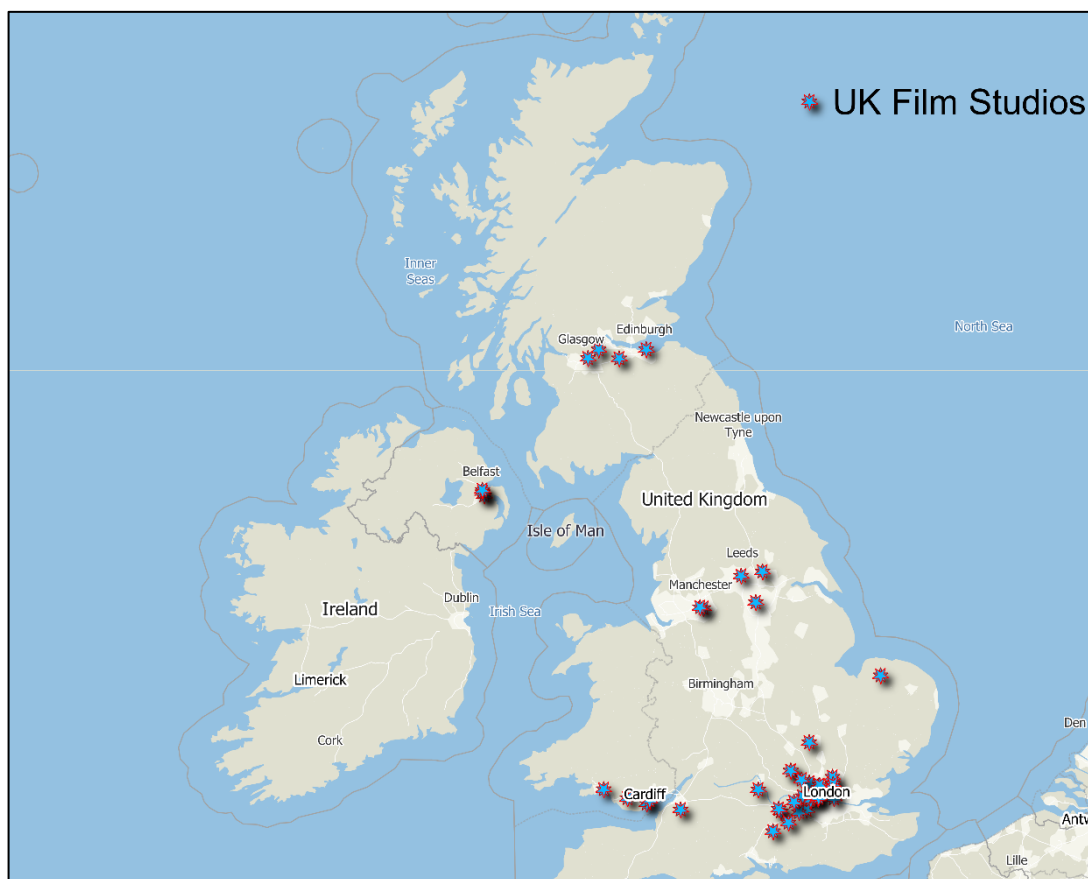


Sources: Volterra analysis, Contains OS Data @ Crown Copyright and database right (2021).

Other UK clusters

- 5.17 There are several other regional clusters in the UK. **Figure 24** shows the existence of smaller clusters of film studios in Scotland, Northern Ireland, Wales and elsewhere in England.

Figure 24 UK film studios



Source: Volterra research. Contains OS Data @ Crown Copyright and database right (2021)

- 5.18 Many well-know HETV shows such as Game of Thrones, Line of Duty and Peaky Blinders have been produced outside the WLC.¹⁴⁵ Between 2017 and 2019 the other UK regions contributed to £2.7bn GVA through film and £1.5bn GVA through HETV, with a production spend of £1.8bn across both.¹⁴⁶ There are planned studio developments that could come forward in these regional clusters. For instance, a 50,000 sq ft campus for TV production and creative content is set to come to Birmingham.¹⁴⁷ Belfast Harbour Studios have also received planning permission for 116,000 sq ft worth of stage space which could come forward by August 2023.¹⁴⁸
- 5.19 Despite this considerable contribution from regional clusters, the WLC¹⁴⁹ still provides the bulk of the UK's offer. Between 2017 and 2019, the BFI find that the WLC took 81%

¹⁴⁵ BFI, 2021. Screen Business Report 2019.

¹⁴⁶ BFI, 2021. Screen Business Report 2019.

¹⁴⁷ GBSLEP, 2022. First step towards the creation of a cluster for TV, film and multi-media production in Birmingham.

¹⁴⁸ Belfast Harbour, 2021. Belfast Harbour Film Studios Supports Future of NI's Screen Industry. Available at: <https://www.belfast-harbour.co.uk/news/supporting-the-future-of-screen-316/>

¹⁴⁹ The BFI definition of the "Metro London Cluster" is used as a proxy for the sub-region here. It broadly aligns with the definition of the West London Cluster as it combined Greater London with Hertfordshire and Buckinghamshire.

of the UK's total production spend on film, as well 67% of the production spend in the HETV market.

Table 2 WLC contribution to UK film and HETV

| Geography | Film | | | HETV | | |
|-------------------------|------------|------------|------------------|------------|------------|------------------|
| | FTEs | GVA | Production spend | FTEs | GVA | Production spend |
| WLC | 155,490 | £11.4bn | £5.1bn | 106,530 | £6.1bn | £3.1bn |
| England (excluding WLC) | 42,900 | £2.7bn | £920m | 28,490 | £1.5bn | £900m |
| England (including WLC) | 198,390 | £14.1bn | £6.0bn | 134,920 | £7.6bn | £4.0bn |
| UK | 210,390 | £14.8bn | £6.3bn | 148,290 | £8.3bn | £4.7bn |
| WLC % of England | 78% | 81% | 85% | 79% | 80% | 78% |
| WLC % of UK | 74% | 77% | 81% | 72% | 73% | 67% |

Source: BFI, 2021. Screen Business Report.

- 5.20 Regional studios provide additional complementary resource to the WLC. But they are distinct from the WLC in terms of scale, skills, accessibility, supplier baseline and infrastructure. The regional facilities serve important segments of the market but they are clearly different from the world-class facilities and critical mass provided by the WLC.

Local policy

- 5.21 The strength of the opportunity to enhance the provision of film and HETV facilities in Buckinghamshire is evident across local policy. The film and HETV sector and wider creative industries form a key part of ambition for growth for Buckinghamshire over the next decade.

Buckinghamshire strategic vision, 2050

- 5.22 Prepared by Buckinghamshire's Growth Board, the Buckinghamshire Strategic Vision for 2050 sets out an ambition for the future growth and regeneration of the area. Within this vision, supporting the creation of the next round of blockbuster films is a key opportunity. It notes that Buckinghamshire has a history of being a productive economy and the creative industries play an integral role in this.¹⁵⁰

¹⁵⁰ Buckinghamshire Growth Board, 2021. Buckinghamshire Strategic Vision 2050.

The Buckinghamshire economy “is founded upon a hive of small and medium sized enterprises (SMEs) but also has four growing super strength clusters of national and internationally significant industries... This includes the Creative and Digital industry that sweeps across the south of the county including Pinewood Studios and the National Film and Television School at Beaconsfield.”¹⁵¹

Buckinghamshire strategic economic plan

- 5.23 Buckinghamshire LEP outlined their opportunities for growth in their Strategic Economic Plan (SEP).¹⁵² Amongst various opportunities, film production is noted as a high-value, research base business activity that can drive growth over the next decade. It is also mentioned as one of their priority sectors for growth, as part of the wider creative industries.

