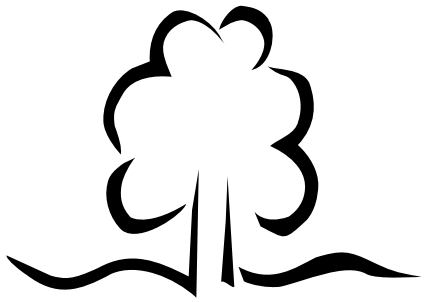

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

2004 Seminar Proceedings
of the
Countryside Recreation Network

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DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

WELCOME AND INTRODUCTION

Glenn Millar
British Waterways
(CHAIR)

Placing a value on countryside recreation has become a major issue for managers and practitioners in recent years. Many studies have been undertaken to value recreation resources as a whole, or appraise related aspects, such as the environment or green economy. Such studies may be used for advocacy purposes - to ensure that the role of countryside recreation is recognised and valued by decision-makers. Increasingly though, assessments are undertaken to appraise and evaluate individual recreation projects, often in support of funding applications.

A range of techniques is available to undertake valuations. These, together with the terminology used, are often confusing to the non-specialist.

The aim of this workshop was to give non-economists:-

- an overview of how economic values can be placed on countryside recreation; and
- the confidence to commission studies in this area and understand the results.

The first speaker, George Barrett of Ecotec Research & Consulting Ltd introduced the topic by giving an overview of appraisal and evaluation, including:-

- the importance of being clear as to the purpose of the work being undertaken;
- the appropriateness of different techniques for different circumstances, particularly the difference between “Green Book” appraisals and economic impact assessments;
- a discussion of some of the key issues that arise in undertaking appraisal and evaluation.

Using case study examples, the following speakers gave practical illustrations of some of the issues raised by George. Ian Baker (Advantage West Midlands) and Mike Christie (Institute of Rural Sciences, University of Aberystwyth) discussed economic appraisals in the context of resource valuation and project impacts. Andy Cope, Paul Downward & Les Lumsdon explored evaluation in the context of work in progress on the North Sea Cycle Route.

Justin Sacks (New Economics Foundation) emphasised the importance of project design in delivering economic impacts, as illustrated by the “Local Multiplier 3” technique which aims to demonstrate how impacts can be maximised within local economies.

In the afternoon, three parallel workshop sessions explored specific aspects of appraisal and evaluation:-

- Planning for monitoring project impacts;
- Issues to be considered in developing briefs for consultants;
- Specific detailed issues in economic analysis, as highlighted in the morning plenary sessions.

I hope you found the day informative and thought provoking.

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

INTRODUCTION TO ECONOMIC APPRAISALS

George Barrett
Economist
Ecotec Research and Consulting Limited

Introduction

The purpose of economic appraisal is to inform choices between different courses of action. Central to this is a comparison of a number of options, including 'do nothing' or at least do the statutory minimum. The key test is which of the options has the most beneficial effect on economic welfare. As a minimum the appraisal needs to assess whether the prospective benefits of a proposed project exceed its costs.

The process and purposes of appraisal are conceptually distinct from those of evaluation. The latter is concerned with assessing the implementation or consequences of actions which have already been decided upon – either with a view to modification or to learn lessons for the future. Needless to say, a clear appraisal of what the action in question was expected to achieve, and at what cost, is immensely valuable to – and is arguably indispensable for – the evaluation of its effectiveness in practice.

The general principles governing public sector appraisals are set out in the Treasury 'Green Book', a new version of which was launched in 2003. In many/most applications there will also be a range of supplementary guidance material in the form of 'daughter documents', typically produced by Government departments and building from the general principles – for example, the new so-called "3Rs" guidance in relation to regeneration projects which has replaced the former 'EGRUP'.

In principle economic appraisal is relevant to – almost – all aspects of public sector decision-making, including most importantly in the current context to decisions on whether to grant aid particular projects. However, the level of analysis needs to be proportionate to the decisions and resources at issue. Many appraisals are undertaken 'in house' and are relatively brief analyses. However, where decisions exceed an organisation's delegated limits the process becomes much more formalised. For example, the appraisal of RDA projects which involve public expenditure in excess of the (new) delegation limit of £10m goes forward for scrutiny by the Central Project Review Group (CPRR) – a joint ODPM/DTi committee – whilst those with spend in excess of £20m, or raising novel or contentious issues, also go to Treasury.

In practice the potential usefulness of appraisal is very often undermined because it is:

- Done too late when the promoter has already developed a substantial commitment to a particular course of action;

- Done on the basis of artificial rather than real potential alternatives.

The appraisal process then becomes one of, at best, quasi-judicial testing of decisions which have, in reality, already been made.

In principle appraisal should cover an assessment of all of those aspects which are likely to be changed by the decision in question. It should encompass:

- A wide view, including both:

  - aspects which can be readily quantified and measured in monetary terms – such as capital and operating costs and revenue streams; and,

  - those where this is either difficult or maybe impossible (such as environmental costs and benefits, and unpriced benefits to users);

- A long view, although costs and benefits which arise in the future need to be discounted back to 'present values'. This process has nothing to do with allowance for inflation which is taken out through focussing on a 'real terms' analysis. Rather it seeks to allow (under current practice) for an assumed collective preference for benefits now rather than in the future.

