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Project Horizon Economic Benefits Assessment Report

Final Report

Merlin Attractions Operations Limited (Alton Towers Resort)

30th September 2022

LICHFIELDS

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1.0 Introduction

- 1.1 This Economic Benefits Assessment has been prepared by Lichfields to accompany an application for full planning permission for Project Horizon ('the proposed development') at Alton Towers Resort, in the local authority of Staffordshire Moorlands. The purpose of the study is to assess the economic effects of the existing and planned facilities of the resort at the local and regional level.
- 1.2 The information included in this document has been prepared for the purpose of assisting the local planning authority in its consideration of the Project Horizon proposal at Alton Towers Resort.

Background

- 1.3 Alton Towers Resort is centrally located within England near the border of the East and West Midlands regions. It lies within Staffordshire Moorlands District some 19km west of Stoke-on-Trent and 29km west of Derby. The main resort is some 195 hectares in size, although additional areas of land owned by the resort (totalling some 28 ha) are located to the north of Alton village and to the north and east of Denstone village.
- 1.4 Alton Towers Resort comprises the former estate of the Earls of Shrewsbury and has been open to the public since 1924, when it was primarily an Ornamental Garden. During the Second World War and until 1952 the estate was requisitioned for army training. However, during the 1960s and 1970s, Alton Towers gradually became more popular with visitors due to the introduction of amusement facilities. During the 1980s, extensive development as a theme park occurred, and the number of visitors more than tripled as a result.
- 1.5 In 1990, the resort was acquired by the Tussauds Group and since that date major amusement areas have been developed including large capacity rides. In addition, Alton Towers has been re-branded as a resort destination, appealing to families, and there has been a greater emphasis on the quality of the offer. The Tussauds Group became part of the Merlin Entertainments Group in 2007.
- 1.6 Alton Towers Resort contains a wide range of rides including Oblivion, Congo River Rapids, Nemesis and TH13TEEN, as well as various themed attractions, extensive gardens, restaurants and cafes. There are also four hotels (The Alton Towers Hotel, Enchanted Village lodges, the Stargazing pods and Splash Landings Hotel), a crazy golf course and a large waterpark within the site, as well as facilities catering for corporate events and conferences.
- 1.7 Alton Towers Resort is one of the UK's most popular and largest themed attractions, and ranks as the second most visited theme park in the UK, behind LEGOLAND Windsor. Visitor numbers were significantly impacted in 2020 due to the Covid-19 pandemic and associated national restrictions which affected all parts of the UK visitor economy. According to the latest figures from Alton Towers Resort, 2021 and 2022 showed an overall recovery as restrictions have eased and are currently above pre-pandemic levels.

Proposed Development

1.8 The Proposed Development comprises a new indoor attraction, with the development site extending to 0.9 ha in the south western corner of the Resort. The site currently comprises a back house and general storage area. As part of the proposed development to deliver a new building to house an indoor attraction, a new entrance feature will mark the main guest access into the development site. A detailed description of the proposed works is provided within the Design and Access Statement including proposed materials.

1.9 The proposed location within the Alton Towers Resort site is shown in Figure 1.1 below.

Figure 1.1 Site location plan (indicative boundary line)



Report Structure

1.10 The remainder of this report is structured as follows:

- **Chapter 2** sets out the approach and methodology used in the assessment;
- **Chapter 3** provides the local economic context for the theme park;
- **Chapter 4** focuses on the theme park's effects on expenditure and income generation;
- **Chapter 5** assesses the direct and indirect employment impacts of the theme park;
- **Chapter 6** examines the impacts of Alton Towers Resort on the local and regional tourism industry;
- **Chapter 7** assesses the likely additional economic impact of the proposed development;
- **Chapter 8** considers how Alton Tower Resort and the proposed development contribute to economic and tourism aims of the local area; and

- **Chapter 9** draws overall conclusions on the economic impact of Alton Tower Resort and the proposed development.