Buckinghamshire economic recovery plan

- 5.24 The ambition to build on existing strengths in the film and HETV is further noted in Buckinghamshire’s post-covid economic recovery plan.¹⁵³ This document was produced in 2020 to help outline key ways for the district to recover from the setbacks related to Covid-19. It states that there is an ambition to build on Buckinghamshire’s internationally significant economic assets.¹⁵⁴
- 5.25 Within the document, the districts creative cluster – of which film and HETV plays a huge role – is referred to as one of the district’s assets. Reference is made to the existing cluster of film and HETV businesses in the area, specifically referring to Pinewood Studios and creative businesses. As such, this cluster is noted as key to future growth in the district and the Covid-19 recovery:

“Buckinghamshire’s economic assets are internationally significant. Action to enable their continued growth and development will deliver benefits for the national, regional and local economy.”¹⁵⁵

- 5.26 In order to support the sector achieve the desired growth the document states that the LEP will support opportunities for new studio development at Pinewood, Marlow and Halton.¹⁵⁶

“There continues to be considerable demand for additional studio space and Buckinghamshire is well placed to provide the physical facilities and skills base to support growth.”¹⁵⁷

151 Buckinghamshire Growth Board, 2021. Buckinghamshire Strategic Vision 2050.

152 Buckinghamshire LEP, 2016. Strategic Economic Plan (2016-2031).

153 Buckinghamshire LEP, 2020. Economic Recovery Plan. p13.

154 Buckinghamshire LEP, 2020. Economic Recovery Plan. p22.

155 Buckinghamshire LEP, 2020. Economic Recovery Plan. p13.

156 Buckinghamshire LEP, 2020. Economic Recovery Plan. p15.

157 Buckinghamshire LEP, 2020. Economic Recovery Plan. p14.

Buckinghamshire local industrial strategy

- 5.27 The presence of a specialism in the creative and digital sector is also noted in Buckinghamshire's Local Industrial Strategy. It is noted as one of four internationally significant economic assets that Buckinghamshire has.
- 5.28 The key aims of the strategy include:¹⁵⁸

“To consolidate a global creative industries capability and further support exporting and inward investment in the film, TV and games sector.”

“Enable communities to flourish, based around a ‘creative and digital’ cluster around High Wycombe, the National Film and Television School, and Pinewood Studios”

- 5.29 Marlow Film Studios will have the facilities capable of playing a major role in supporting Buckinghamshire's aims to be globally competitive in this sector, providing a facility that would attract inward investment and strengthen the existing cluster.

Buckinghamshire local skills report

- 5.30 By providing the studio space needed to facilitate growth in the film and HETV sector, Buckinghamshire can also achieve its employment and skills goals. The Buckinghamshire Local Skills Report outlines the existing skills needs for the district.
- 5.31 It is noted that there is currently a mismatch in local skills and that required by vacancies. Prior to the Covid-19 pandemic, Buckinghamshire employers were reporting that vacancies were hard to fill. As a result, Buckinghamshire LEP were the highest of all 38 LEP areas in terms of percentage of vacancies providing difficult to fill (53%).¹⁵⁹
- 5.32 Film and HETV is noted as a local priority sector for investment in local jobs and skills, and as such is expected to play a leading role in providing employment and upskilling local residents over the coming decade. By providing opportunities to gain film and HETV related skills, residents will be in a better place to match the requirements to fill vacancies in the district. The following quotes reiterate how crucial film and HETV can be in providing local jobs and upskilling local residents going forward:¹⁶⁰

“There are twice as many creative industry jobs within the Buckinghamshire economy than the national average, many of which are in the film and TV sector”

“Thousands of jobs are expected to be created in the film and TV industry in and around Buckinghamshire over the next few years as the UK production boom continues”

- 5.33 Within the skills strategy, Marlow is specifically mentioned as a location where the screen sector can develop in the future:

¹⁵⁸ MHCLG, 2019. Buckinghamshire Local Industrial Strategy.

¹⁵⁹ Buckinghamshire Skills Hub, 2022. Buckinghamshire Local Skills Report.

¹⁶⁰ Buckinghamshire Skills Hub, 2022. Buckinghamshire Local Skills Report.

“Buckinghamshire’s screen sector sits within a wider West of London Screen Cluster, which includes studios at Leavesden, Elstree, Shepperton, Long Cross, Bovingdon, Didcot and, within the next few years, Reading and potentially Marlow.”¹⁶¹

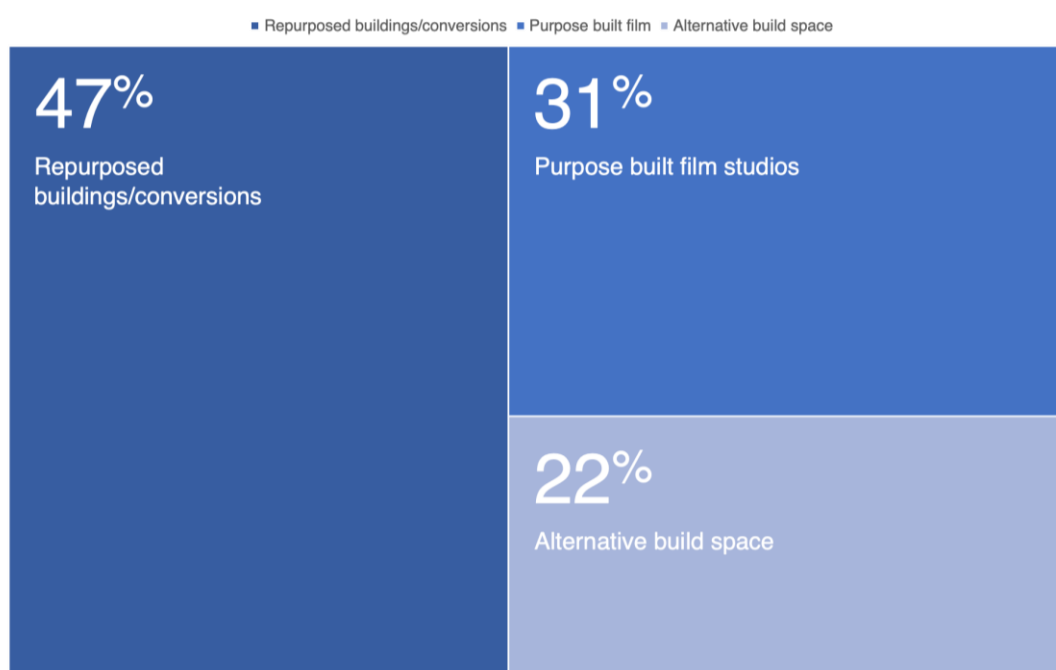
¹⁶¹ Buckinghamshire Skills Hub, 2022. Buckinghamshire Local Skills Report.

6 The need for stage space

UK studio space

- 6.1 Knight Frank estimate that the UK has approximately 6m sq ft worth of stage space.¹⁶² Lambert Smith Hampton (LSH) estimate this to be at a similar level, stating that the UK currently supports around 4.2m sq ft of dedicated film and TV, as well as at least an additional 1.2m sq ft in a variety of alternate spaces for studio use. Of this space, LSH estimate that over 60% is concentrated in the South East.¹⁶³
- 6.2 There are a variety of different types of studio. The majority (47%) of the space is in repurposed buildings – former warehouses, factories, aircraft buildings – that have been converted. There are also alternative spaces – such as temporary stages – which provide some (22%) capacity. A relatively small proportion (31%) of the space is in purpose-built studios. These have large sound stages suitable for major film and HETV productions. Existing major studios, such as Pinewood and Leavesden, have a mix of new stages and older refurbished ones.¹⁶⁴

Figure 25 Types of studio in the UK



Source: Lambert Smith Hampton

West London Cluster stage space

- 6.3 Using publicly available data, research was undertaken to identify the existing stage availability in the WLC. As of April 2022, the research found that there is just over 2.4m sq ft of stage space in the WLC. This total only includes studios with total stage space over 40,000 sq ft, as, based on the experience of the project team, this is the minimum required to host a feature film or HETV show. In any event, excluding the smaller spaces will not have an impact on this analysis as the total stage space is similar to the total

¹⁶² Knight Frank, 2022. UK Film and Television Studios Market.