It is worth noting that the new Green Book introduced a range of new elements:

- A reduction in the discount rate, generally to 3½% pa;

- A requirement to make specific provision for likely 'optimism bias';

- Greater analysis of risks/uncertainties than in the past;

- An enhanced emphasis on quantification and the assignment of monetary values – albeit with a recognition that this will not always be appropriate, or possible, and that other techniques (such as multi-criteria analysis) may be appropriate;

- Opening up the possibility of weighting costs and benefits to different income groups differently to allow for the influence of income on willingness to pay.

Key Appraisal Issues

Significant issues do arise on the cost side of the analysis, most importantly:

- The need to exclude 'sunk costs' which have already been incurred and which will not therefore be changed by the decision (bygones are bygones);

- The need to focus upon the 'opportunity costs' – or benefits lost from not using a resource in its best alternative use, even where there is no market transaction involved (for example, the value of the site to be used for a project which, although already owned by the promoter, could be sold for another purpose);

However, the major issues typically arise in relation to the assessment of benefits. Here market prices may be:

- Inappropriate measures of the social value of the resource in question. Typically –although by no means exclusively – this will be because of external effects on the wider community from the consumption of the good or service in question which are not reflected in the price paid by the user. Thus, for example, the potential willingness to pay for the use of a facility in, say, a National Park may overstate the benefits to society of that use if it involves access by car with associated costs which are not borne fully by the user;

- More often, wholly absent – because no charge is levied for the enjoyment of the asset in question. The challenge then – which will no doubt be dealt with in the more specialist papers – is to infer the potential willingness to pay of the intended beneficiaries from other sources of evidence.

The issues involved in eliciting values become more complicated where people attach values to assets which are not directly related to their use. For example, they may value the conservation of a particular asset (existence values) or the possibility that they may choose to make use of it at some future stage (option values).

Where market prices are absent it may be possible to establish 'shadow prices'. A number of approaches are available:

- Contingent valuation seeks to establish values through carefully designed survey work in which respondents are expected to undertake thought experiments involving resource allocation decisions;

- Hedonic pricing seeks to establish the valuation of particular attributes from revealed preferences through other market transactions – most commonly, the way that the factors involved influence the prices of otherwise similar houses;

- The travel cost method – a variant of the revealed preference approach – infers the demand curve, and thus the extent of the benefit to users who do not pay, from the way that the levels of usage of the asset by different populations decay with rising distance/increasing travel costs.

It needs to be stressed that such analyses involve complex and often contentious issues. These may be of:

- Principle – for example, does the willingness to pay of current generations take proper account of the interests of future generations; do we take into account benefits to residents of other countries?

- Practice – for example, contingent valuation techniques may suffer from 'strategic behaviour' by respondents designed to influence decisions, or the provision of responses reflecting a range of wider valuations than that of the particular asset concerned (embedded values) – or people may simply be unable to offer realistic judgements!

Other problems which may confront the appraisal process include:

- How to deal with contributions to other public policy objectives which may involve much wider issues than (quasi) market valuations – for example, reducing social exclusion;

- Sometimes related to this, how to treat contributions to Central Government targets – such as reducing CO_2 emissions. The targets and indicators approach is clearly a major feature of current policy making but the targets often appear arbitrary in economic terms (although economics will often have a valuable contribution in showing how they can be met most cost effectively and shadow prices may emerge – for example, through emissions trading);

- A range of complications – not discussed further here – in dealing with hybrid public-private projects.

Economic Impact Assessments

Such assessments may be a component of a wider economic appraisal, or they may be freestanding. The focus is on showing the impacts of a project – or some other change or event – on employment and sometimes other measures, such as incomes. The focus on these issues reflects the significance of regeneration objectives to the decision making of bodies such as the RDAs and the importance of funding streams such as EU Objective 1 and Objective 2 programmes.

The focus of economic impact assessments is normally on effects on specific priority areas. The basic analytical framework is shown in schematic form in Figure 1. Its focus is on tracing through the causal chain from the immediate outputs of a project to its ultimate impact on key economic indicators. The key steps in this are:

- Netting off:

  - 'deadweight' changes in activity which would happen in the absence of the project (for example, the 'base case' employment which would be expected to continue or be created if a site were left in private hands);

- ‘displacement’ of activity elsewhere in the priority area if the new activities will draw turnover (product market displacement) or locally scarce skilled labour or other resources (factor market displacement) from existing local businesses;

- Adding on possible multiplier effects associated with:

  - (indirect) impacts down the supply chain associated with local procurement by the new activities;