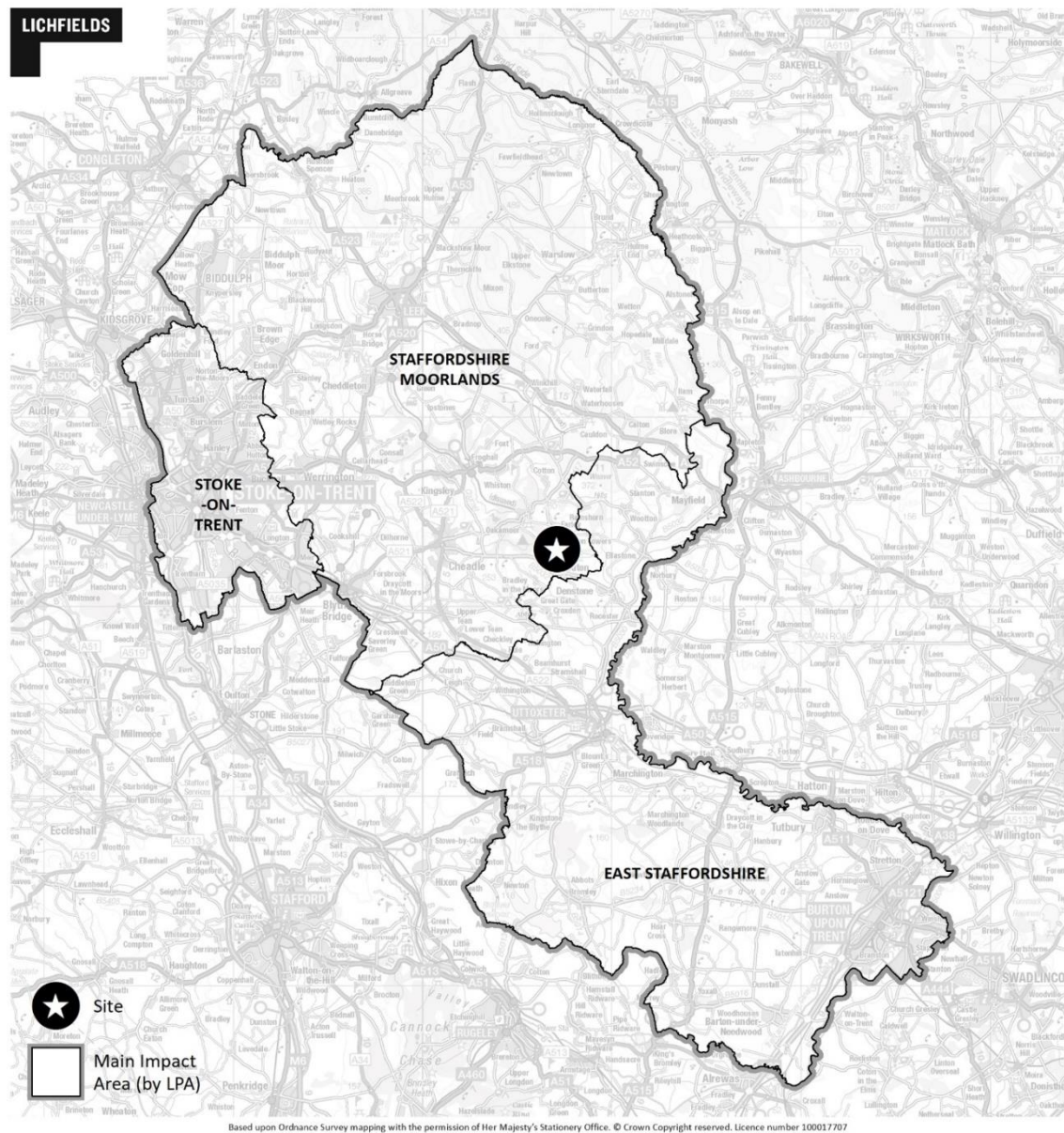
2.0 Methodology

- 2.1 Economic impacts can be measured in different ways. In quantitative terms these can be assessed by means of the number of jobs supported, the number of visitors attracted and the effects of their expenditure, and the amount of income generated in the local area. Less quantifiable effects include contributions to the local community, and to the area's profile, attractiveness to tourists and wider economic competitiveness.
- 2.2 This study considers a range of potential economic effects to provide an overall picture of the contribution of the existing and planned facilities at Alton Towers Resort.
- 2.3 The broad methodology for this study is as follows:
- a define the area of impact, recognising that economic impacts will primarily be felt at the local level, but also at a wider sub-regional, regional, and to some extent national levels;
 - b assess the direct economic effects of Alton Towers Resort in terms of employment and expenditure (i.e. which take place on-site);
 - c assess the wider economic effects generated by Alton Towers Resort, such as indirect and induced employment in the surrounding area, spending with supplier firms, and off-site expenditure associated with visitors to the Resort;
 - d review other, less quantifiable, economic effects associated with Alton Towers Resort, such as contributions to tourism and the local community; and
 - e assess the additional economic benefits that will accrue as a result of the proposed development such as additional employment and expenditure impacts.
- 2.4 Where available, the latest data from 2021 provided by Alton Towers Resort have been utilised to assess the above listed economic effects.

Main Impact Area

- 2.5 The area in which the economic impacts of Alton Towers Resort are most strongly felt will be the labour catchment of the theme park, defined by the area in which the majority of its employees live. According to the latest employee data, 78% of Alton Towers Resort's workforce lives within the three local authority areas of Staffordshire Moorlands (37%), Stoke-on-Trent (31%) and East Staffordshire (9%). On the basis of the above, these three districts have been taken to form the main impact area for the theme park and are identified in Figure 2.1 below.
- 2.6 Some economic effects will also be felt across a wider area. In particular, a significant minority of the resort's employees live in Stafford (4.6%), and also within Newcastle-under-Lyme (3%). In addition, some economic effects of the resort are also likely to be felt across the West and East Midlands regions and at a national level. This will be especially the case for indirect and induced effects generated by employees of the Resort, in addition to supply chain expenditure.

Figure 2.1 Alton Towers Main Impact Area



Source: Lichfields analysis

2.7

In order to assess the indirect economic effects of Alton Towers Resort, various 'multipliers' have been used, which estimate the 'spin-off' economic effects generated, including:

- an income multiplier to measure the additional income generated in the local economy as a result of expenditure associated with Alton Towers Resort;
- an employment multiplier to estimate additional jobs generated by the direct employment and spending generated by Alton Towers Resort; this employment can be categorised as 'indirect' (related to spending with local supplier firms) or 'induced' (supported by the wage spending of employees in the direct and indirect activities); and

- factors estimating further employment and income supported by off-site visitor expenditure generated by visitors to Alton Towers Resort (for example on travel, off-site accommodation, visits to other attractions, and in local shops and restaurants).

2.8 These multipliers and factors have been derived in combination with the latest data sources including the HCA Additionality Guide¹² for composite multipliers, as well as using previous research conducted by Lichfields into the economic effects of major visitor attractions. However, the factors have been adjusted to take account of the particular economic conditions applying in the Alton Towers Resort area, the characteristics of the facility and its workforce, the amount of spending retained in the local and regional economy and how much 'leaks' beyond it.

¹ A combined indirect/induced income multiplier of 1.25 is considered appropriate at the local level (MIA). At the wider regional level, where more of the initial spending should be retained within the area, an income multiplier of 1.45 has been used.

² HCA (2014) Additionality Guide, Fourth Edition

3.0 Local Economic Context

3.1 This section reviews current socio-economic conditions within the main impact area (MIA) as defined in section 2.0. Where appropriate, additional comparisons with the regional and national averages have been included.

Population

3.2 Data from the Office for National Statistics³ (ONS) indicates that the resident population of the MIA in 2020 was around 475,972, having increased by 3.5% since 2011. This was lower than the increase in population within the West Midlands (+6.3%) and nationally (+6.5%) over the same period.

Table 3.1 Resident population (2020)

	Main Impact Area	West Midlands	England
2011	459,786	5,608,667	53,107,169
2020	475,972	5,961,929	56,550,138
Population change (2011-2020) (%)	+3.5%	+6.3%	+6.5%

Source: ONS (2021), Mid-Year Population Estimates

Labour Market

Economic Activity

3.3 In the 12 months to March 2022⁴, the average economic activity rate for residents of core working age (i.e. aged 16 to 64) in the MIA was 79.3%. This was higher than in West Midlands (76.2%) and England (78.1%).

3.4 Over the eleven-year period from 2011 to 2022, economic activity in the MIA increased by 6.4 percentage points from 75.9% to 82.3%, whilst the increase across the West Midlands was around three percentage points (from 74.3% to 77.5%), two percentage points nationally (from 76.4% to 78.8%).

3.5 Economic activity rates in the MIA have been generally higher than the regional and national averages for much of this period. Within the MIA, Staffordshire Moorland has the highest economic activity rate at 86.2%, followed by East Staffordshire (80.6%) and Stoke-on-Trent (80.1%).

³ ONS (2021), Mid Year Population Estimates

⁴ ONS (2022); Annual Population Survey

Figure 3.1 Economic activity rates (age 16-64)



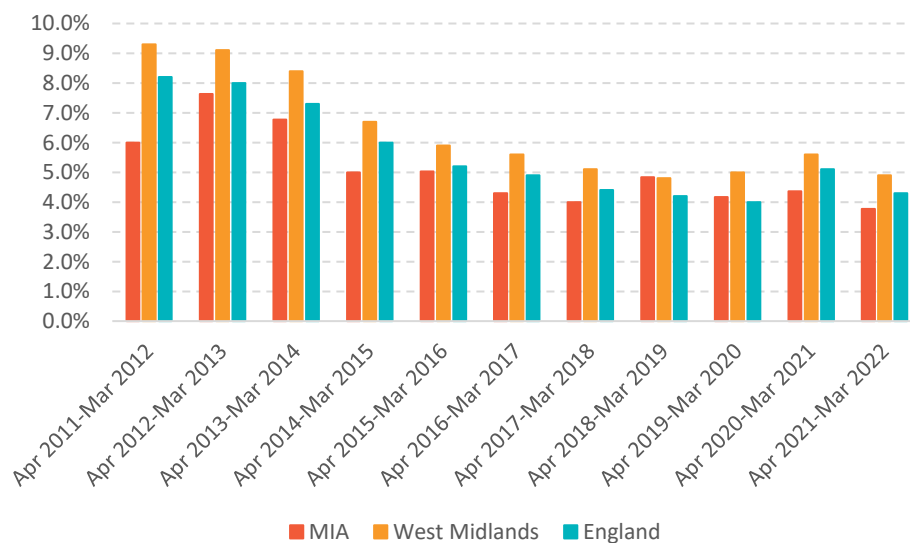
Source: ONS Annual Population Survey

Unemployment

3.6

In the 12 months to March 2022, the MIA had an average unemployment rate of 3.8%. This was lower than the average for West Midlands (at 4.9%) and nationally (4.3%). During the period from 2011 to 2022, unemployment in the MIA has fluctuated; however, the unemployment rate has remained below the region's average throughout. Within the MIA, East Staffordshire had the highest unemployment rate (at 4.5%).