¹⁶³ Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

¹⁶⁴ Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

found in a recent report by Nordicity (2.5m sq ft) for the Warner Bros Leavesden expansion application, which included studios smaller than 40,000 sq ft.¹⁶⁵ The existing provision is made up of a variety of types of space, including purpose-built stages, conversions and alternative build space. **Table 3** lists the existing studios that make up the 2.4m total provision.

Table 3 Existing stage space

| Studio | Location | Sq ft |
|-------------------------------|------------------------|------------------------|
| Pinewood Studios | Buckinghamshire | 506,234 |
| Shepperton Studios | Spelthorne | 167,504 |
| Warner Bros Leavesden Studios | Three Rivers | 498,200 ¹⁶⁶ |
| Elstree Studios | Hertsmere | 60,964 |
| Arborfield Studios* | Wokingham | 127,020 |
| Longcross Studios | Runnymede | 91,803 |
| 3 Mills Studios* | Newham | 79,197 |
| London Metropolitan Studios | Ealing | 66,000 |
| OMA Studios* | Enfield | 87,500 |
| OMA X Studios* | Enfield | 121,500 |
| Farnborough Studios | Rushmoor | 44,000 |
| Bray Film Studios | Windsor and Maidenhead | 53,636 |
| Black Island Studios | Ealing | 45,209 |
| Garden Studios | Brent | 40,325 |
| Meridian Water Studios* | Enfield | 40,350 |
| Symmetry Park Studios* | Buckinghamshire | 60,000 |
| Shinfield Studios* | Wokingham | 74,000 |
| Ignition Studios | Westminster | 46,000 |
| Bovingdon Airfield Studios | Dacorum | 115,000 |
| Winnersh Studios* | Wokingham | 120,000 |
| Total | | 2.4m |

Source: Volterra research based on publicly available data. This figure is subject to change following completion of studios in the pipeline, and closure of temporary studios. An * denotes those studios that are outside of the WLC as defined by the top 10% of areas in England in the sequential test search area criteria work, but are included in the existing stage space given their close proximity to the WLC.

West London Cluster planned future stage space

- 6.4 In addition to the existing supply of stage space, the research also identified future pipeline of stage space in the WLC. In total, approximately 3.8m sq ft of stage space has been announced to be coming forward over the next decade. This is also broadly consistent with the Nordicity research who found that 3.2m sq ft of stage space has been announced. This includes a mix of purpose-built stages, as well as conversions. The sizes of the various proposals are detailed in **Table 4**, and are shown visually in **Figure 26**.

¹⁶⁵ Nordicity & Saffrey Champness LLP, 2022. Economic and Social Impact of Warner Bros. Studios Leavesden: Masterplan 2022

¹⁶⁶ This excludes the exterior water tank comprising of 62,500 sq ft

Table 4 Announced studio proposals in the West London cluster¹⁶⁷

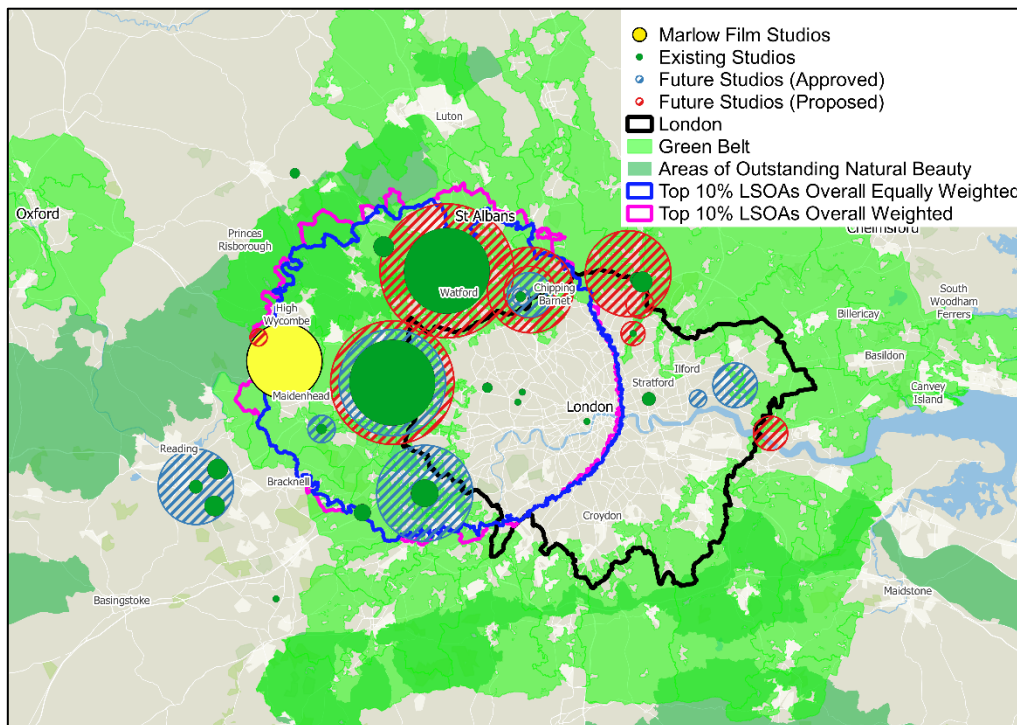
| Studio | Location | Sq ft | Type |
|------------------------------|------------------------|-------------|---------------|
| Sunset Studios* | Broxbourne | 500,000 | Purpose-built |
| Hertswood Studios | Hertsmere | 490,000 | Purpose-built |
| Shinfield Studios* | Wokingham | 432,358 | Purpose-built |
| Shepperton Studios | Spelthorne | 395,000 | Purpose-built |
| Sky Studios Elstree (part 2) | Hertsmere | 296,000 | Purpose-built |
| Warner Bros Leavesden | Three Rivers | 281,000 | Purpose-built |
| Sky Studios Elstree | Hertsmere | 260,000 | Purpose-built |
| Eastbrook Studios* | Barking and Dagenham | 252,000 | Purpose-built |
| Purfleet Studios* | Thurrock | 200,000 | Purpose-built |
| SEGRO Park Studios* | Enfield | 163,000 | Conversion |
| Pinewood Studios | Buckinghamshire | 110,000 | Purpose-built |
| Booker Airfield Studios | Buckinghamshire | 106,714 | Temporary |
| The Wharf Studios* | Barking and Dagenham | 105,000 | Conversion |
| Bray Studios | Windsor and Maidenhead | 100,364 | Pop up |
| Meridian Water Studios* | Enfield | 99,650 | Pop up |
| Elstree Studios | Hertsmere | 36,000 | Purpose-built |
| Total | | 3.8m | |

Source: Volterra research.

Where there is an expansion of an existing studio, we have noted only the amount it will be increasing by. An * denotes those studios that are outside of the WLC as defined in the sequential test search area criteria work, but are included due their close proximity to the WLC. There are other proposed studios elsewhere in the South East that are further away from the cluster, such as in Ashford and Bedfordshire. These have not been included.

¹⁶⁷ The amount of stage space that these developments are likely to bring forward will be unknown until the development is complete. We have taken information from new reports and planning documents where possible to accurately estimate the size of each proposal.

Figure 26 All planned stage developments in the WLC



Source: Volterra research. Contains OS Data @ Crown Copyright and database right (2021)

- 6.5 It is highly unlikely that all of these projects will come forward. Many of these proposals are progressing slowly and must secure financing.¹⁶⁸ Some studios may also be downscaled; others have temporary stages that will be removed. To address some of this uncertainty our research included an assessment of the developments to decide how likely it would be to come forward. Measures that we looked at included whether planning permission had been granted, whether construction had started and whether they have received financing. A similar approach was taken in the recent WB Leavesden application for expansion.¹⁶⁹
- 6.6 Based on this exercise, it is estimated that 2.1m sq ft of stage space will reasonably come forward. This is similar to the amount that is assumed to come forward (1.9m sq ft) in the recent WB Leavesden application for expansion.¹⁷⁰ This total includes approximately 1.6m sq ft of the proposals which have received formal planning permission, and some others that are seemingly likely to do so too given their location, backing and application stages. If this amount does come forward, then the capacity of the WLC and surrounding area would reach approximately 4.5m sq ft.