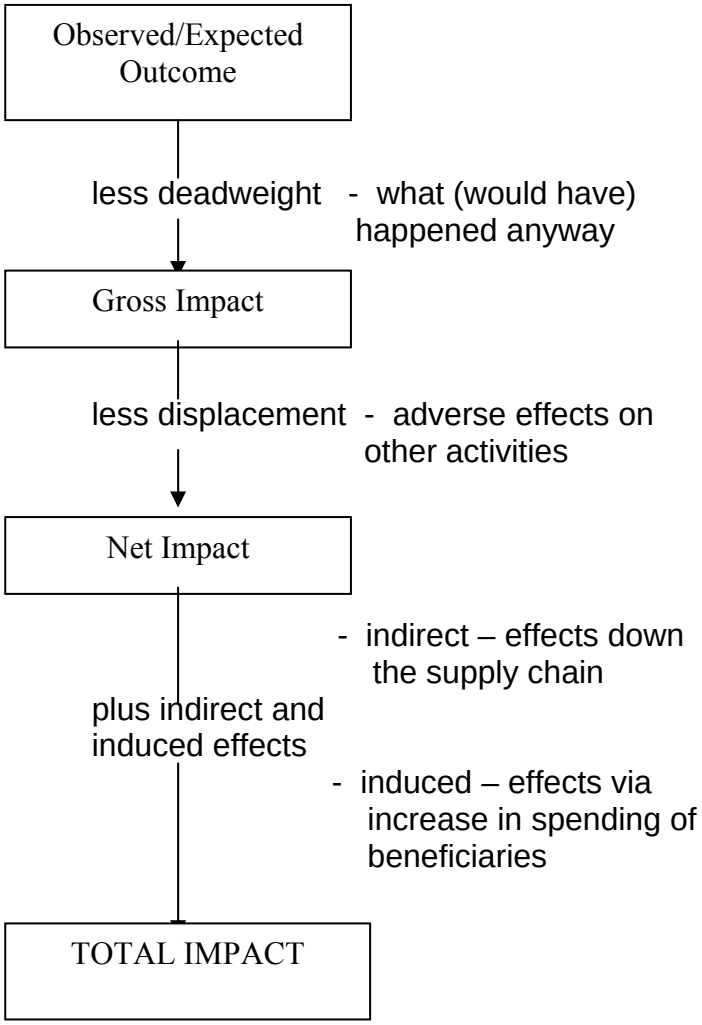
  - (induced) impacts associated with the increased local spend of those who derive additional incomes through the other mechanisms.

Two particular issues are worth noting about its significance in policy terms:

- Effects on employment may only carry much weight in areas with an excess of job seekers over available opportunities. It is difficult to see why such issues should be a major focus of policy in, say, the pressurised labour markets of the Thames Valley;

- Their importance in policy terms generally may well decline if the era of relatively low unemployment continues. The emphasis may well need to shift – for example, to the quality of economic opportunities which will result or to other types of benefit.

Figure 1: The Methodical Framework



Concluding Thoughts

I would want to stress three points in conclusion:

- Appraisal is a (potentially) helpful basis for improving decision making – being both rational and transparent;
- Even where valuation is difficult, establishing plausible orders of magnitude may well be a useful advance;
- Appraisal will contribute more and save resources if it happens early in the process rather than – too often as now – at the end.

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

FORECASTING THE IMPACT OF PROJECTS

Dr Mike Christie
Lecturer
Institute of Rural Sciences

Introduction

Countryside resource managers regularly seek to develop and implement new projects. Such projects might include, for example, small scale footpath improvements or the creation of a new visitor centre. Economic appraisal comprises a suite tools that project managers can use to assess whether a proposal is economically worthwhile. Economic appraisal involves the forecasting of the likely impacts of the project *before* the project is implemented. The impacts investigated in economic appraisal may be measured in terms of the market and non-market costs and benefits associated with a project proposal and / or the regional income and employment impacts of a project. In this paper, we outline the theory and practicalities of economic appraisal, and then discuss the various methodologies available to value non-market costs and benefits, and economic impact analysis.

The theory of economic appraisal

Economic appraisal is a systematic process for examining alternative uses of resources, focusing on assessment of needs, objectives, options, costs, benefits, risks, funding, affordability and other factors relevant to decisions. Such appraisal forms part of the ROAMEF cycle of project management. It is important to begin applying appraisal early in the gestation of any proposal. Retrospective appraisal, that is going through the motions of appraisal after decisions have been taken or expenditure committed, is bad management practice.

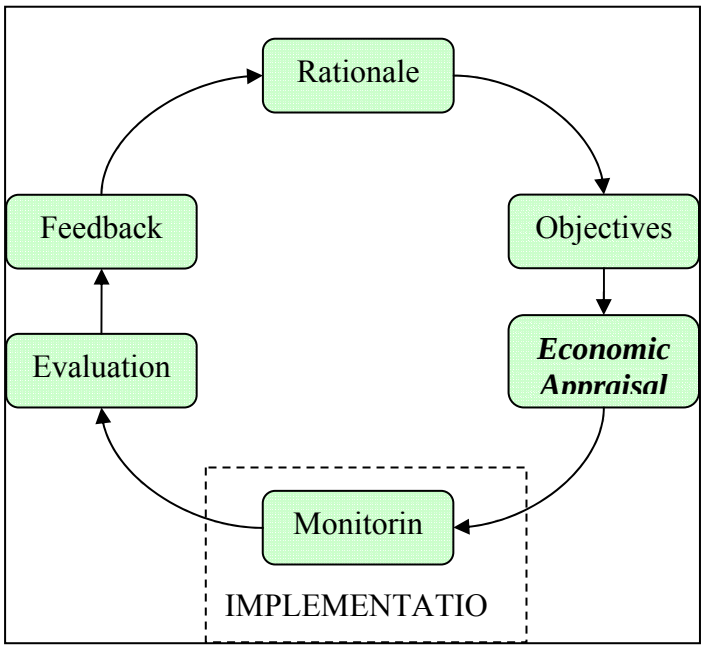


Figure 1: ROAMEF Cycle

The basic elements of economic appraisal include:

1. Setting objectives.
Before economic appraisal can take place, it is important to consider and then set clear objectives for the project. Objectives should be stated so that it is clear what the proposal is intending to achieve. Objectives should be developed to include targets that are "**SMART**" - **S**pecific, **M**easurable, **A**chievable, **R**elevant and **T**ime-dependent. Possible constraints to the project should also be identified at this stage.