Figure 3.2 Model-based unemployment rates

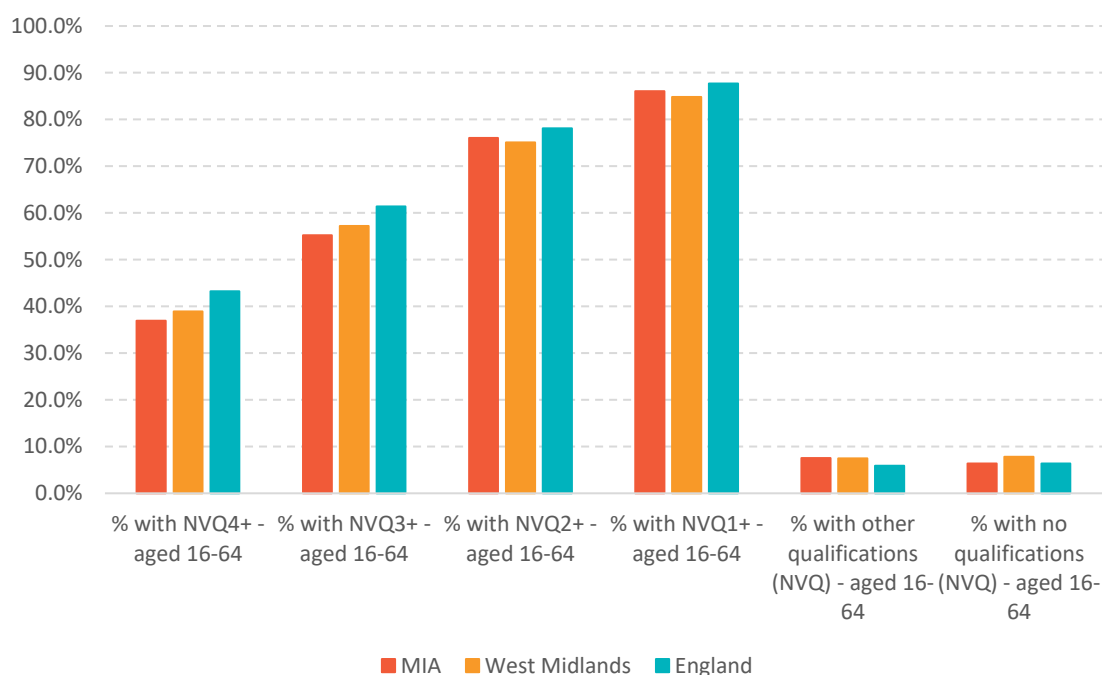


Source: ONS Annual Population Survey

Qualifications

- 3.7 In the 12 months to December 2020, a total of 36.9% of core working age residents within the MIA had a degree-level qualification (i.e. a national vocational qualification (NVQ) level 4 and above). This was slightly lower than the average for the West Midlands (38.9%) and nationally (43.2%).
- 3.8 Conversely, 6.4% of the main impact area core working age residents held no formal qualification, compared with 7.8% in West Midlands and 6.4% nationally.

Figure 3.3 National Vocational Qualification



Source: ONS Annual Population Survey

Occupations

- 3.9 In the 12 months to December 2020, a total of 44.0% of employed residents within the MIA held a management, professional and/or associate occupation (i.e. defined as jobs in standard occupational classification ('SOC') 2010 major groups 1-3). This was lower than the equivalent rates for both the West Midlands (of 47.1%) and England (51.1%), indicating a generally lower skilled workforce than across other comparators.
- 3.10 In contrast, the MIA had a higher proportion of residents (31%) employed in sales, as machine operatives and/or in elementary occupations (i.e. defined as SOC major groups 7-9), when compared with the West Midlands (24.9%) and England (21.4%).
- 3.11 Overall, this data suggests that residents of the MIA tend to be less qualified and more likely to be employed in lower skilled occupations.

Earnings

- 3.12 As shown in Figure 3.4, wage levels⁵ vary substantially across the MIA. In general, both resident and workplace earnings are lower than the national averages. Staffordshire Moorlands has higher levels of resident wages and workplace wages in comparison to Eats Staffordshire, Stoke-on-Trent and the West Midlands. Stoke-on-Trent performs below average in comparison to the other local authorities in the main impact area, the region and national averages for both resident and workplace earnings.

Figure 3.4 Median Gross Weekly Earnings



Source: ONS Annual Survey of Hours and Earnings (2021)

Commuting

- 3.13 Commuting patterns to and from the MIA can be analysed using the latest travel-to-work flows data from the 2011 Census (the latest available pending the 2021 release). Whilst somewhat dated, the 2011 Census remains the best (and only) data source available to assess travel-to-work patterns. Table 3.2 and Figure 3.5 overleaf summarise several key commuting indicators for the MIA.
- 3.14 In 20116, a total of around 56,600 working residents commuted outside of the MIA for their employment, mainly to the nearby areas of Newcastle-under-Lyme, Stafford and Cheshire East. At the same time, around 54,600 working people commuted into the MIA for their employment, mainly from the adjoining local authority areas of Newcastle-under-Lyme, South Derby and Stafford.
- 3.15 On this basis, the MIA is characterised as a slight net importer of labour, with a net outflow of around 2,000 workers at the time of the 2011 Census. The resident self-containment rate was just over 69% (see Table 3.2).

⁵ ONS (2021), Annual survey of hours and earnings- resident and workplace analysis

⁶ ONS, (2011), Census data

Table 3.2 2011 Commuting Data for the Main Impact Area

Indicator	Main Impact Area
Total working residents [†] (number of people living in the MIA that are in work, regardless of where they work)	177,995
Total workplace workers [*] (number of people working in jobs based in the MIA)	175,990
Live and work in authority [*]	121,426
Resident self-containment rate [*]	69%
Out-commuting workers [‡]	56,569
Top out-commuting destinations	Newcastle-under-Lyme, Stafford, Cheshire East, South Derby and Derby
In-commuting workers	54,564
Top in-commuting destinations	Newcastle-under-Lyme, South Derby, Stafford, Cheshire East and Derby
Net out-flow of workers	2,005