¹⁶⁸ Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

¹⁶⁹ Nordicity & Saffery Champness LLP, 2022. Economic and Social Impact of Warner Bros. Studios Leavesden: Masterplan 2022

¹⁷⁰ Nordicity & Saffery Champness LLP, 2022. Economic and Social Impact of Warner Bros. Studios Leavesden: Masterplan 2022

“It is very unlikely that all of the potential space will be built. Several pipeline projects are making slow progress, with funding and planning obstacles still to be overcome. Some planned schemes have been downscaled, or have seen temporary stages built while developers work on their longer term plans.”¹⁷¹

The need for new stage space

- 6.7 It is widely acknowledged within the film and TV industry that the current supply of studios is insufficient to meet demand.¹⁷² Production companies have found it difficult to find stage space, particularly in the WLC.¹⁷³ The large studios that are capable of hosting high end feature films and HETV are operating at full capacity and have been for the past decade. Utilisation of Pinewood and Shepperton averaged 85% between 2014-18, broadly understood to represent full capacity.¹⁷⁴
- 6.8 This pattern is expected to continue over the coming decade. Pinewood and Shepperton were both tied down to long leasing deals in 2019. Disney entered into an agreement with Pinewood to take most of their stages for at least a decade, whilst Netflix entered into a similar length deal at Shepperton. Leavesden has been owned by Warner Bros since 2010. As such, the three biggest studios – and the only existing ones capable of hosting major blockbusters and HETV – are occupied by major US businesses, reducing the space available to other production companies. As well as existing studios, other major studios in the pipeline are already full to capacity. It is becoming increasingly common for production companies to book out studio space for up to a decade in advance in this way. Knight Frank report that this is leading to an increase in demand for purpose-built space in the UK.¹⁷⁵

“Content producers need the certainty of being able to secure space, and as they produce more and more content, they can increasingly justify securing their own facilities, rather than renting on a short-term basis. This in turn is driving longer lease lengths for best-in-class, purpose-built assets and high-quality conversions, thus the sector is becoming increasingly attractive for institutional investors.”¹⁷⁶

Requirement for an increased volume of stage space

- 6.9 There is a consensus that demand for stage space is outstripping supply and there is an urgent need for additional capacity. PwC estimated in 2018 that the UK is missing out on around 5-10 blockbuster films per year due to the lack of space. If not made in the UK, these blockbusters will be made elsewhere. This was made clear in the application for expanding Shepperton in 2018, with major film producers emphasising the demand to film in the West London cluster, an example of which is shown below:

171 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

172 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

173 Lambert Smith Hampton, 2021. The UK & Ireland Film & TV Studio Property Market 2021.

174 Turley Economics, 2018. The case for space – Shepperton Studios planned application for growth 2018

175 Knight Frank, 2022. Taking Centre Stage

176 Knight Frank, 2022. Taking Centre Stage

“If films can’t be in the major facilities around London, then they will produce their movies overseas instead. We have just been sourcing locations for a film which we would have to film there on location or at facilities in Budapest or Prague instead.”¹⁷⁷

It is estimated that the UK lost out on the filming of 5-10 major movies in each year over the period 2016-18 due to a lack of suitable studio space.

- 6.10 Missing out on such productions contributes to the UK losing the equivalent of up to £950m a year.¹⁷⁸ This number will rise if the number of productions missed out on increases, and if the value of the average production increases. If more space were available to host these major movies, the output of the sector would increase by around 5%. In the context of any economic outlook this is significant, but in the context of the recovery from the pandemic, this is an even more valuable opportunity for growth.
- 6.11 PwC estimated in 2018 that this translated into unmet demand for 940,000 sq ft of sound stages. Since 2018 there have been some additions to stage space, but not of the level required to address this identified shortfall. Since 2018, demand in the sector has grown considerably.¹⁷⁹ As this past identified shortfall was not delivered in full, and demand has since increased, it is judged likely that there remains a similar current shortfall of this magnitude.
- 6.12 As the opportunities in the sector grow across the globe, this need is likely to increase in the coming years. The demand for studio space is therefore likely to be much higher than the 940,000 sq ft suggested by PwC. Various studies have estimated how much stage space could be required over the coming years. The exact number required varies by study, but all agree that a significant amount of space is required. Lambert Smith Hampton for estimated 2.3m sq ft of stage space could be required by 2033, whilst Saffrey Champness suggested that more could be required (2.6m sq ft) over an even shorter period of time (by 2025).^{180,181} CBRE further estimate that there is at least 2m sq ft in active demand in the market.¹⁸² Knight Frank is more bullish, anticipating a potential need of up to 6m sq ft.¹⁸³
- 6.13 These existing forecasts for the requirement for new stage space vary in scale, but all of them agree that a significant amount of new space is required. However, the future is uncertain and will be affected by changes in the way we consume media, how we exit the pandemic and growth of the economy. Indeed the variation among existing forecasts reflects this uncertainty. As such, this report presents several scenarios for demand for studio space to 2033 in the WLC.¹⁸⁴
- 6.14 As mentioned previously, the existing supply of stage space is expected to increase to 4.5m sq ft by 2027 after proposed studios come forward, assuming there are no closures.

177 Turley Economics, 2018. The case for space – Shepperton Studios planned application for growth 2018

178 PwC, 2018. Review of UK Film and High-End TV production facility market

179 Knight Frank, 2022. Taking Centre Stage.

180 Lambert Smith Hampton (2021): The UK & Ireland Film & TV Studio Property Market

181 Saffrey Champness (2021): Bray Film Studios Economic Impact Analysis

182 CBRE, 2021. The UK takes a leading role for TV and film production, according to new CBRE report.

183 Knight Frank, 2022. Taking Centre Stage.

184 The year 2033 was selected to keep consistent with other work in the sector. For example, Lambert Smith Hampton, 2021. Sites, Camera, Action! Take 2 forecasts future floorspace need to 2033.

6.15 Three scenarios of future need have been developed to understand the extent to which existing and planned capacity will meet demand (**Table 5**):

- Low scenario (film only (lowest) growth in demand persists)** – this scenario begins with the assumptions that the WLC is currently missing out on hosting blockbusters due to lack of space, equal to the 940,000 sq ft figures from PwC research.¹⁸⁵ This assumption was also used in Shepperton Studio’s recent application for expansion. On this basis, predicted demand in 2022 for stage space in the WLC is 3.4m sq ft, compared to the existing 2.4m sq ft of supply. The low scenario projects that this demand will increase at the historic rate of growth in production spend of feature films between 2014 and 2019 (3.9%).^{186,187} This is a conservative assumption as it does not account for the high rate of growth in HETV over the past decade. The low scenario projects that there will be total demand for 5.2m sq ft of stage space by 2033, and that once the realistic pipeline of studios comes forward (including Marlow Film Studios) there will be **additional demand for 175,000 sq ft of new studio space by 2033**.
- Central scenario (faster short term growth (in line with recent film and HETV growth) reverting to longer term lower trend over time)** – this scenario assumes the same starting point as the low scenario, but projects that the demand for stage space will continue to grow at the recent high rate over the next few years. However, it will decline down to the steady level of growth seen in feature film over the past decade by 2027. This assumes that the need for stage space will initially continue to increase at the rate of growth in production spend over the past five years across both film and HETV (10.6%), but linearly decline to 3.9% over the period up to 2033. This scenario projects that there will total demand for 7.5m sq ft of stage space by 2033, and that once the realistic pipeline of studios comes forward (including Marlow Film Studios) there will be **an expected demand for an additional 2.6m sq ft of new studio space by 2033**.
- High scenario (highest of the external forecasts in the short term, reverting to long term trend thereafter)** – this takes a different starting point to the previous scenarios. This scenario takes the national need for 6m sq ft of stage space by 2026 as set out by Knight Frank and assumes that 75% of this will come forward in the WLC in line with the reported amount of production spend this area takes up of total UK film and HETV production spend).¹⁸⁸ Following 2026, the need is assumed to grow at the historic rate of growth in production spend in feature films (3.9%) in line with the low (and, by the end of the forecasting period, the central) scenario. Based on this, the high scenario projects that once the existing pipeline (including Marlow Film Studios) is taken into account there will still be **an expected demand for an additional 4.1m sq ft of new studio space by 2033**.