2. Identify and describe options.
The next step involves preparing a list of possible actions that may be undertaken to achieve the identified objectives. This list should include a 'do minimum option', so that the benefits of more interventionist actions can be judged.

3. Identify and quantify the monetary costs and benefits of each option.
The relevant costs and benefits of each option should be identified and valued. Costs and benefits to be covered by an appraisal will typically include:

- *Initial capital costs*, such as purchases of land, buildings and equipment etc.
- *Opportunity costs*, based on up-to-date market valuations, of capital assets such as land, buildings, and equipment etc.
- *Replacement costs* required during the appraisal period. These may be needed in respect of any of the capital assets employed on the project.
- *Staff costs* recurring throughout the appraisal period.
- *Operating costs* recurring over the whole term of the appraisal, such as maintenance charges, leasing and rental costs etc.
- *Residual values of capital assets* used in options, either at the end of the appraisal period, or in the year in which they are released from use, whichever is sooner.
- *Any other costs and benefits that can be valued in money terms*, such as revenues.
- *Quantified measures, or at least descriptions, of those costs, benefits or impacts which can not be measured in money terms* – we explore these non-market costs and benefits further below.

4. Calculate Net Present Values of options
People and society tend to have 'time preferences' for the consumption of goods and services now, rather than in the future. 'Discounting' is a technique used to convert all future costs and benefits to 'present values'. The mathematical expression used to calculate discounted present values is as follows:

$$PV = V_t * \frac{1}{(1+r)^t}$$

Where PV is the present value, V_t is the future cost or benefit streams, r is the discount rate, and t is the future time period. The discount rate 'r' recommended by the Treasury is 3.5% (HM Treasury, 2004), although their may be instances where it may be more appropriate to use an alternative

discount rate. In economic appraisal, we can use discounting to calculate the Net Present Value (NPV) of the alternative project options. NPV is calculated by subtracting the sum of the discounted costs of an option from the sum of its discounted benefits; all discounted to the same base date. Not only does NPV take account of social time preference through discounting, but also, by combining capital and recurrent cost and benefits in a single present day value indicator, enables direct comparison of options with very different patterns of costs and benefits over time. For instance, it solves the problem of how to compare a low capital cost / high running cost option with that of a high capital cost / low running cost alternative.

5. Sensitivity analysis

Finally, it is important to test the vulnerability of each option to unavoidable future uncertainties. This may be achieved using sensitivity analysis. In sensitivity analysis the effect of the likely range of values on NPV is estimated. For example, the impact of alternatively predictions of visitor numbers to a recreation resource on the overall net benefits may be established. The decision rule is to select the option that offers to maximise NPV with least risk.

Non-market valuation

The valuation of non-market impacts of a project is an important, although challenging element of project appraisal. Total economic value is the term used to describe the totality of non-market impacts associated with an environmental project. TEV comprises both use and passive-use values (Figure 2). Use values relate to the utility gained by an individual from direct use of a resource (e.g. visiting a recreation resource), and indirect use (e.g. utility gained from ecosystem services). Passive-use values are perhaps less obvious and relate to the utility gained by an individual for the option to use a resource in the future (Option value), and the utility gained from the knowledge that a resource is protected for others to use (vicarious values) and for future generations to use (bequest values). Countryside resource projects may display some or all of these values.

