

An assessment of the current and potential economic impact of heritage

Prepared for Gwynedd Council and Partners





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Prepared by TBR's Economic Research Team and Rebanks Consulting

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1. Executive Summary

1.1 Introduction

This study was delivered by TBR and Rebanks Consulting between October 2014 and March 2015. It was commissioned by the partnership leading on the prospective Slate Industry of North Wales World Heritage Site, which is currently on the UK Government's Tentative list of nominations to UNESCO. The partnership believes that establishing the potential economic benefits prior to investing in the development of a nomination is critical. This study forms a key piece of evidence regarding the nature and scale of those potential benefits.

The key aim of this study is therefore to provide an assessment of the current and potential impact of heritage based economic activity and heritage-led regeneration and any particular advantages to be gained from securing World Heritage status for the Slate Industry of North Wales.

In order to meet this aim, the study also had to deliver a number of objectives:

1. To define the heritage economy
2. To estimate the current level of heritage based economic activity and heritage-led regeneration in Gwynedd, quantifying the significance of slate heritage related activity within the total.
3. To develop a baseline for the economic value of heritage related activities in Gwynedd, again quantifying the significance of slate heritage related activity within the total.
4. To develop evidence based forecasts for the potential economic value of heritage related activities (again quantifying the significance of slate heritage related activity within the total).
5. On the basis of the conclusions of the above task, to provide an evidence based forecast of the potential additional value to be derived from securing World Heritage Site (WHS) status for the Slate Industry of North Wales.
6. To identify best practice and / or possible interventions/activities from other areas (including other World Heritage Sites) that can realise strong economic benefits.
7. To provide a proposed monitoring and evaluation framework – including outcome indicators, definitions and baselines – for interventions in this field.

1.2 Methodology

The **methodology** involved;

- Defining the heritage economy in a way that allowed for a detailed assessment and the development of forecasts. The definition is based on three inter-connected elements: Core Heritage (i.e. organisations fundamentally involved in or associated with heritage), Heritage-led Tourism (i.e. tourism trips that are primarily motivated by the desire to see and engage with heritage), and Heritage Construction (i.e. repair and maintenance to historic buildings and monuments).
- Developing a dataset of heritage businesses and organisations to support the assessment of the size and value of the 'Core Heritage' economy
- Estimating the size and value of Heritage Tourism and Heritage Construction using established secondary data and methodologies.
- Defining eight future scenarios which represent different development options for the Council and partners, and producing forecasts of the potential employment, turnover, and Gross Value Added (GVA) levels that these might generate by 2030.
- Undertaking desk research, a small number of interviews, and researching relevant case study areas (WHS and non-WHS) to identify evidence of the economic benefits of WHS and the approaches adopted to maximise that impact.

1.3 Current size and value of heritage

The **key findings on current size and impact** are;

- The heritage economy in Gwynedd **employed 8,250 people** in 2014. This represents 15% of all employment in the county.
- Heritage generated **£515 million in turnover** in 2014 and **£180 million in GVA** in 2014 (which represents 6.2% of the Gwynedd GVA total).
- **Heritage Tourism** is the largest of the three segments within the heritage economy; it employs **6,860 people**, generates **turnover of £417 million** and **GVA of £135 million**.
- **Slate heritage** contributed **710 jobs**, a **turnover of £53.4 million**, and **GVA of £22 million** in 2014. Slate's importance to the Core Heritage segment is significant: 41% of jobs, 53% of turnover, and 55% of GVA. It therefore plays a fundamentally important role in underpinning Core Heritage in Gwynedd and thus heritage overall. However, it appears to only drive a small proportion of heritage tourism in the County; the evidence suggests that 4.3% of visits to heritage tourist attractions in Gwynedd are to slate-focused attractions. This should be seen as an opportunity, rather than a weakness, especially with respect to the impact that WHS might have on this part of the tourism economy.

1.4 Potential future impact

Having identified the current size and value of heritage and the role of slate within this, attention then turns to the future and the potential impact that increased investment in heritage – with or without WHS – might bring. The research identified a number of relevant case studies which have numerous commonalities with the Gwynedd project. These were: Historic Town of Vigan WHS in the Philippines, Cornish Mining WHS, Blaenavon WHS, and Hadrian's Wall (Frontiers of the Roman Empire) World Heritage Site.