¹⁸⁵ This is a conservative assumption as assumes that the need has not increased since PwC’s research in 2018. Furthermore, this figure does not account for future growth or demand from HETV, but only for what is needed at the current stage.

¹⁸⁶ BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK.

¹⁸⁷ The rate of growth of feature film spend since data was first record by the BFI has consistently been around this figure.

¹⁸⁸ BFI, 2021. Screen Business Report.

Table 5 Supply and demand

| Assumptions | Low | Central | High |
|--|----------------|-------------|-------------|
| Existing supply (sq ft) | 2.4m | 2.4m | 2.4m |
| Expected supply, 2033 (sq ft) | 4.5m | 4.5m | 4.5m |
| Total required stage space, 2033 (sq ft) | 5.2m | 7.5m | 9.1m |
| Shortage of stage space, 2033 (sq ft) | 650,000 | 3.0m | 4.6m |
| Shortage of stage space once Marlow Film Studios is operational, 2033 (sq ft) | 175,000 | 2.6m | 4.1m |

Source: Volterra analysis. Figures may not sum due to rounding.

6.16 **It is clear that by 2033, even with Marlow Film Studios and the other studios in the pipeline, additional studio space is still required, even in the most conservative scenario.** The film and HETV industry is a constantly expanding and evolving market. The West London Cluster requires the facilities to make the most of the new opportunities that arise.

Figure 27 Stage space needs (central scenario)



Source: Volterra analysis

6.17 The pipeline will make a significant contribution to the demand but it is unlikely that all potential studios will be immediately delivered, largely due to timing of securing funding together with potential planning issues. In addition some of the proposed pipeline is based in temporary space or repurposed buildings. Temporary studios cannot provide the certainty or all the facilities required for major productions. There is still a need for new purpose-built space which meets requirements for major blockbusters and HETV.

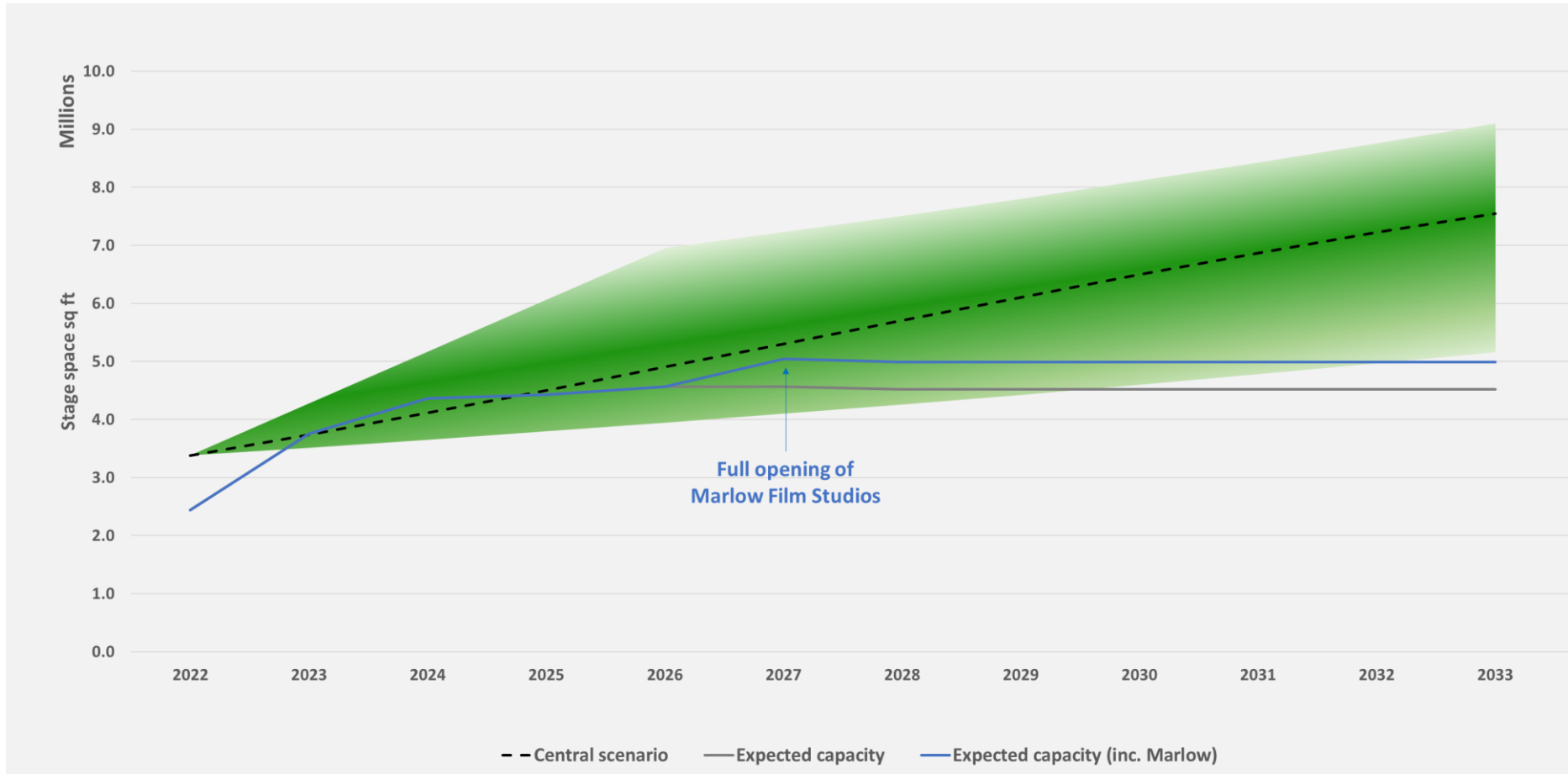
6.18 Marlow Film Studios would be well placed to contribute to alleviating supply shortages in the sector, providing high-quality, attractive studio space, which would enable the cluster to maximise its potential, and produce blockbusters that the UK has previously missed out on due to lack of space. The brand new purpose-built studios would be capable of hosting multiple high-budget productions:

- 1.8m sq ft of facilities;
- 470,000 sq ft of stage space, with 18 sound stages ranging from 10,000 – 45,000 sq ft;

- 410,000 sq ft of workshop space;
 - 280,000 sq ft of office space; and
 - 655,000 sq ft of other space (including studio hub and amenity space).
- 6.19 Film productions require several spaces with specific functional and technical requirements – e.g sound spaces, workshops, offices, flexible space and studio hub and other amenities. Marlow Film Studios has been designed to provide all these spaces grouped in small clusters within a wider network. The studio will provide several smaller clusters which all have the required uses to work as isolated elements and could be further split into smaller groups that different productions can use. The design principles focus on providing a more vibrant environment with sustainability ingrained, moving away from the business / industrial park model at other existing studios.
- 6.20 The design is of the highest quality, providing an ideal space for major productions. For instance, the sound stages are designed to allow for large spaces with high flexibility to host complex sets and accommodate the cast, crew, props, equipment and support services required. In addition, dedicated sound stages have unique design features and requirements, such as high acoustic performance, substantial internal clear heights and access requirements.
- 6.21 As shown in **Figure 28**, the new studio would help the WLC meet some of the demand, but there is still a shortfall of capacity, even in the most conservative scenario. Even if all of the announced potential studios come forward there would still be a requirement of 870,000 sq ft of stage space under the central scenario by 2033, and 2.4m sq ft in the high scenario.
- 6.22 Without further investment in studio space, inward investment could be displaced to other countries. It is clear that space in the WLC specifically is key due to accessibility, clustering effects and infrastructure, and so Buckinghamshire desperately needs to build on its already world-leading offering. Building on past success is a recommended approach for economic development. Investment in the cluster is more efficient than investment outside the cluster, and as a result Government policy tends to favour cluster development.¹⁸⁹ Marlow Film Studios is the most sequentially preferable and deliverable site in the cluster that is capable of delivering this scale and quality of space.
- 6.23 The scale and variety of onsite provision proposed at Marlow Film Studios and delivered at the other studios enables a cluster of skills and industries which are required to attract and produce the biggest budget films. Investment in the cluster would increase the attractiveness, brand and efficiency of the whole cluster, resulting in a positive feedback loop which amplifies all the benefits of the cluster for all members, and in turn supporting significant economic benefits to the UK economy.