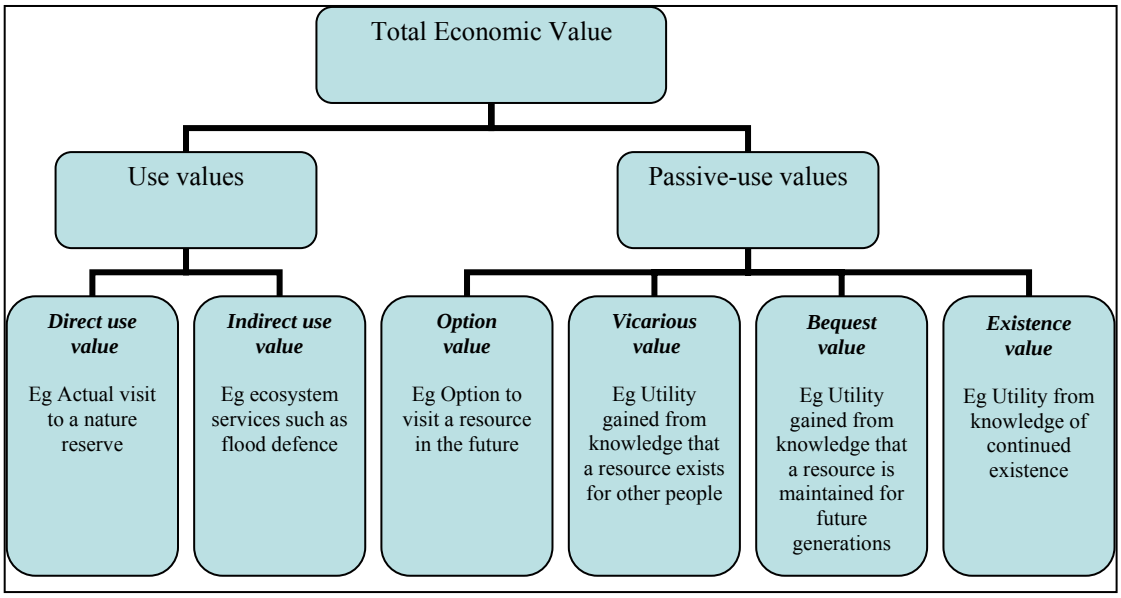


Figure 2: Total economic value

Market prices generally do not exist for many aspects of TEV, and therefore specialized economic evaluation techniques have been developed to measure these values. Non-market valuation techniques include revealed preferences methods and stated preference methods.

Revealed Preference Methods

In revealed preference methods, the value for a countryside resource can be revealed by examining the behaviour of consumers in related surrogate markets. Revealed preference methods include the travel cost method and hedonic pricing. It should be noted that revealed preference methods are only capable of measuring use values; they can not tell us anything about passive-use values.

The travel cost method (TCM) seeks to estimate the benefit arising from a recreation experience by treating the cost of travel to the recreation site as if it were an entry fee. A recreation demand curve can then be constructed, based on the travel costs of a number of visitors, which is then used to estimate the value of the recreation resource. Willis (1991) provides a relevant example of the TCM. In this study he estimated that the recreation value of the Forest Commission Estate in GB was £35m; this compares favourably to the £8.5m expenditure on recreation. For a full discussion of the use of travel cost models in recreation, see Herriges and Kling (1999). Garrod and Willis (1999) also provide a thorough account of the TCM, its theory, history and applications to recreation.

The hedonic pricing (HP) method also seeks to determine the value of an environmental good based on observations of a surrogate market. In hedonic pricing, differences in house prices, stemming from different environmental attributes, can be used to indicate the benefit streams associated with that attribute (Rosen, 1974)**.** Garrod and Willis (1999) provide an overview of the HP method.

Stated Preference Methods

The value of recreation resources can also be measured using stated preference methods. Stated preference methods work by asked individuals to directly state how much they value an environmental resource. Stated preference methods can be used to measure both use and passive-use values. The two most widely adopted stated preference methods include the contingent valuation (CV) and choice modelling (CM).

The contingent valuation method is perhaps the most widely used valuation technique. The CV approach centres on the valuation of a hypothetical market for a good or service. In the valuation, respondents express their willingness to pay (WTP), or willing to accept in compensation, for the hypothetical good being valued. Respondents may be asked to provide this value (open-ended CV) or they may be asked whether or not they accept a value that is presented to them (referendum CV). These expressed WTP preferences are

then aggregated to provide an overall estimate of the value of the good (Mitchell & Carson, 1989). The validity of the responses is tested using various techniques, which include a comparison of the WTP responses to the respondents' socioeconomic attributes. Although there has been much controversy regarding the reliability of CV, guidelines of good practice are available (Arrow *et al.*, 1993). Also, it is generally agreed that a well-designed and thoroughly piloted CV questionnaire can produce accurate value estimations (ibid.). CV studies have been used extensively to value variation aspects of countryside recreation including: countryside recreation resources (Christie, 1999); UK National Parks (Bateman *et al.*, 1994); Mar Lodge estate in Scotland (Cobbing & Slee, 1993); footpath provision (Bennett *et al.*, 1995). A detailed description of the CV method can be found in Mitchell & Carson, (1989).

Choice modelling (CM) is a relatively new environmental valuation technique. The method can be used to examine the response of an individual to changes in the attributes that make up a project. For example, Hanley *et al.* (1999) examined the value associated with a range of rock climbing attributes. The CM also allows both use and passive-use values to be estimated. Louviere *et al.* (2000) provide a comprehensive review of choice modelling.

Above we have reviewed the main revealed and stated preference methods to valuing the non-market elements of a recreation proposal. The methods vary in terms of there merits and limitations. The choice of which method to use will therefore depend on the actual project to be assessed. One recent area of research of interest relates to benefits transfer. Benefits transfer is the technique used to transfer value estimates from an existing study to a new area. Although there is some evidence that benefit values can be transferred, this evidence is conclusive. The Environmental Valuation Reference Inventory (www.evri.ca) provides a database of valuation studies which may be useful for benefits transfer.

Economic Impact Assessment

Spending by visitors to a countryside resource can provide significant benefits to local economies in terms of income and job generation. Multiplier analysis is an economic tool that can be used to measure the overall impact of such expenditure (Christie *et al*., 1998). The theory underlying multiplier analysis is as follows. During trips to a recreation resource, visitors may spend money on goods and services such as food, accommodation, transport etc. This initial injection of expenditure into a local economy is known as the *direct* expenditure. As the recipient businesses of the direct expenditure then re-spend this money in successive *indirect* rounds, the number of transactions rise and the overall output expands.

