



**The Economic Value of Protected
Landscapes in the North East of England**

**A report to ONE North East
Executive Summary**

SQW

economic development consultants

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Executive Summary

Introduction

1. SQW Limited, in conjunction with Land Use Consultants, was commissioned by ONE NorthEast in December 2003 to undertake a study to assess the economic value of the protected landscapes in the North East of England. The aim of the work was to:
 - Demonstrate the value of public and private sector investment in the management of protected landscapes and
 - Inform regional policy thinking on the existing and potential contribution of protected areas to the regional economy.

Approach

2. The study considered five protected areas (Durham Heritage Coast, Northumberland National Park, Northumberland Coast AONB, the North Pennines AONB and the North Yorkshire and Cleveland Heritage Coast), and comprised four main strands:
 - We conducted a business survey with Macpherson Research, of 301 businesses selected at random and broadly spread across the five protected landscapes. This allowed us to explore issues such as whether designations influenced location decisions for business and to what extent businesses were dependent on or affected by the quality of the natural environment. We also investigated business turnover and employment within the protected landscapes.
 - From existing secondary tourism data, we built a model which allowed us to estimate visitor numbers and visitor spend in each protected area. We could then aggregate this data to gain an indicative picture of the impact on the region of tourism linked to the protected landscapes.
 - We held consultations with administrative bodies (AONB and Heritage Coast Partnerships and the National Park Authority) and other public sector organisations to calculate public sector spend within the protected landscapes and jobs supported by this investment.
 - Land Use Consultants led a study looking at peatland cover in the protected landscapes and applied values from existing research to estimate the overall contribution of protected peatland in terms of carbon sequestration.

3. Pulling together these strands to produce a picture of the contribution that the landscape and environmental characteristics make to the North East economy is a difficult task and in devising the analysis we have had to make many assumptions. In many cases there has been limited data to work with, but through our consultations and primary research with businesses we have largely overcome these gaps. We consider that taken together the overall results provide a fair reflection of the economic activity generated in the areas.

Headline findings

4. Overall, the study estimated the total contribution (including indirect and induced effect) of the protected landscapes to the region as:
 - Including the knock-on effects of supply-chain purchases and employee spend, the total turnover generated by businesses in the protected areas was just over £700m
 - The total value added is estimated to be £323m – equivalent to approximately 1% of the North East’s gross value added
 - Total employment supported is estimated to be 14,000 jobs – This represents:
 - 14% of all jobs directly and indirectly supported by tourism in the North East¹
 - A slightly higher number of jobs than is directly supported in computing and related activity² in the North East, and
 - approximately equal to the number directly employed in automotive manufacture in the region³.

Business

5. The study found that landscape and environment were very important considerations for businesses in the five areas and a high proportion of business was dependent or influenced by the character of the protected landscapes.
 - Businesses located in the protected areas generate £207m of turnover, supporting 4,551 jobs, of which:
 - £22m and 1,187 FTE jobs are supported by businesses that started or relocated to one of the areas *because* of the quality of the landscape and environment in the area

¹ Tourism Impact in the North East, 2002, Trends Business Research and Cogent SI

² ABI 2002 data – SIC code 72, Computing and related activities

³ ABI 2002 data – SIC code 34, manufacture of motor vehicles, trailers etc in the North East

- £107m and 3,141 FTE jobs are supported by businesses which, directly or indirectly, are positively affected by the quality of the landscape and environment.
- The five protected areas have a markedly different business base with the Northumberland National Park and the North Pennines AONB more heavily dependent on tourism and agriculture than the other areas. The rural economy in these areas was also more diverse than might be expected, with manufacturing/engineering, retail and services accounting for a significant proportion of the business base.
- Half of all businesses surveyed had started in the last 20 years or had relocated to the area in that time. For 16% of these businesses the quality of the landscape and environment was *critical* to their decision to locate there and for a further 33% it was an influence. The actual designation of the area was a factor for 10%.
- 63% of respondents believed that the quality of the landscape and environment impacted positively upon their business performance.

Tourism

6. Our indicative tourism impact study found that:
 - The protected landscapes generate an estimated £165m of tourism expenditure in the region – including indirect and induced effects the total impact on expenditure could be as much as £460m, **equivalent to 11% of the region’s total tourism income.**
 - This tourism contribution supports 5,163 jobs directly (10,584 including indirect and induced impact) – **11% of the region’s employment in tourism.**
 - Tourism businesses in the protected landscapes also generate £75.8m in value added.
7. By far the highest share of tourist income (over 40%) accrues to the Northumberland Coast AONB, which generates nearly 5 million visits annually. The Durham Heritage Coast, the area least established as a tourist destination, is currently the least significant in tourism terms, with less than half a million visitors.

Public sector activity

8. The study also found that public sector expenditure on the administration and management of the protected landscapes was £3.25m – resulting in income to the region of £5.53m.
9. At least 57 public and third sector jobs are directly related to the protected landscapes’ designation; and grant funding drawn down to the designated areas amounts to a total of over £38m annually.

Other

10. Moreover, the study found that the carbon sequestration function of peatlands in the protected landscapes is valued at over £200,000 annually – sufficient to neutralise the carbon emissions of 13,000 new cars.

Conclusion

11. The research demonstrates that the five protected landscapes considered here represent an important asset to the North East region, accounting for 11% of all tourism activity. Through businesses and the effects on tourism these areas generate output of £700m and support 14,000 jobs. For the majority of businesses in these areas, the quality of the landscapes and the environment was considered to be a factor in their performance. In the North Pennines, for example, half of the businesses believed that a deterioration in conditions would have a serious impact on their operations.