¹⁸⁹ HM Government (2018), Industrial Strategy, Creative Industries Sector Deal.

Figure 28 Studio space forecasts in the WLC to 2033



Source: Volterra analysis

7 Economic and Social impacts

Construction phase

- 7.1 It is estimated that the construction phase of Marlow Film Studios would support approximately 9,130 implied job years over a construction period of around 44 months from Q3 of 2023 to Q1 of 2027. Therefore, there would be an average of 2,490 construction jobs on-site throughout the construction period. The annual construction jobs supported would represent a 15% uplift compared to Buckinghamshire's total construction employment in 2020 (17,000).¹⁹⁰
- 7.2 Typically, construction workers are one of the most mobile sectors of the workforce, travelling to where the work is. As a result, construction benefits are not generally viewed as having large local impacts. Whilst the employment effects from construction activity do not normally tend to be particularly local, their expenditure does have a local impact. It is expected that the construction workers will spend approximately £7m in the local area over the duration of the construction period, equivalent to average annual spending in the local area of over £1.9m. Typical expenditure in the local area before, during and after work can be on things such as food and beverage (e.g., lunch), after work activities and retail shopping at nearby stores.
- 7.3 The **Skills and Workforce Development Plan** outlines commitments to maximise opportunities to upskill local people during the construction phase. Some of the measures include:
- **The 5% club** – target of 5% of onsite construction workforce to be in earn and learn positions – this is leading industry practice to help provide new entrants into the sector with the necessary skills to work in the industry.
 - **Construction training hub** – support the Construction Industry Training Board (CITB) in developing a flexible site-based construction training hub in Buckinghamshire for job seeking adult traineeships, reskilling and upskilling opportunities for current construction employees, tasters and school outreach opportunities.
 - **Talent view** – promote all construction opportunities on Talent View. This provides a free one-stop-shop for entry level roles in construction, including T-level placements, work experience and traineeships.
 - **Quarterly construction tour** – during construction, once a quarter, construction workers will have a tour around the facility to show the construction process.

Operational phase

Job creation

- 7.4 Marlow Film Studios would lead to the creation of an estimated 1,780 – 2,415 full-time equivalent (FTE) jobs, or 2,015 – 2,735 jobs when accounting for part-time working patterns.¹⁹¹ This would almost double existing employment in Buckinghamshire's production industries.

¹⁹⁰ ONS, 2020. Business Register and Employment Survey.

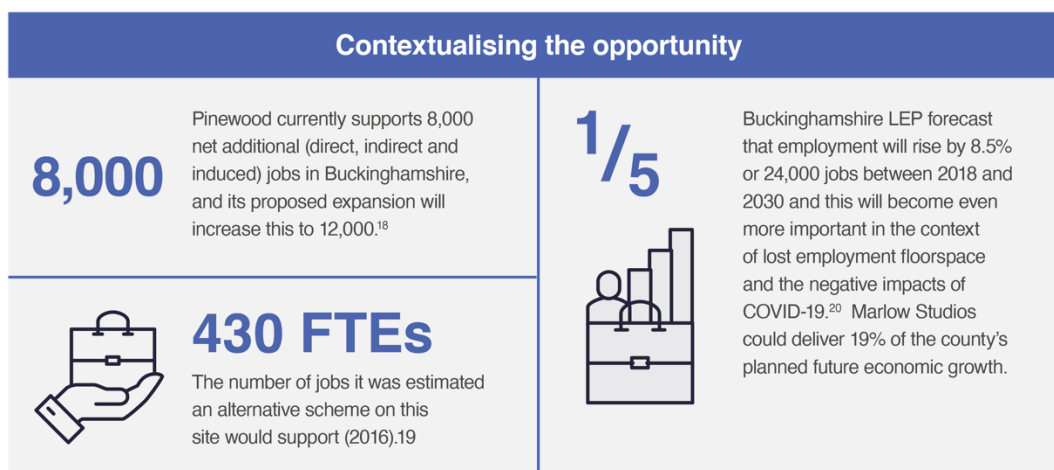
¹⁹¹ For the methodology underpinning the assessment of employment at Marlow Film Studios, refer to ES Chapter 7: Socio economics.

- 7.5 In order to consider the total net impact on employment, the displacement and multiplier – indirect and induced jobs that would occur as a result of the scheme’s supply chain and worker expenditure – impacts must also be considered. The HCA Additionality Guide provides a framework that allows for the estimation of the net additional impacts of a development.¹⁹² Through this method, both a displacement and a multiplier are applied to direct employment.¹⁹³
- 7.6 It is estimated that Marlow Film Studios would support a net additional total of up to 3,685 FTEs, equivalent to up to 4,180 jobs when accounting for part-time working patterns. This is presented in **Table 6**. These jobs would provide significant stimulus to surrounding economies and industries.

Table 6 Net additional employment

| Variable | FTEs | Jobs |
|--------------------------------------|----------------------|----------------------|
| Gross additional jobs ¹⁹⁴ | 1,780 – 2,415 | 2,015 – 2,735 |
| <i>Displacement</i> | 10% | 10% |
| Net direct jobs | 1,600 – 2,170 | 1,815 – 2,460 |
| <i>Multiplier</i> | 1.7 | 1.7 |
| Net indirect jobs | 1,120 – 1,520 | 1,270 – 1,725 |
| Total net additional jobs | 2,715 – 3,685 | 3,080 – 4,180 |

Source: Homes and Communities Agency, 2014. Additionality Guide: Fourth Edition



¹⁹² Homes and Communities Agency, 2014. Additionality Guide: Fourth Edition

¹⁹³ A full explanation of the methodology underpinning the choice of displacement and multiplier in calculating net additional employment can be found in ES Chapter 7: Socio economics.

¹⁹⁴ These numbers differ slightly to the above as it accounts for existing employment on-site. There are estimated to be approximately 3 FTEs on-site currently, operating at a dog exercise and training company, A Dog's Best Friend.

Economic output

- 7.7 GVA is the additional value generated by economic activity.¹⁹⁵ Direct and indirect employment supported at Marlow Film Studios would lead to an increase in direct and indirect GVA of up to £338m per annum (**Table 7**).

Table 7 Total annual additional GVA

| Variable | FTEs / GVA |
|------------------------------------|----------------------|
| Net direct FTEs | 1,600 – 2,170 |
| Indirect FTEs | 1,120 – 1,520 |
| Total FTEs | 2,715 – 3,685 |
| Net direct GVA | £180m – £244m |
| Indirect GVA | £69m – £94m |
| Total annual additional GVA | £249m – £338m |

Source: ONS, 2019. Regional gross value added (balanced) by industry; ONS, 2019. Business Register and Employment Survey; DCMS, 2020. DCMS Sectors Economic Estimates 2019: Employment; and GVA; NB: Figures may not sum due to rounding.

- 7.8 A wide variety of jobs are directly and indirectly supported by the film and HETV industry. Work by Screenskills (**Table 8**) identified some of the key types of jobs available in the sector.