With this expansion in output comes an increase in the wealth of local residents, who consequently increase their consumption expenditure (*induced* effects). The overall impact on the level of economic activity is expressed in terms of the changes in output, income or employment that arise in the

recipient economy. This is expressed numerically by the multiplier coefficient, which is calculated by dividing the sum of the direct, indirect, and induced effects with the direct effects. The ultimate size of the multiplier coefficients is thus a reflection of the extent to which injections of expenditure are retained within the local economy. Various factors will affect the size of an economy's multiplier coefficient. The more narrowly the local economy is defined, the higher the leakages and the lower the multiplier (TRRU, 1975). Small scale tourist businesses such as B&Bs tend to generate higher multipliers than national businesses such as hotel chains (Slee, *et al.*, 1997).

Remote rural locations also tend to have a higher multiplier effect since poorer communications reduce leakages from the local economy. In economic impact studies, the total economic impact of an initial injection of expenditures within a local economy may be estimated by multiplying that expenditure with a relevant multiplier coefficient. The actual multiplier coefficients used in a study may be established either through primary data collection or by 'borrowing' coefficients from similar studies. Examples of economic impact studies include the impact of walking in England (Christie and Matthews, 2004) and the impact of National Nature Reserves (Christie *et al.* 1998). Rayment (1995) also provides a comprehensive review of UK multiplier studies.

Conclusions

In the above we have provided an overview of the methodologies used to forecast the economic impact of projects. Further details of economic appraisal techniques can be found in the Treasury's 'Green Book'. We conclude by stating that the successful implementation of a project can only be assured if accurate and detailed project appraisal is undertaken.

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Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

EVALUATING THE IMPACT OF PROJECTS

Dr Andy Cope, Research and Monitoring Unit, Sustrans
Professor Paul Downward, Staffordshire University
Professor Les Lumsdon, University of Central Lancashire

In order to evaluate the impact of projects, a clear conception of economic impact is required, coupled with practical guidelines for measuring it. This brief paper addresses these issues.

Conceptualising Economic Impact: Definition

In general, this issue is associated with assessing the impact of decisions on the deployment of resources between options to meet decision-makers' objectives. It is important to draw a distinction between two types of assessment;

(a) Financial assessment - concerned typically with the private sector and the contribution of project options to the financial wealth of organisation. Market values are typically treated as key data.

(b) Economic assessment – concerned typically with the public sector and the contribution of project options to broader objectives associated with a wider set of stakeholders in society than a commercial business. Naturally public authorities embrace such objectives. In this context market values are not necessarily the key data but those which reflect social and environmental conditions

With regard to timescale and scope there are a number of important points to note. Firstly, option impacts can be forecast – in which case they are 'appraised' *ex ante.* Secondly, the impact can be monitored – in which case they are 'evaluated' *concurrently or ex poste*. The spatial dimensions of the impact also need to be determined and thus the study area might be regional, local or site specific. Finally, it is important to note that impact analyses should account for the 'opportunity costs' of projects. As well as alternative options, the 'do nothing' alternative should be considered.

An example would be as follows. If a land manager wanted to enable a business to build/run a café in a forestry commission site then this resource would attract visitors.

The financial impact would focus on the profits for the business, the income to the employees and suppliers. However, an economic impact would seek to evaluate the contribution to profits/income not only for the business ***but also the area***. If there was a need to provide better access road, for example, then the social/environmental impacts, such as pollution, congestion, scenic impairment brought about as a result of the business development would require assessment. Alternative options should be assessed. Thus in providing a picnic area instead there would be a need for further maintenance costs, and possibly a new road. However, the scenery and wildlife might remain relatively undisturbed. Finally, a full opportunity cost analysis would assess the costs and benefits associated with not building the café or picnic site. The loss of profits and income being balances against not having to build a new road and preserving the scenery. Thus, there is a need to understand how to assess the trade-offs between the opportunities to develop or to do nothing.

There are a very clear set of Government guidelines set out in
'The Green Book: Appraisal and Evaluation in Central Government'
H.M. Treasury, 2003 (London:TSO) This advocates the ROAMEF cycle as indicated in Figure 1 below:

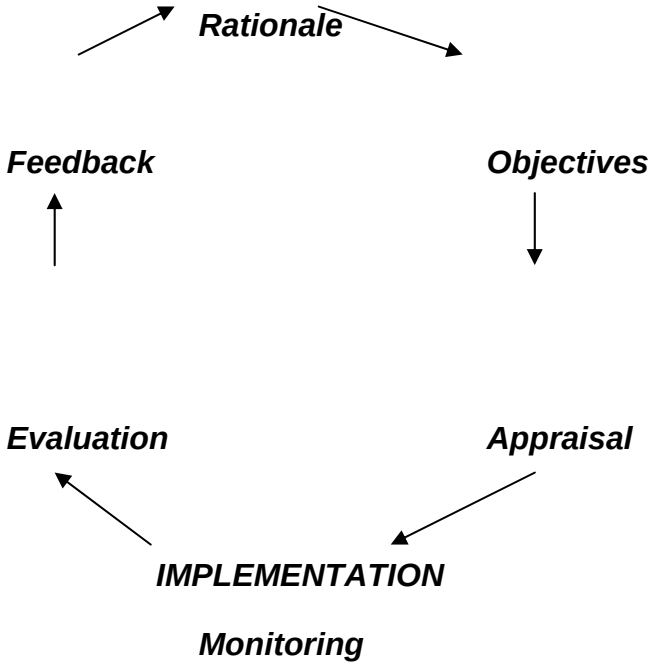

Figure 1 ROAMEF cycle

The elements in the cycle are summarised as follows:

- Rationale – What is the need for a 'policy' intervention; e.g. public policy commitment of resources, allow private sector commitment
- Objectives – spell out desired outcomes/targets
- Appraisal – forecast benefits and costs of alternatives
- Implement policy – monitor target variables
- Evaluate – were targets met
- Feedback – analogies for future appraisal/presentation of results/dissemination

Triple S Model: Evaluation/Appraisal

As a research team the authors find 'The Triple S model' a good way of conceptualising the relationship between the economic, social and sustainable development elements. The three core elements are:

1. Spending: Direct Monetary costs and revenues associated with the project
2. Spillovers: Indirect and induced costs and revenues – multiplier effects to the area
3. Sustainability: value the non-priced effects of the project

While this appears to focus only on monetary equivalents, real resource implications, e.g. jobs, can be ascertained from the scale of monetary values, through suitable assumptions about the production process and how much revenue is required to sustain a job in the area.

The framework is illustrated in Figure 2.

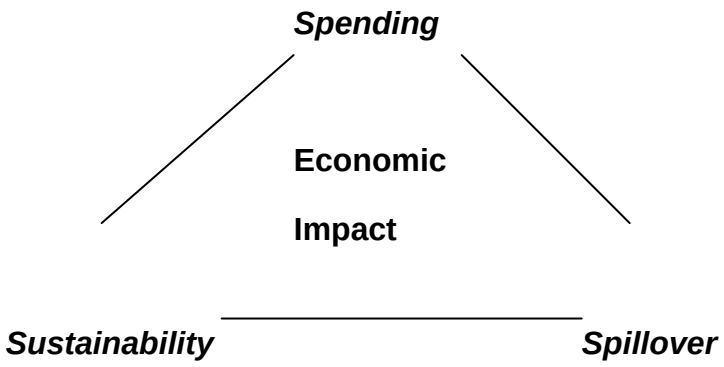

Figure 2 The Triple S Model

In evaluating the elements in more detail there are firstly, spending and direct impacts:

- These typically focus on market prices
- They may need to be adjusted for taxes/subsidies (These are not opportunity costs of the project)
- They should account for the timescale of revenues and costs. Thus discounted cash flows should be employed if benefits and costs occur in different timescales. E.g. If rate of interest is 10% (0.1), £100 next year is worth 100/1.1 = £0.91 now. This measures the opportunity cost of investing the cash used on the project in financial assets.
- They should allow for inflation
- In the hypothetical example of the café in the Forestry Commission location, the turnover of the café would be the key data for capturing the direct effects.

Secondly it is necessary to consider the spillover effects or the indirect or induced effects.

- This requires establishing the 'multiplier', or ripple effects of an initial injection of expenditure into the local area.
- In areas of full employment the multiplier really traces out the displacement activity of projects. Multiplier effects are thus beneficial in areas of less than full employment or in need of regeneration.
- An example of the multiplier, known as a Keynesian multiplier as discussed below, based on assuming that individuals spend, say. 80% of any additional income implies that an initial £10 spend -> £10 income -> £8 further spend -> £8 further income -> £6.40 further spend still etc. The sum of this 'infinite' series would add to £50. Thus, the £10 'injection' of extra spending provides £50 overall extra spending in the area.
- Referring to the hypothetical example of café in the Forest, the indirect effects could be obtained from data on the incomes received by suppliers, employees of the café IN THE LOCALITY!
- The induced effects could then be obtained from data on the incomes received by the expenditures of suppliers and employees

In order to measure the spend and spillover effects there are two main approaches or types of economic multiplier

- Demand side: Keynesian Multiplier

Survey consumers/visitors to establish incremental local spending following increments to disposable income

- Supply side: Input-output; supply chain models

Survey businesses to establish local trading links and dispersal of income either as a complete system or one business within the system – See LM3 Presentation.

Thirdly is the Sustainability factor. The concern is to 'value' non-market impacts.

Again there are two basic approaches:

- Revealed Preference – This involves inferring values from observation; e.g. the travel cost method calculates a value based on the distance of visitors travelled x cost per mile; The hedonic method calculates a value from observed market values in the area e.g. wages, property values before and after a change

- Stated Preference – This involves inferring a value from a survey. Contingent valuation methods ask of respondents their 'willingness to pay' for a benefit or 'willingness to accept' compensation to a cost; Choice modelling methods present respondents with alternative scenarios, characterised by different attributes and model the probability of their choosing one option or the other. The probability can be converted into monetary terms as a measure of 'utility'.

The North Sea Cycle Route

The case study of the North Sea Cycle Route explores evaluation in practice. The original aim of the study was explained as:

"The thrust of the research strategy will be to establish and trial research methods which will measure impacts attributable to the introduction of a long-distance cycle route"

Importantly, this suggested that the options had already been established, and investments made. The role of the study was thus to evaluate the route and feedback information for the appraisal process, as described earlier.