The case studies demonstrate that significant socio-economic benefit can be derived from World Heritage inscription, but only if objectives to achieve them are centrally integrated into the management plans. Such benefits do not happen by accident. The key benefits evidenced are:

- For certain WHS projects (e.g. Blaenavon) it has been possible to **double visitor numbers** within five years of inscription. Several other sites have seen annual increase of 6% as a result of activities that are targeted at increasing visitor numbers. Therefore, changes in visitor numbers and profile are absolutely possible through the successful implementation of WHS and associated development programmes.
- Locations containing a World Heritage Site have experienced wider **economic growth of between 1% and 3%** in the years following WHS inscription.
- Projects with low visitor numbers benefit most from the profile that WHS gives in attracting new visitors, and these tend to be higher spending individuals.
- The WHS nomination and inscription process can **generate PR worth very large sums** and this can **alert international visitors** of the importance and specialness of a site. This also has the potential to stimulate increased tourism traffic.
- The achievement of outstanding outcomes from the exploitation of WHS can help **alleviate (significantly in some cases) socio-economic problems** in the locations around WHS sites. In Vigan, poverty rates fell from 46% to 9% over the 18 years following inscription.
- It is possible to **create a coherent story** across a number of apparently disconnected sites and that this can have a significant impact in attracting visitors¹.

In order to assess a range of development options and specifically the additional employment turnover and GVA that they could stimulate in the Gwynedd economy, the study has designed eight future scenarios for heritage. These build directly on the case study evidence. Each scenario is based on a range of assumptions regarding the change that the decision associated with the scenario might affect to the heritage economy. These assumptions related to the key 'levers' that will influence heritage economy

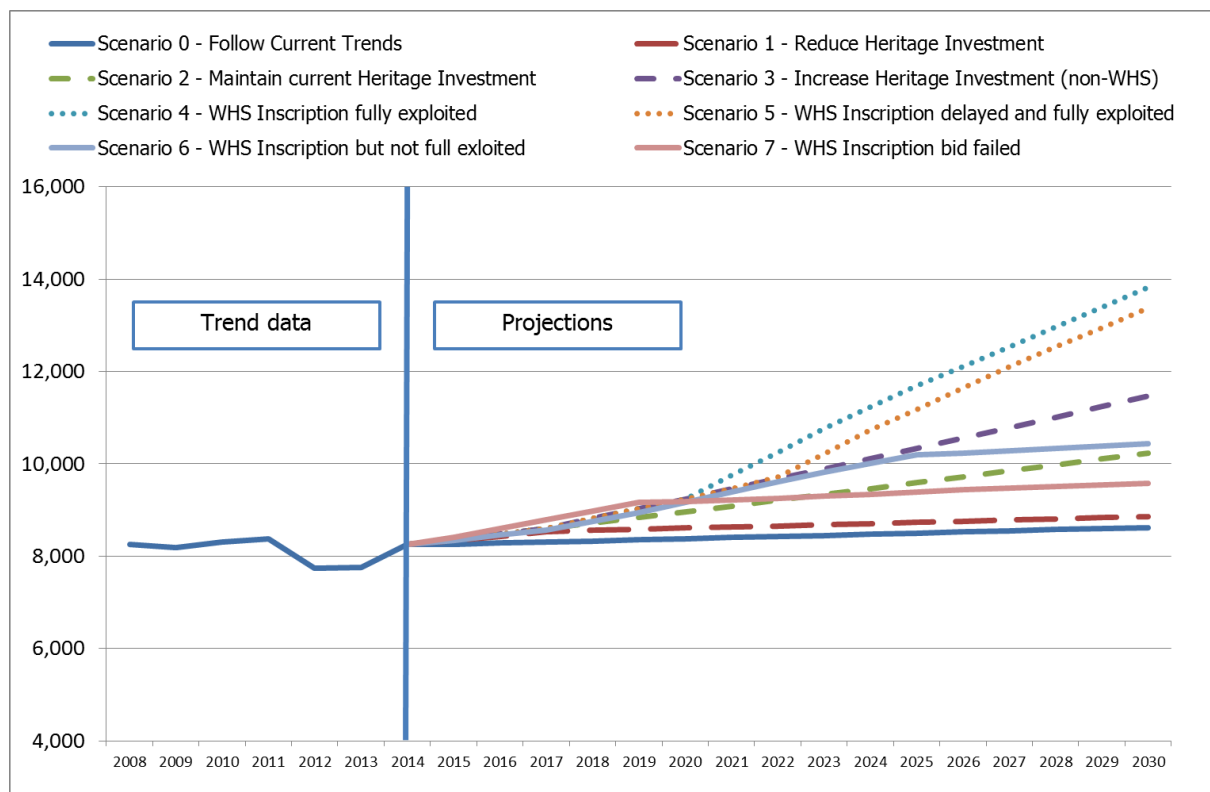
¹ Sources for the data/information provided here are given in the main report document.

performance. These levers are: the overall number of tourism visits; the number of heritage-led tourism visits (split into slate and non-slate driven); performance of the non-slate Core Heritage sector; performance of the slate Core Heritage sector; and performance of the Heritage Construction sector.