Table 8 Film and HETV related jobs

| Group | Roles |
|------------------------|--|
| Development | Commissioner, producer, director, screenwriter |
| Production management | Line producer, locations manager, floor runner, cashier, finance controller, production accountant |
| Craft department | Production designer, costume designer, hair and make-up designer, set decorator, prop master, production buyer, construction |
| Technical department | Photography, script supervisor, grip, gaffer, lighting, video assistant, digital imaging, sound |
| Post-production | Editor, post-production supervisor, music editor, subtitle, archivist |
| Sales and distribution | Sales agent, distribution executive, publicist, film programmer, marketing |

Source: Screenskills.com

¹⁹⁵ The GVA impact at a development is usually calculated by multiplying the number of jobs in each sector by the annual GVA per job. In the case of Marlow Film Studios, the estimated GVA combines economic output created by direct FTEs (multiplied by annual GVA per job in the film and production sector) and indirect FTEs (annual GVA per job across the UK economy generally), due to the wide range of indirect jobs supported.

Tax revenues

- 7.9 A report by Oxford Economics found the core UK film industry contributed £498m to the Exchequer in income tax, national insurance contributions, VAT, and corporation tax in 2011.¹⁹⁶ This equated to 31% of the total GVA of the UK film industry in the same year (£1.6bn).¹⁹⁷ Applying this percentage to the estimated total annual additional GVA created by the end-use development, Marlow Film Studios would lead to additional annual Exchequer contributions of between £78m and £105m per year.¹⁹⁸

Exports

- 7.10 Marlow Film Studios' additional contribution to exports would consist of both direct and indirect exports:
- **Direct exports:** total exports (£9.3bn) and total employment (173,000) in the UK film, TV, radio and photography sector has been used to derive a total exports per FTE figure for direct jobs created by Marlow Film Studios;¹⁹⁹
 - **Net indirect exports:** uses total UK exports (£367bn) and total UK employment (32m) to get a general goods exports per FTE in the UK.²⁰⁰
- 7.11 **Table 9** shows that Marlow Film Studios would lead to up to a £102m increase in the value of the UK's exports on an annual basis.

Table 9 Total contribution to exports

| Variable | FTEs / Exports |
|---|---------------------|
| Net direct FTEs | 1,600 – 2,170 |
| Net direct exports¹⁹⁹ | £62m – £84m |
| Net indirect FTEs | 1,120 – 1,520 |
| Net indirect exports²⁰⁰ | £13m – £17m |
| Total annual contribution to exports | £75m – £102m |

Source: DCMS, 2021. DCMS Sectors Economic Estimates 2019: Trade in services

Production spend

- 7.12 Two-thirds of production budgets are typically spent in the wider economy,⁴¹ meaning that the production of high-budget films serve as a key stimulant for local industries and regions. On average, each major film generates £110m of production spend.²⁰¹ This can

196 Oxford Economics and the British Film Institute, 2012. The Economic Impact of the UK Film Industry

197 ONS, 2011. Regional gross value added (balanced) by industry

198 Our standard approach to estimating tax revenues would be to take 30%-40% of GVA as the lower and upper bound, as it is commonly assumed that 30%-40% of total GDP accrues to HM Treasury in taxation, through business rates, VAT, corporate, and income tax, for example. In this bespoke case, a figure of 31% has been applied to GVA to derive estimated annual tax revenues.

199 Uses an exports per FTE figure of £38,795.

200 Uses an exports per FTE figure of £11,485.

201 BFI, 2022. Official 2021 BFI statistics reveal a record £5.64bn film and high-end TV production spend in the UK

rise up to £150m if the film is a major franchise. In total, it is expected that the Proposed Development would generate between £380m and £520m annually in production expenditure. Assuming that 67% of production expenditure is spent in the wider economy, the Proposed Development is likely to support between £130m - £155m of production expenditure for businesses in the WLC each year.²⁰²

Social and wider impacts

Tourism

- 7.13 Major productions have significant spill over effects to the local and national economies as they attract tourists stimulated by the desire to visit locations that have hosted major films.²⁰³ Research in 2018 found that 7% of all tourists to the UK cited visiting a film or TV set location as their primary reason to visit the UK.²⁰⁴ This demonstrates the draw of the sector in creating tourism and its associated economic benefits. Marlow Film Studios would build on this, helping to increase positive perceptions of 'brand UK'.
- 7.14 Research by Creative England has shown that film and TV productions can be a powerful way to add profile to a nation's tourism offer, both at home and abroad – they can help to showcase a country's natural and cultural assets; inform, inspire and influence travel decisions and help to market and grow local visitor economies.²⁰⁵ Research has shown a number of key 'screen tourism' drivers. Some of these which may be relevant Marlow Film Studios are:
- Natural and long-running productions drew the highest proportion of core screen tourists, including the Harry Potter film franchise, for example;
 - Natural landscapes also drive screen tourists; and
 - Period drama proved to be a strong draw – but productions associated with other genres also attracted visitors.
- 7.15 An increase in tourism would provide economic stimulus to the Wycombe and wider Buckinghamshire economies. This stimulus would help support Buckinghamshire's economic recovery, in line with the economic recovery plan.

Creative industries

- 7.16 The Creative Industries Sector Deal was launched in 2018 with the aim of doubling Britain's share of the global creative immersive content market by 2025. Creative clusters are at the heart of the Sector Deal, with policies designed to encourage the development of such clusters.
- 7.17 Together with other studios operating in the WLC, Marlow Film Studios can deliver the targets of the Sector Deal through providing employment and skills opportunities, and help grow the UK's influence in the film and HETV sector through hosting the production of more major movies than it currently can.

202 For more detail on the methodology used to calculate production spend and likely recipients, refer to ES Chapter 7: Socio economics.

203 Olsberg and Nordicity, 2015. Economic Contribution of the UK's Film, High-End TV, Video Game, and Animation Programming Sectors

204 VisitBritain, 2018. Film and TV locations as a driver of tourism

205 Creative England, 2019. Film Tourism: What is it, and how can you maximize the benefits?

Employment and skills

- 7.18 Through the provision of educational-based services and programmes, Marlow Film Studios could positively impact skill levels in the area.
- 7.19 At the present time certain societal groups are underrepresented in the film and HETV industry. For instance, only 37% of the workforce in the sector are female, compared to 48% across all industries.²⁰⁶ Those from working-class backgrounds are also significantly under-represented in the Creative Industries.²⁰⁷ People from working-class backgrounds make up only 25% of workers in the screen sector, despite making up 38% of the workforce in all sector.²⁰⁸ Addressing inequality in the workforce is a key part of the Government's levelling up agenda.²⁰⁹
- 7.20 The applicant is committed to producing a best-in-class employment and skills programme. Central to this is the establishment of a the **Marlow Film Studios Culture and Skills Academy** on site. This facility would be approximately 11,700 sq ft, and will provide a platform to deliver educational, skills, recreation and cultural resources. It will provide a space to bring the creative industry closer to Marlow's community with an extensive programme of educational and cultural events.
- 7.21 This space will be able to host multiple sessions targeted to different audiences and will be greater than just a building, as set in park land, which can be used as well for learning and cultural activities. The building will be designed to be as flexible as possible with two large spaces that can accommodate multiple activities, such as lectures, exhibitions, and events for the community. It also hosts a kitchen and dining space.
- 7.22 The Applicant is committed to being a champion for diversity and inclusion in the industry, D&I will be at the heart of everything they do. The Applicant will work with industry and educational partners to offer inclusive training solutions and with industry leaders to develop a consistent approach to monitoring and data collection. The Applicant strongly believes that children need to see role models that they recognise in themselves, so they will arrange industry talks, seminars and workshops, run by crew members from a variety of ethnicities and socio-economic backgrounds to encourage diversity in the industry.
- 7.23 A part-time scheme coordinator will be employed to oversee the implementation and operation of the various training and education programmes provided on-site.
- 7.24 More detail is provided in the **Skills and Workforce Development Plan**, but the guiding principles of the approach are as follows:

²⁰⁶ DCMS, 2020. DCMS Sectors Economic Estimates 2019.

²⁰⁷ PEC, 2021. Social mobility in the Creative Economy Rebuilding and levelling up

²⁰⁸ Screenskills, 2021. Screened out. Tackling class inequality in the UK Screen Industries.