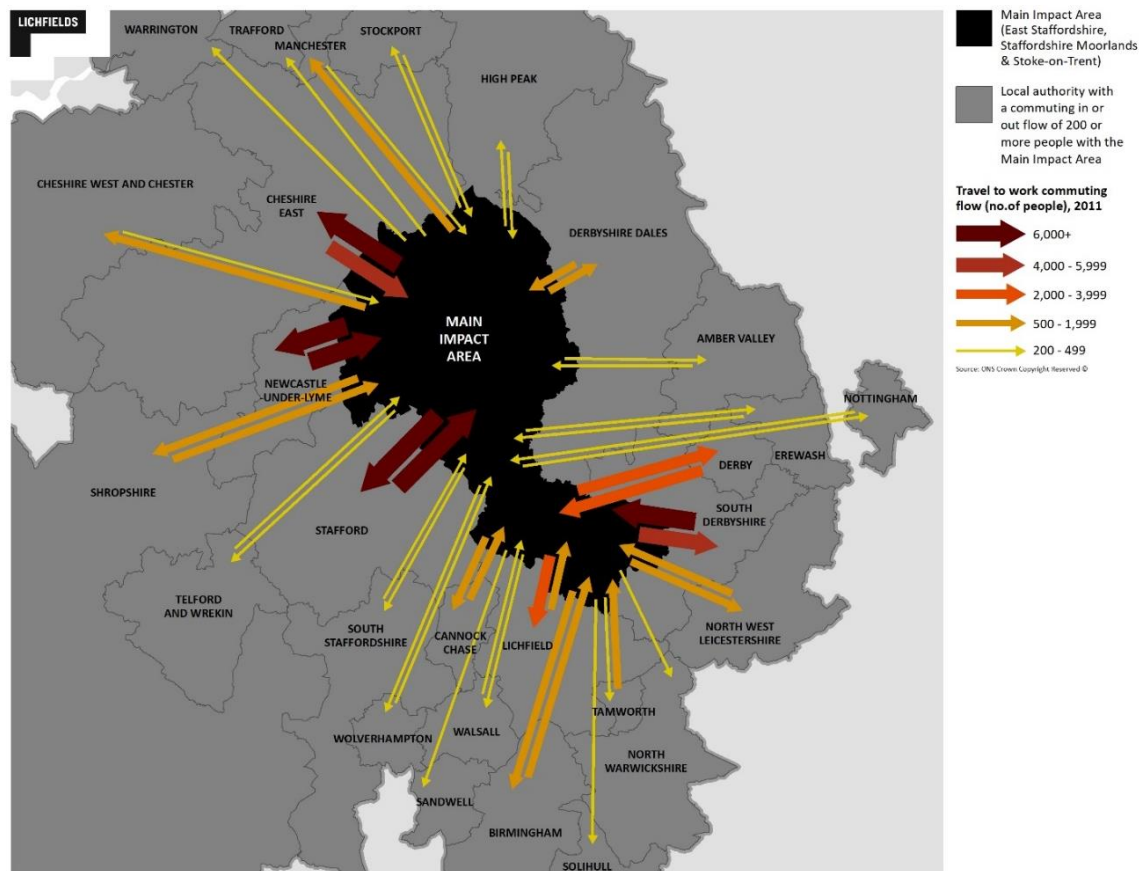
Source: ONS (2011 Census) / Lichfields analysis

[†] Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce)

^{*} Includes those MIA residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce)

[‡] Includes those MIA residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce)

Figure 3.5 Travel-To-Work Flows for MIA, 2011



Source: ONS (2011 Census) / Lichfields analysis

Employment and Economy

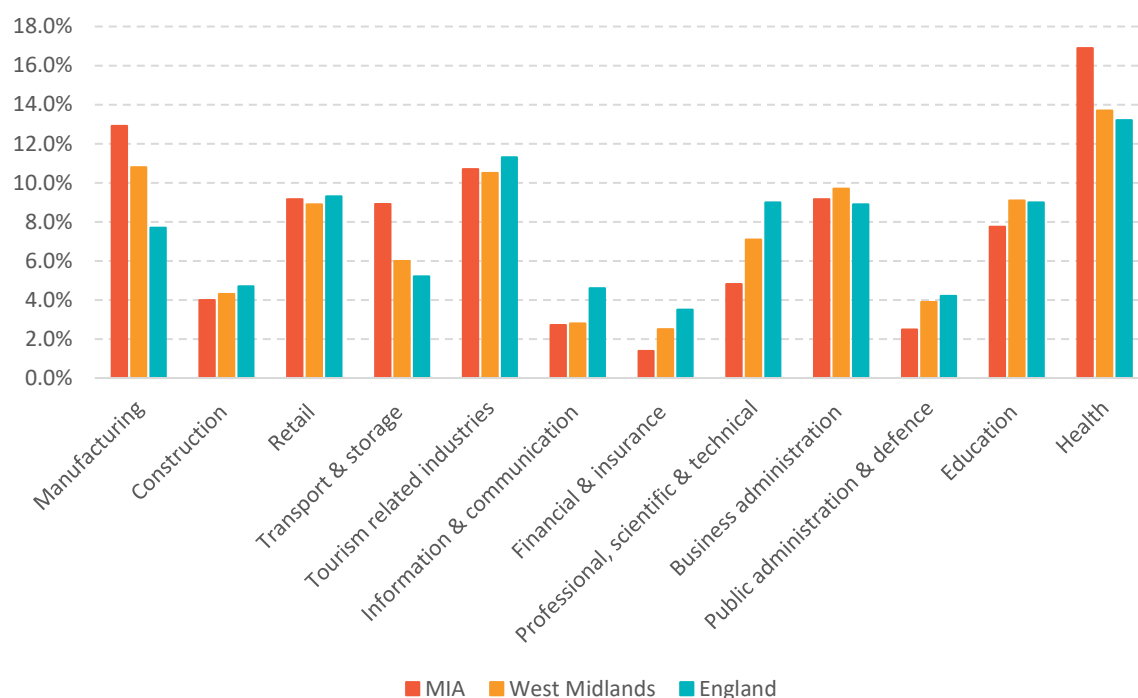
3.16

According to the latest Business Register and Employment Survey⁷ (BRES), the main impact area in 2020 accommodated 213,000 workforce jobs. The largest employment sector with under a fifth of all jobs (17%) is the human health and care sector, followed by manufacturing (13%), tourism related industries⁸ (10.7%), retail (9.2%). On the other hand, the construction and financial & insurance sectors have been declining over the past five years contributing to a small portion of the employment base. Figure 3.6 below shows the proportion of jobs in different sectors within the main impact area compared to regional and national averages.

⁷ ONS (2020), Business Register and Employment Survey

⁸ The Tourism related sector is defined as the entertainment, recreation and accommodation and food services sector

Figure 3.6 Employment by sector, 2020



Source: ONS, BRES (2020)

- 3.17 Tourism-related industries are reasonably important within the MIA where they account for a similar proportion of jobs (10.7%) as the regional (10.5%) and national (11.3%) averages. However, these jobs are particularly concentrated in Staffordshire Moorlands district where they represent 20% of total employment. Tourism is less important in Stoke-on-Trent (9.3%) and East Staffordshire (9.1%).
- 3.18 The tourism sector has grown in terms of employment over the period 2010 to 2020 in the MIA at a faster rate (+15.1%) than regional (+14.7%) and national (+13.3%) trends. Similarly, between 2010 and 2019, the MIA also experienced the fastest rate of growth of 36.7% compared to the regional (35.2%) and national (22.9%). During the Covid-19 pandemic (i.e. between 2019 and 2020) the MIA saw the highest decline in tourism-related jobs with a decline of 4,250 jobs (15.7%) compared to a decline rate of 10% in the region and a decline of 7.8% across the country.
- 3.19 The greatest percentage growth occurred in Staffordshire Moorlands with an additional 1,250 tourism jobs created over the 10-year period (a 30% increase) whilst East Staffordshire and Stoke recorded much lower increases. The fact that tourism accounts for a third of total job growth in Staffordshire Moorlands indicates how reliant the district is upon tourism for economic growth.

Impact of Covid-19

- 3.20 Tourism-related industries were considerably impacted by the Covid-19 pandemic which saw many entertainment venues and resorts (including Alton Towers Resort) closed in line with government restrictions aimed at reducing the spread of the Covid-19 virus. The tourism sector saw the biggest economic decline of all sectors during the pandemic. The

peak of the economic downturn was in April 2020, where economic output in the tourism sector was 90% below pre-pandemic levels (February 2020)⁹.

- 3.21 All coronavirus restrictions were lifted from early 2022 and the hospitality sector continues its recovery, particularly as international tourists return. Research⁹ suggests that the hospitality and leisure sectors are expected to be the fastest growing parts of the economy over the next five years. This in part reflects the large ground to be recovered following the pandemic.