The **key findings on future impact** are:

- A continuation of current trends (Scenario 0) would see the sector grow a total of 4% over the next 16 years to 2030. This would create 370 new jobs across the heritage sector.
- No further investment in heritage would lead to marginal additional growth above Scenario 0, because of the impacts of current investment that will be felt in the future. However, this would only roughly double the benefits of Scenario 0, with 605 jobs being created (i.e. 7% over 16 years).
- A successful WHS bid which is fully exploited is by far the most attractive scenario as it delivers the greatest increase in employment levels and suggests that the heritage economy could increase by over two thirds (68%) by 2030. **This scenario would create over 5,750 additional jobs by 2030, additional annual turnover of £335 million per annum, and additional GVA of £127 million per annum by 2030.**
- Increased investment without WHS could deliver significant economic benefit through growth in employment and appears to be the second most attractive option, although the return on investment is significantly lower.
- The preparation of the WHS nomination will in itself provide an economic return.

Figure 1: Employment projections



Source: TBR and Rebanks Consulting (TBR Ref: W6/C1)

1.5 Conclusions and recommendations

The **key conclusions of this study** are:

- There is considerable scope to secure more economic value for Gwynedd from its heritage, particularly from its slate industry heritage.

- The analysis shows that the most attractive future scenario in economic terms is to invest in a successful WHS bid and the activities and initiatives that would fully exploit the economic opportunities that arise.
- This approach would see a direct impact on the heritage economy through greater opportunity for growth in not only the tourism market, but also in the value and volume of slate-related products and services from within the county and increased investment in construction and regeneration led projects.
- However, the analysis suggests that failure to exploit WHS status will reduce the benefit by up to 65% (in employment terms); a similar level of output to this could potentially also be achieved through development and investment which does not involve WHS.
- The process of adding value would seem to lie in unifying these sites in to a bigger and more compelling story/brand/experience. The slate industry heritage is a bigger story than its current tourism profile suggests and, with a more coherent narrative that binds the sites together whilst maintaining a differentiated story for each site, it can be transformed over time into something of greater economic benefit. Such a process is not entirely dependent upon it becoming a UNESCO World Heritage Site, and the measures to make it happen could be done independently of such an inscription.
- However, World Heritage status would be an enormous boost to the global profile of that story, and could be a powerful catalyst for making it happen. Our analysis suggests that becoming a World Heritage Site offers the communities of Gwynedd a significant potential socio-economic advantage if stakeholders are willing and able to secure both the designation and a programme of actions to fully exploit its potential benefit.
- Whilst it is, we believe, possible to add significant benefit to Gwynedd's heritage without WHS, the evidence from around the world suggests that such a process is more likely to happen, and more likely to succeed at scale, if it is a UNESCO World Heritage Site.
- There are also often opportunities that arise from being able to collaborate with and learn from other World heritage sites – these include partnerships of World Heritage Sites working on specific issues, and opportunities to work with donors who wish to support specific conservation or socio-economic goals in some of the world's most important places.

The study has also identified the following **recommendations**:

1. Despite the challenging funding environment facing public services, the evidence clearly identifies the Slate Industry of North Wales potential WHS inscription as a major opportunity to achieve economic growth in an important sector, to further embed Gwynedd as a key international visitor destination, and to leverage benefits that can help address some of the most acute socio-economic challenges in Gwynedd. The WHS project should therefore be discussed in terms of opportunity rather than cost.
2. Effective leadership of the process to acquire inscription and, crucially, the design and implementation of initiatives to maximise the positive impact arising from inscription, must be considered by the Council and partners as a fundamentally important aspect of exploiting this opportunity. Establishing sustainable, effective and catalytic leadership and delivery arrangements must therefore be seen as a matter of priority.
3. A programme to exploit the WHS status and the opportunities it presents (during pre- and post-inscription) should be prepared.
4. The project should seek to progress to the next stage expediently in order to ensure it is well placed to respond to the process that DCMS will instigate to identify future nominations to UNESCO.
5. Partners should consider whether, in addition to any required technical assessments, further research should be commissioned into the investment funding acquired by other projects (scale, sources, mechanisms by which it was leveraged) and the spatial distribution of potential benefits of WHS.
6. Discussions regarding the structure and funding of the management of the WHS bid and future project should continue with the inclusion of the private sector.