²⁰⁹ DLHUC, 2022. Levelling Up the United Kingdom.

Table 10 Key elements of the Skills and Workforce Development Plan

| Area | Targets and detail |
|--|--|
| Working with local schools | Marlow Film Studios will work with local schools at both primary and secondary level, building awareness about the career opportunities in the industry. Space will be made available at the studio in the Culture and Skills Academy to deliver activities to introduce children to the world of film and TV. Career programmes will be delivered with partners such as ScreenSkills and BFI Academy to educate secondary school children about the potential of working in film, showing clear career pathways, and the skills needed. |
| Deliver essential and valuable space for further and higher educational (FE/HE) institutions | The Applicant is committed to working with leading educational institutions, including Buckinghamshire New University and the National Film and TV School, and will make space available for them at the Studios. The Applicant will support sustainable programmes, with established FE/HE institutions, to create accessible and robust educational programmes that are delivered through the Marlow Film Studios Culture and Skills Academy and provide a direct link between academia and industry. |
| Promoting local jobs | Alongside a jobs mailing list, with registration details on the front page of our website, the Applicant work with the Council and the Skills Hub to notify the data base about new opportunities and offer interviews. The Applicant will also work with tenants/occupiers of the Studios to maximise local jobs. |
| Creating new trainees | At least thirty new people will be trained at Marlow Film Studios each year, to bring fresh talent into the industry. The Applicant will aim to draw twenty (66%) of these trainees from local postcodes, with a 40% or better weighting for BIPOC/Inclusivity candidates. |
| Providing much needed bursaries | The Applicant is committed to provide seven bursaries annually to support workers and their development. |
| Local engagement and support | The Applicant is committed to positive interaction with the local community and support for it. This will range from offering access to the Cinema and screening room, to providing learning spaces, such as the Culture and Skills Academy. The Applicant will run themed cultural events and work with local institutions (such as the Jam Academy), communities, and figureheads to deliver them. And will make facilities available to educational institutions for final year shows, BAFTA events etc., without charge. |
| Independent environmental, social and governance audit | An independently audited ESG report will be commissioned to demonstrate the impact on key environmental, social & governance topics. The Applicant is committed to providing equal opportunities and high-quality pastoral care at work to all staff members. An ESG Board will be formed and will include supply chain data about the use of SME businesses. |

7.25 The HACT Social Value Index²¹⁰ can be used to highlight the social value of potential employment and skills commitments. HACT provides a variety of definitions on social value, one of which is:

“Social value is the quantification of the relative importance that people place on the changes they experience in their lives. Some but not all this value is captured in market prices. It is important to consider and measure this social value from the perspective of those affected by an organisation’s work.”

7.26 The social value bank provides a methodology for putting a figure on the value people place on non-market goods. An example includes the value individuals experience increasing their confidence. These wellbeing values are important but are not commonly valued. The Social Value Bank uses surveys and statistical techniques to assess how different life events impact on individual’s wellbeing. It can then be used to assess the impact that projects can have on individuals.

7.27 The HACT index gives monetary values (in 2018 prices) for social impacts. The social value index provides multiple values for employment and skills-related initiatives, some of which are:

- The social value of full-time employment for a single individual is £14,430 for person. Assuming that five percent of the individuals gaining direct employment on site came from out of work, this would result in approximately £1.1m in direct social value. The provision of a significant number of diverse local employment opportunities will also improve social cohesion and wellbeing.
- The social value of vocational training is £1,120 per person. **The Skills and Workforce Development Plan** targets to provide thirty trainees at the studio each year. If they receive vocational training specific to the industry, this would generate approximately £45,900 in social value;

National and local policy

7.28 Marlow Film Studios can help contribute to the aims set out in various local policies. Creative and digital is one of Buckinghamshire’s four internationally significant economic assets in the Buckinghamshire Local Industrial Strategy.²¹¹

“To consolidate a global creative industries capability and further support exporting and inward investment in the film, TV and games sector.”

“Enable communities to flourish, based around a ‘creative and digital’ cluster around High Wycombe, the National Film and Television School, and Pinewood Studios”

7.29 Marlow Film Studios will have the facilities capable of playing a major role in supporting Buckinghamshire’s aims to be globally competitive in this sector, attracting inward investment and strengthening the existing cluster.

210 HACT and Daniel Fujiwara, (no date). Community investment Values from the Social Value Bank
211 MHCLG, 2019. Buckinghamshire Local Industrial Strategy.

- 7.30 As well as playing a part in achieving Buckinghamshire’s policy goals, Marlow Film Studios can help contribute to UK policy goals – by providing a purpose-built studio with world class facilities in an ideal location that major film production companies want to work at. One of the targets of UK policy is to double film and HETV revenue by 2025.²¹² Purpose-built facilities such as Marlow Film Studios will be key in providing the necessary space to achieve this goal.

Health

- 7.31 Marlow Film Studios would provide a number of open and amenity spaces for workers on site and members of the public. It is widely known that outdoor space leads to health benefits, such as:²¹³

- Improved mental wellbeing (reduced anxiety and stress);
- Positive impacts on blood pressure;
- Encourages physical activity;
- Maintains high qualities of life (particularly in older people);
- Improves air quality by removing pollutants and harmful gases in the air;
- Improves water quality;
- Boosts tourism.

- 7.32 The outdoor and recreation spaces provided at Marlow Film Studios aims to enhance the natural character. Some of the proposed outdoor and recreation spaces include the following:

- **Arrival Square** – situated close to the main studio entrance, this square would contain generous pathways and paved areas, providing breathing space to accommodate pedestrian flows. This area would provide opportunities for people to sit and relax out of the main pedestrian flows;
- **Studio Hub Square** – the ‘heart’ of the studio, providing a wide variety of internal uses, including a central hard space. The building also interfaces with the Public Rights of Way ;
- **Central Access Road** – provides an opportunity for a continuous habitat corridor linking through the centre of the masterplan and connecting existing habitat in the south to the north. The landscape along the central access road also provides an opportunity for staff and crew from the production zones to spill out;
- **Plot 4** – Plot 4 benefits from an attractive natural setting amongst mature trees and in close proximity to the gravel pits water bodies. This would be retained as a natural green space, with new permissive footpaths providing enhanced public amenity; and

212 BEIS & DCMS, 2018. Creative industries: Sectoral Deal

213 Braubach et al, 2017. Effects of Urban Green Space on Environmental Health, Equity and Resilience

- **Plot 5** – a backlot area for external filming that benefits from strong mature woodlands belts to its perimeter.
- 7.33 As well as providing a variety of outdoor and recreation spaces on site, Marlow Film Studios is committed to improving the overall amenity of the local area. For instance, cycle access is set to be improved nearby the site, and pedestrian access will also be provided through the provision of walking routes on-site. The HACT index provides a monetary value of £5,280 per person for the social impact of walking. If used by half the workers on site, this could generate approximately £3.9m in social value each year.
- 7.34 Many of the outdoor and recreation spaces built on site would be accessible by members of the public. In total, Marlow Film Studios would lead to the creation of 4.9ha of publicly available outdoor and recreation space all year round. This includes:
- A publicly accessible cycling connection alongside Plot 3 – 0.2ha;
 - Studio Hub space, open to the public for certain events – 0.2ha;
 - Enhanced Public Right of Way alongside Plots 1 and 3 – 0.6ha;
 - An area of amenity space adjacent to community building for close neighbours on Plot 2a – 0.1ha;
 - Permissive path on edge of Plot 4 – 1.0ha; and
 - Permissive accessible area on Plot 4 – 2.8ha.
- 7.35 The outdoor and recreation spaces provided on site would result in positive effects on mental and physical health because it will increase opportunities for social interactions and provide additional places for people to meet. These areas, such as the Arrival Square and Plot 4, will be open to the community and inclusively designed, which will maximise the use of the space. The positive effects associated with increased social cohesion from the use of these spaces and the jobs would benefit local residents.

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