Summary

- 3.22 The MIA has varying economic conditions across its three component local authorities, but common characteristics include:

- a A high dependence on the health and manufacturing sector and under-representation in business services;
- b A high proportion of tourism-related employment with a higher than average growth rate in recent years, with exception to the period of 2019-2020 which saw the highest decline in tourism-related employment;
- c Comparatively lower wages earned by residents in Stoke -on-Trent and Staffordshire Moorlands. On average the MIA underperforms in both earnings for resident and workplace compared with the region and national averages;
- d Relatively low unemployment rates and high economic activity rates compared with both regional and national averages;
- e Skill levels that are generally below average with above-average proportions of those with no qualifications; and
- f Moderate levels of cross boundary commuting.

- 3.23 Within the MIA, Staffordshire Moorlands is a reasonably buoyant area, with low unemployment and high rates of economic activity and skill levels and where tourism is an important employer and growth sector. Stoke-on-Trent, meanwhile, has persistently high unemployment and low skill levels and requires more locally accessible employment opportunities.

⁹ UKGOV (2022); Hospitality Industry and Covid-19

4.0 Expenditure Impacts

- 4.1 Set against the economic context detailed above, this section assesses the expenditure and income effects which Alton Towers Resort generates in the local and regional economies.

Visitor Expenditure

On-Site Expenditure

- 4.2 In 2021, total expenditure by visitors to Alton Towers Resort added up to approximately £31.8 million¹⁰. This includes money spent on entry to the theme park, at retail and food outlets and on ride photography within the resort. Total spending by all visitors within Staffordshire Moorlands generally was estimated to be £158 million per annum¹¹ in 2011 (now estimated to be around £214 million). Although this figure is likely to have increased in subsequent years due to a growing tourism sector (as outlined above), it would suggest that visitor spending on-site at Alton Towers Resort could account for around a fifth of all tourism spending in the district.

Off-site Expenditure: Overnight Visitors (UK and International visitors)

- 4.3 Visitors to the Resort are also likely to spend money elsewhere within the MIA. Recent survey data shows that approximately 17% of visitors, stay overnight in hotels/guest houses and/or with friends/family in conjunction with their visit to Alton Towers Resort.
- 4.4 In 2019, the average spend per day for overnight visitors to Staffordshire Moorlands was approximately £68.00¹². The average length of stay of overnight visitors to Alton Towers Resort was on average 1.3 days.
- 4.5 Applying this average additional spend to the number of off-site overnight stayers, assuming an average trip length of 1.3 days, and that 30% stay in the MIA and 80% within the region, means that there would be a total of around £10.5 million of additional off-site expenditure by staying visitors in the MIA and £27.8 million in the region.
- 4.6 However, not all of this spending may be attributable to Alton Towers Resort. No data is available on what proportion of these visitors would have visited the area were it not for their visit to Alton Towers Resort, but some indication can be given by the fact that approximately 7% of visitors decided to visit the Resort as they were passing by¹³. The off-site spending of these visitors is unlikely to be as a consequence of Alton Tower's existence and has therefore been deducted from the totals. This leaves attributable spending of £9.7 million in the main impact area and £25.9 million in the region.

Off Site Expenditure: Day Visitors (UK and International visitors)

- 4.7 Day visitors to Alton Towers Resort also generate spend money in the MIA usually as part of their journeys to/from the theme park. An indication of the quantum of such spending

¹⁰ Provided by Merlin Entertainment

¹¹ Team Consulting (2011), Staffordshire Moorlands Tourism Study

¹² Visit Britain (2019), In-bound and out-bound Tourism

¹³ Based on data provided by Merlin Entertainments

can be estimated using survey data from Alton Towers Resort. This showed that the average amount spent per family in the 30 minutes prior to arrival at the Resort (an area broadly corresponding to the MIA) was approximately £4. In the hour prior to arrival (an area very broadly corresponding to the region), the average spend per family was £10. A significant proportion of this expenditure was on fuel, food and drink.

- 4.8 Taking an average family size visiting Alton Towers Resort to be 3.5 people and applying these average spending figures it is estimated that in the region of £2.1 million is generated off-site within the MIA and £5.5 million across the West Midlands each year.
- 4.9 Taken together, total expenditure off-site by both day and overnight visitors that can reasonably be attributed to Alton Towers Resort is estimated at approximately £11.9 million per annum within the MIA, and £31.4 million per annum within the region.

Wage Spending

- 4.10 The annual wage bill supporting the current operations, facilities and services at Alton Towers Resort amounted to £32.3 million in 2021. This wage bill to employees working at Alton Towers Resort provides a significant injection of income into the local and regional economies annually. Based on the share of workers employed at the resort who live locally it is estimated around 78% of the annual wage expenditure is retained within the MIA, which can be assumed to be equivalent to a £25.2 million injection of income to the local economy. This spending also supports local jobs and businesses, such as shops, restaurants and other services.
- 4.11 Almost all the remaining workforce lives within the rest of the West Midlands, so a higher proportion of initial wage spending is likely to be retained within the region. The rest of the West Midlands (i.e. not including the MIA) is estimated to amount to a £2.9 million injection of income to the economy, whilst the whole of the West Midlands adds up to a £28.1 million injection of income.

Supplier Expenditure

- 4.12 Further income is generated in the local economy by Alton Towers Resort's use of local/regional firms to supply goods and services to the theme park. During 2019-2022, Alton Towers Resort spent an average of approximately £62.3 million with supply chain firms each year. These included food and drink distributors, photographic services, catering suppliers, specialist consultants and local electrical suppliers, wholesalers and security firms.
- 4.13 On average, approximately £8.7 million (14%) of supplier spend was with firms located within the MIA whilst a further £18.7 million (30%) was with firms located in the rest of the West Midlands.

Capital Expenditure

- 4.14 Alton Towers Resort also has significant amounts of on-going capital expenditure. This includes the refurbishment of existing rides and attractions, the construction of new ones and the upgrading of the themed areas, as well as the general maintenance of facilities. In total, capital investment during 2021 added up to £2.3 million.

- 4.15 Such expenditure is vital to maintaining Alton Towers Resort's position in relation to its competitors but also has local economic effects. This is because the capital investment benefits local construction employment, contractors and suppliers, and a wider range of businesses and services that will experience spin-off effects arising from it. As many construction firms operate and recruit employees nationally, it is difficult to estimate what proportion of this capital expenditure is spent with local or regional firms. However, it would be reasonable to expect at least 10% would be spent with firms within the MIA and 50% within the region, which is the equivalent to around £226,000 per annum in the MIA and £1.1 million across the region.

Indirect and Induced Expenditure

- 4.16 Much of the initial expenditure in the local economy (i.e. spent by Alton Towers Resort on its suppliers and wage bill, and/or by visitors attracted to the area because of the resort) is then recycled within the local economy to produce other forms of income, such as wages, rents and profits. For example, spending in the MIA by Alton Towers Resort's employees will support jobs in local shops, manufacturers and services, and these shop and other workers will in turn spend part of their wages in the local area contributing to further income generation in other businesses.
- 4.17 Due to the difficulty of measuring such expenditure and income effects directly, an estimate of the income generation of Alton Towers Resort in the local economy has been made using income multipliers. As noted earlier, indirect multiplier effects come from spending by Alton Towers Resort with local supplier firms, while induced effects come from the wage spending of employees at both Alton Towers Resort and from workers in other businesses whose jobs are supported by Alton Towers Resort's supplier spending.
- 4.18 The multipliers applied are based on research into visitor attractions elsewhere in the UK but have been adjusted to reflect the characteristics of the local economy and the nature of Alton Towers Resort and its employment profile. In this case, a combined indirect/induced income multiplier of 1.25 is considered appropriate at the local level. At the wider regional level, where more of the initial spending should be retained within the area, an income multiplier of 1.45 has been used.
- 4.19 As Table 4.1 illustrates, total Alton Towers Resort related expenditure (i.e. made up of visitor spending, supplier expenditure, initial wage spending and capital expenditure) which takes place within the MIA is estimated to be £43.8 million. Applying the income multiplier to this expenditure results in a further £10.9 million of income generated in the local economy.
- 4.20 At the regional level, the total expenditure (from the same sources) is estimated to be £74.5 million, which generates a further £33.5 million of income in the regional economy after applying the income multiplier.

Table 4.1 Direct and Indirect Expenditure Related by Location

Type of Expenditure	Main Impact Area (£ million)	Regional (£ million)
Off-site Visitor Expenditure	£9.7	£25.9
Supplier Expenditure	£8.7	£18.7
Initial wage spending	£25.2	£28.8

Capital Expenditure	£0.22	£1.1
Total Expenditure	£43.8	£74.5
<i>Income Multiplier</i>	<i>0.25</i>	<i>0.45</i>
Additional Income Generated	£10.9	£33.5
Total Income Generated	£55.0	£108.0

Source: Lichfields analysis

Note: totals rounded

- 4.21 Overall, these various sources of Alton Towers Resort's expenditure produce nearly £55 million of income within the MIA and nearly £108 million within the regional economy.

Other Spending

- 4.22 The latest data available indicates that in 2022 Alton Towers Resort paid approximately £4.4 million annually in business rates revenue. Part of this contribution is recycled back into the local economy and the community in the form of Council spending on local services.

Summary

- 4.23 Much of the income which the Alton Towers Resort generates directly is recycled into the local and regional economy in the form of wage spending, payments to suppliers and capital expenditure. The geographical distribution of this expenditure varies by type, however a significant proportion is injected into the economy of the MIA each year.
- 4.24 Visitors to the resort also spend money away from the site which generates additional expenditure that would not occur were it not for their visit to Alton Towers Resort.
- 4.25 Both the on-site and off-site expenditure will generate further income in the area through multiplier effects. In total, it is therefore estimated that Alton Towers Resort generates nearly £55 million of income within the MIA and nearly £108 million at the regional level.

5.0 **Employment Effects**

5.1 This section assesses the number and type of jobs which Alton Towers Resort supports in the local economy.

Direct Employment

5.2 In 2021, Alton Towers Resort employed around 1,133 people on permanent contracts and 1,318 seasonal fixed-term workers¹⁴. The seasonal fixed contracts are generally for a period of four to eight months each summer. On this basis, it is estimated that the total number of full-time equivalent (FTE) jobs is approximately at Alton Towers Resort is 1,792¹⁵.

5.3 The direct employment at Alton Towers Resort is estimated to represent around 6% of all jobs in Staffordshire Moorlands and 0.8% of all jobs within the MIA. This makes Alton Towers Resort one of the largest private sector employers in Staffordshire Moorlands, along with Britannia Building Society and JCB within the top 15 businesses in the local authority.

5.4 The jobs provided at Alton Towers Resort span a range of skill and occupation levels. While many of the on-site jobs are in lower-skilled occupations (such as ride attendants, catering outlet workers and security guards), they provide local opportunities for unemployed workers, a high proportion of whom typically have lower skill levels, as well as those seeking part-time and/or seasonal work.

5.5 There is also a significant proportion of managerial and professional jobs with 13% of the total falling within this category. This includes roles in finance, human resources, marketing and operational management.

5.6 In this context, Alton Towers Resort provides an important source of local employment. It also provides a range of job types, many of which are suited to either the 365 unemployed residents in the MIA seeking jobs in personal services, sales or customer service occupations, or the 140 of managerial/professional level unemployed residents. It also helps to diversify local employment opportunities in an area where many jobs are in higher skilled sectors such as business/financial services.

Training

5.7 Alton Towers Resort also offers a range of training and development opportunities for employees at all levels. Employees are offered Level 3 to 7 apprenticeships across a variety of courses, as well leadership training. All employees are welcomed to the resort with induction training which includes basic customer service training which can be supplanted by further training later on. Alton Towers Resort also provide onsite manager training to train front line leaders and managers as well as add on training for all employee's such as first aid, mental health first aid and fire training.

Indirect Employment

5.8 Further local jobs are supported through the wage spending of Alton Towers Resort's employees in local shops and services, and from the theme park's own spending with local

¹⁴ Provided by Merlin Entertainment

¹⁵ Assuming the average length of a contract is 6 months.

suppliers and contractors. This indirect and induced employment has been estimated using employment multipliers related to the direct employment (in FTEs) on the Alton Towers Resort site.

- 5.9 Using composite multipliers from the HCA's Additionality Guide (2014) of 1.25 and 1.45 for the local and regional levels, it is possible to estimate the number of indirect and induced jobs that could be supported. By applying these multipliers to the number of direct FTE jobs, the Alton Towers Resort is estimated to support a further 448 FTE indirect and induced jobs at the local level, and 806 FTE indirect and induced jobs at the regional level.

Table 5.1 Indirect/Induced Employment related to Alton Towers Resort

	Main Impact Area	Regional
Direct Jobs at Alton Towers Resort (FTE)	1,792	1,792
<i>Employment Multiplier</i>	1.25	1.45
Indirect/Induced Jobs	448	806
Total Jobs (FTE)	2,240	2,598

Source: HCA Additionality Guide (2014) / Lichfields analysis

Off-site Visitor- related Employment

- 5.10 Other spending by visitors to Alton Towers Resort during their stay and on the journey, in local shops, hotels, restaurants and other attractions, also supports some employment, both locally and further afield. To estimate the number of off-site visitor-related jobs, a ratio of tourist expenditure to full-time equivalent jobs has been used.
- 5.11 Off-site visitor expenditure within the main impact area was estimated at £11.9 million in the previous section, with £31.4 million estimated within the region. On this basis, some 165 FTE jobs in shops, hotels, tourism facilities, restaurants and other services are supported across the main impact area by visitors travelling to or from Alton Towers Resort. In the region, some 436 FTE such jobs would be supported.

Construction Jobs

- 5.12 In addition to such permanent employment effects, Alton Towers Resort supports significant numbers of construction jobs, through its on-going programme of capital investment. In 2021, a total of £2.3 million was spent on capital investment.
- 5.13 Based on the ONS Business population¹⁶ estimates, the West Midlands ratio of construction turnover to create one FTE job is £155,239. Using this ratio, the annual spending would support an average of around 15 FTE employees per annum. A reasonable proportion (50%) of these jobs could be expected to be filled by residents of the MIA with a high proportion of the remainder in the region (80%). This level of employment would be fairly constant as the programme of expenditure is on-going. This would be the equivalent of 7 FTE construction jobs annually supported across the MIA and 12 FTE jobs in the West Midlands region.

Summary

- 5.14 Drawing this together, Alton Towers Resort supports directly and indirectly some 2,413 jobs within the MIA and 3,046 jobs across the West Midlands, as set out in Table 5.2 below.

Table 5.2 Total Employment related to Alton Towers Resort

Type of Employment	Main Impact Area (FTE)	Regional (FTE)
Direct On-site	1,792	1,792
Indirect/Induced	448	806
Visitor-related off-site	165	436
Construction	7	12
Total Jobs (FTE)	2,413	3,046

Source: HCA Additionality Guide (2014) / Lichfields analysis

- 5.15 On this basis, Alton Towers Resort is one of the larger employers in Staffordshire Moorlands ranking within the top 15 businesses, as well as a significant employer within the main impact area.
- 5.16 The jobs that the resort provides give employment opportunities for those in a number of local authority areas and in a number of occupation categories, particularly for the many workers seeking lower-skilled occupations. Alton Towers Resort jobs also provide opportunities for local residents to upgrade job skills and for flexible types of working suited to certain sectors of the community.
- 5.17 Significant further 'spin-off' employment in a variety of sectors across the regional and local economies results from Alton Towers Resort related spending, as well as a steady source of local construction sector employment.

¹⁶ ONS (2021), Business population Estimates for the UK and Region

6.0 **Tourism and Community Impacts**

- 6.1 This section examines tourism activity and trends in the MIA in which Alton Towers Resort lies and the impact of the theme park on the tourism sector in the area. It also examines other impacts on the local community of Alton Towers Resort's activities.
- 6.2 Alton Towers Resort is one of the most visited theme parks in the UK. The percentage of Alton Towers Resort visitors including an overnight stay is currently 17%, with the remainder making day trips from home. Alton Towers Resort has a wide national and international catchment with visitors from all regions of the UK.

Local Tourism Context

- 6.3 Alton Towers Resort is the only paying visitor attraction within Staffordshire Moorlands that is of national scale and significance. However, Staffordshire Moorlands has a number of smaller tourism sites and attractions. These include historically significant locations such as Chatsworth House, the Nicholson Museum and gallery, the National Trust property Biddulph Grange and the Churnet Valley Railway. Staffordshire Moorlands also has one of the most beautiful nature assets including the Wetley Moor, Poole's Cavern and Biddulph Grange Country Park.

Impacts

- 6.4 While no survey data exists, it is possible that some visitors coming to the area who primarily to visit Alton Towers Resort also visit other local attractions during their trip, and their spending supports other local tourism sector businesses as mentioned above. In this way Alton Towers Resort probably acts as a tourist 'gateway' which draws people to the area and helps introduce them to some of the lower-profile attractions within the MIA Alton Towers Resort also contributes to generally raising the profile of Staffordshire Moorlands as a tourist destination with its regionally and nationally recognisable brand.
- 6.5 The number of visitors which the theme park attracts also helps support a range of other local services and tourism/leisure infrastructure. In particular, the hotel sector, and local restaurants, bars and shops are partially supported by visitor spending resulting in a higher level of service provision than would otherwise be the case.

Community Benefits

- 6.6 Alton Towers Resort also engages in a number of community activities which generate wider community benefits. As an individual attraction, the Alton Towers Resort has a very robust social responsibility agenda supporting a number of charities and community engagement projects in Staffordshire and the Staffordshire Moorlands every year, either through financial donation or complimentary tickets. This is in addition to all the work that it does to support Merlin's Magic Wand, Merlin's own group's charity that provides magical experiences to children who are facing challenges of serious illness, disability or adversity around the world and who might not otherwise be able to attend any of its attractions worldwide. Every year £10,000 is raised as part of Merlin Magic Wand charity bringing children to the park with the money that was raised.

Summary

- 6.7 Alton Towers Resort is a national visitor attraction which has a major impact on the tourism market at a local level, accounting for a high proportion of all visitor trips to Staffordshire Moorlands. It is also significant at a regional level and is important in attracting both day-trippers and overnight visitors.
- 6.8 By Alton Towers Resort raising the area's profile, a range of smaller-scale, local attractions may benefit from visitors drawn to the area by Alton Towers Resort and by tourists' linked trips. In addition, many of those staying overnight in association with their visit to the Alton Towers resort are likely to stay in the main impact area and wider West Midlands region.
- 6.9 The Resort and its parent company Merlin Entertainments also has a variety of positive impacts on the local community through its education, charitable and other corporate social responsibility projects.

7.0 **Economic Impact of Project Horizon**

- 7.1 This section considers the potential economic impacts of the Alton Towers Resort Project Horizon in terms of employment, income generation and tourism (See Appendix 1- Project Horizon Infographic).

Employment Impacts

- 7.1 The increase in visitor numbers and expenditure is likely to affect the number of people employed both directly at the Resort, and/or indirectly across the local economy. However, on-site there is unlikely to be a proportionate increase in employees as visitor numbers increase. Based on historic ratios of employees to visitor numbers, Alton Towers Resort estimate that they employ 1 additional full-time equivalent worker for every 1,400 additional visitors. On this basis, the 150,000 additional visitors¹⁷ envisaged due to the opening of the new attraction would result in an additional 107 FTE jobs on-site at Resort.
- 7.2 Assuming that the current split between permanent and seasonal staff remains the same as at present, this will equate to approximately 143 part-time seasonal staff and 36 permanent full-time staff, or 179 more jobs in total.
- 7.3 The number of ‘spin-off’ (or indirect) jobs generated in the local economy will also be affected. Using composite multipliers from the HCA’s Additionality Guide (2014) of 1.25 and 1.45 for the local and regional levels, it is possible to estimate the number of indirect and induced jobs that could be supported. The proposed development would result in an additional 27 FTE local jobs and 48 FTE regional jobs being created as a result of the additional wage spending of the additional workers employed at Alton Towers Resort.
- 7.4 The Project Horizon investment in new facilities would also create temporary construction employment, primarily through a capital investment in the region of £12.5 million, over an estimated 2-year period. On this basis it is estimated that around 85 direct FTE jobs could be supported each year over the construction period.
- 7.5 Construction activity will involve purchases from a range of suppliers who in turn will procure goods and services from their own suppliers via the supply chain. The relationships between the initial (i.e. direct) spending and total economic impacts are known as the ‘multiplier effect’, which demonstrates that an initial investment can have a much larger economic benefit as this expenditure is diffused through the economy. On this basis, it is estimated that 95 FTE supply chain jobs per annum could be supported through indirect and induced “spin-off” effects resulting from the construction activity of the proposed development.
- 7.6 There would also be additional employment arising from a higher level of visitor spending in the surrounding area by both day and overnight visitors. Assuming that the existing proportions of day/overnight visitors remain constant and using a standard ratio of tourism expenditure to employment, this would support a total of 12 FTE being supported in the MIA, and 33 FTE in the region, as a result of the proposed development.

¹⁷ Visitor figures provided by Merlin Entertainment

- 7.7 In total, combining on-site, indirect and visitor-generated off-site, the proposed development is expected to generate an additional 146 FTE jobs in the MIA and 188 FTE jobs in the region, as shown in Table 7.1 below.

Table 7.1 Additional Employment as a result of the proposed development

Type of Employment	Main Impact Area (FTE)	Regional (FTE)
Direct On-site	107	107
Indirect/Induced	27	48
Visitor-related off-site	12	33
Total Jobs (FTE)	146	188

Source: HCA Additionality Guide (2014) / Lichfields analysis

Income Generation

- 7.8 The proposed development would increase expenditure in the regional and local economies, primarily as a result of the direct investment and the higher level of wage and visitor spending which would likely occur.
- 7.9 Project Horizon envisages a total investment of approximately £12.5 million in total which equates to approximately £6.25 million of capital investment per annum. As many construction firms operate and recruit employees nationally, particularly for specialist functions it is difficult to estimate what proportion of this capital expenditure is spent with local or regional firms. However, it would be reasonable to expect at least 10% would be spent with firms within the main impact area and 50% within the region. This would equate to £1.25 million spent within the main impact area, and £6.3 million within the region.
- 7.10 Spending with local suppliers can be expected to rise in line with the uplift in visitor numbers. This would result in an additional £650,000 spending in the main impact area and £1.4 million in the region. Spending in the local economy by Alton Towers Resort employees would also increase as a result of a higher number of on-site jobs, as detailed in the employment impacts section below.
- 7.11 Assuming the residence pattern of employees remains similar to present, this wage spending would total some £1.0 million in the main impact area and £1.2 million in the region.
- 7.12 There would also be additional spending in the local economy as a result of the off-site spending of the additional visitors to the theme park. Applying the same assumptions used in section 5.0 means that the additional overnight and day visitors would generate an additional £890,000 in the main impact area and £2.4 million in the region.
- 7.13 Combining the off-site visitor expenditure, supplier expenditure, initial wage spending and capital expenditure gives a total of £3.8 million in the main impact area and £11.3 million in the region. This expenditure will be recycled within the local economy to produce other forms of income, such as wages, rents and profits which are expected to total £0.95 million locally and £5.1 million regionally. In total, the additional income generated by the proposed development would be £4.8 million in the main impact area and £16.4 million in the region.

Table 7.2 Additional Expenditure generated by the proposed development

Type of Expenditure	Main Impact Area (£ million)	Regional (£ million)
Off-site Visitor Expenditure	£0.89	£2.4
Supplier Expenditure	£0.65	£1.4
Initial wage spending	£1.0	£1.2
Capital Expenditure	£1.25	£6.3
Total Expenditure	£3.8	£11.3
Income Multiplier	0.25	0.45
Additional Income Generated	£0.95	£5.1
Total Income Generated	£4.8	£16.4

Source: Lichfields analysis

Visitor impacts

- 7.1 The additional visitors envisaged due to the new proposed development will also have an impact on the local visitor economy. Assuming the continuation of current ratios, there would be an additional 37,500 overnight visitors and 112,500-day visitors. This addition of new visitors would increase the proportion of visitors to the park staying overnight, and extend their stays in the area longer, which would bring a significant uplift in local tourism expenditure. In particular, there will potentially be more people attending other local visitor attractions and using other tourism facilities such as accommodation, retail and leisure.
- 7.2 The further development of the offer at Alton Towers Resort also has the potential to attract significantly more visitors and to enhance the tourism brand of Staffordshire Moorlands and the wider local area.

8.0 Contribution to Economic Objectives

- 8.1 Alton Towers Resort also contributes to the local economy in a variety of less quantifiable ways which are important to the overall economic competitiveness of the area. It also supports and contributes to various economic and tourism strategies for the area.
- 8.2 This section sets out key aims and objectives of a selection of key policy documents and demonstrates how Alton Towers Resort contributes to achieving each aim.

The Tourism Recovery Plan (2021)

- 8.3 The main aim of the Tourism Recovery Plan¹⁸ is for the UK's position to be one of the most desirable tourist destinations in the world and enhance the UK's offer even further by effectively showcasing and marking the country's tourism assets. In the short to medium term this involves a swift recovery back to 2019 levels of tourism volume and visitor expenditure.
- 8.4 Alton Towers Resort will contribute to this by being one of the most visited theme parks in the West Midlands and generating over £100m to the regional economy and supporting over 3,000 jobs in the West Midlands. It also supports other tourism infrastructure including local attractions, hotels, shops and restaurants. Finally, Alton Towers Resort also represents a key existing tourism asset which can be further improved and upgraded to enhance its appeal without the need for developing new attractions elsewhere.

Staffordshire Moorlands Local Plan (2020)

- 8.5 One of the key objectives of the newly adopted Local Plan¹⁹ for Staffordshire Moorlands is to maintain the economic role of the District. Tourism is identified in the plan as one of the key areas where the District can have a major role to help bring more people in and diversify its economy.
- 8.6 Alton Towers Resort is a unique economic asset within the District's economy, and is highlighted as an asset to the visitor economy within the Local Plan. Alton Towers Resort directly accounts for 6.0% of all jobs in Staffordshire Moorlands and helps to diversify a local economy which is otherwise significantly focused on business, financial services and information and communication sectors. Further economic growth, particularly in tourism will be supported by the further development of the Resort through Project Horizon.

Staffordshire Tourism Strategy (2015)

- 8.7 The overall aim of the Tourism Strategy²⁰ is to maintain and promote the cultural assets of Staffordshire in order to continue enhancing Staffordshire's visitor economy and promote tourism over this period. The main vision is to enable all elements of the visitor economy, be they built, natural or cultural heritage, food and drink, attractions and accommodation, transport and infrastructure, to contribute together to the best possible experience for all visitors to Staffordshire.

¹⁸ DCMS (2021), The Tourism Recovery Plan

¹⁹ SMDC (2020) Adopted Local Plan

²⁰ 360TourismConsulting (2015), Staffordshire Tourism Strategy & Action Plan

- 8.8 Alton Towers Resort continues to be one of the most visited attractions in the UK supporting up to 3,046 jobs in the West Midlands. Alton Towers Resort has upgraded and improved its offer in recent years through the construction of new attractions and other facilities. The new attraction will help Alton Towers Resort further improve its offer and will increase visitor numbers.

Summary

- 8.9 Based on the above review, through its expenditure, employment and visitor economy impacts, Alton Towers Resort contributes significantly to economic and tourism policy aims both locally and in the region as a whole.

9.0 Conclusions

9.1 Based on the preceding sections of this report, the following overall conclusions can be drawn on the economic impacts of Alton Towers Resort within the local and regional economy.

- a In total, it is estimated that Alton Towers Resort generates nearly £54.5 million of income within the local economy and nearly £108 million within the regional economy.
- b Directly and indirectly, the Resort supports some 2,416 jobs within the MIA and 3,046 jobs across the West Midlands region. This makes Alton Towers Resort one of the largest private sector employers in the area.
- c The range of job types provided offers local employment opportunities at different skill levels and with job training that meets the needs of different sectors of the local community, including those requiring flexible working patterns.
- d Employment impacts are focused locally with 78% of Alton Towers Resort's workforce living within the MIA (comprising Staffordshire Moorlands, Stoke-on-Trent and East Staffordshire). Of these, around a third live within Staffordshire Moorlands.
- e Alton Towers Resort makes a significant contribution to the tourism industry at both local and regional levels as it accounts for around a third of all visitor trips to Staffordshire Moorlands and is also significant at a regional level. It is important in attracting both day-trippers and overnight visitors.
- f By raising the area's profile a range of smaller-scale local attractions may benefit from visitors drawn to the area by Alton Towers Resort and from these visitors' linked trips, so that a high level of off-site expenditure is generated.
- g Alton Towers Resort contributes to a range of economic development and tourism aims for the area by generating income, employment and acting as a national brand which contributes to marketing of the area as a whole. It also contributes to the UK Tourism Recovery Plan which focuses on ensuring tourism assets such as Alton Towers Resort adapt to changing demands and needs within the visitor economy.
- h Overall, Alton Towers Resort currently provides considerable positive economic benefits in terms of jobs, expenditure and other less quantifiable factors which are concentrated within the local area but also spread wider at a regional level.
- i The proposed development provides the potential to further increase and enhance these economic benefits. It is expected that the construction of the new coaster and ancillary facilities will increase visitor numbers by approximately 150,000 annually. Since visitor attractions must constantly upgrade and refresh their offer in order to maintain their attractiveness, visitor numbers would be likely to fall if the proposed development was not implemented. This could result in adverse economic effects for the area, in terms of local employment and expenditure, compared with the current situation. In total, the proposed development is expected to result in £4.8 million additional expenditure and 146 FTE jobs in the main impact area and generate £16.4 million additional income and 188 FTE jobs in the region.

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