The key target indicators that are being measured are:
The number of cyclists on the route
Level of direct spend in communities

While the research method and findings are summarised by the authors in Countryside Recreation (2004), it should be noted here that a triangulated research strategy of travel diaries, intercept surveys and counts was employed to capture motivational, cycling and economic behaviour and characteristics of users as well as flows. Surveys were also focussed around access and egress to typical centres of gravity – villages, towns and cities to be representative of 'segments' of use. Typically, it was found that volumes and values of activity varied inversely between urban and more rural settings reflecting travel and recreational use. Lower volume, higher value activity was thus typically associated with more rural settings. On this basis, opportunity

now exists to expand the depth of the study to include indirect and induced and non-valued impacts in a more appropriate manner. Moreover, proper weightings can be attached to the spending determinants through multivariate analysis as the sample as grown over time.

Summary

In closing it should be noted that in all of the methods discussed above measurement can be very sophisticated or simplistic. Typical issues include:

- Statistically representative samples of businesses, visitors etc, producing statistically robust forecasts of impacts through a detailed input-output model *versus* a census of a small number of firms in a supply chain
- Hedonic, travel cost, choice models involving multivariate modelling of visitor characteristics *versus* simple survey of willingness to pay

The issue is to be robust on the weightings to be attached to valuations and clear on the methodology involved in providing value for money based on the scale of the project. Finally, it should be noted that government guidelines recommend concern for equity in assessing projects. A simple guideline for adjusting values thus is to vary values inversely proportional to income levels.

References:

Cope, A., Downward, P. and Lumsdon, L. (2004) The North Sea Cycle Route: Economic Impacts of Linear Trails, *Countryside Recreation* 12 (1), 2-5

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

RETAINING THE IMPACTS LOCALLY

Justin Sacks
Manager
New Economic Foundation

Local Multiplier 3 (LM3): measuring your impact on the local economy

Promoting local economic linkages

For many years, the proposed solution for regenerating urban and rural areas has been to attract more money into them, whether it is in the form of tourism, agriculture, corporate relocations, and other forms of inward investment. There is, however, a different approach that can have an even greater, more sustainable, impact: regenerating the local economy from within by taking advantage of the resources that communities *already possess*.

In many areas, the issue is not that too little money comes in but that most of the money that does enter the local economy flows right out again in the form of spending on and contracts to non-local businesses and labour. Research by the Countryside Agency has shown that on average upwards of 40 percent of business turnover 'leaks' outside of the local economy. By finding ways to 'plug the leaks' by creating economic linkages between local businesses, labour, and public bodies, poorer communities can build a healthy local economy that can stand on its own long after regeneration funding dries up.

The Local Multiplier 3 (LM3) tool has been developed by **nef** (new economics foundation) to help communities tackle issues of deprivation from within. LM3 enables organisations to measure the impact they have on a local economy by tracking where the money they receive is then spent and re-spent. The purpose of tracking and measuring this spending is to identify opportunities to get more money circulating locally. Deprived communities can achieve more local circulation of money by strengthening linkages in their local economies.

The name 'Local Multiplier' indicates how the tool works. The multiplier is an economic tool, usually applied at the national or regional level, to measure how income into an area circulates, and hence *multiplies*, within the economy. **nef** has adapted the multiplier for use at the local level. Since the multiplier measures how money is spent and re-spent, we stop after *three* 'rounds' of spending rather than continue onwards. This is where the bulk of spending takes place, and it also becomes unfeasible to keep tracking beyond this point.

Using LM3

LM3 works like this:

1) Measure an organisation's income, which may be a combination of public and private funds (Round 1);
2) Then look at how that organisation spends its income in a defined local area (i.e. parish, ward, district or 30 mile radius) – suppliers, staff, subcontractors, and overhead are typically the principal expenditures (Round 2);
3) Then look at how the local people and local businesses who received money from that organisation – the suppliers, staff, etc. – spend their money (Round 3);
4) Finally, run through some quick maths to arrive at the LM3, which tells you how much spending by the organisation impacts the local economy.

LM3 therefore gives a clear figure, which is an indicator for how the organisation is impacting on the local economy. Moreover, the LM3 process enables those involved in the analysis to determine how to increase their local economic impact. A quick look at an earlier application will make this come to life. **nef** worked with North Norfolk District Council on comparing the LM3 for two construction contracts. We used contracts for comparable concrete work, a sea wall constructed by the Contractor 1 and a car park constructed by Contractor 2. Since such work requires little specialised labour or materials, it was possible for both contractors to use local labour and supplies for the respective jobs.

Here's what we found:

LM3 for two contractors

	CONTRACTOR 1	***CONTRACTOR 2***
Round 1:	£72,000	£120,000
Round 2:	£57,600	£20,400
Staff	24,480	0
Suppliers	33,120	20,400
Round 3:	£24,987	£6,768
Staff	17,038	0
Supplies	7,949	6,768
Total:	**£154,587**	**£147,168**
LM3:	**2.15**	**1.23**

We found the LM3 for Contractor 1 to be 2.15, while the LM3 for Contractor 2 was 1.23. This means that for every £1 spent with Contractor 1, an additional £1.15 was generated for North Norfolk, while only 23p was generated by

Contractor 2. This application illustrates quite clearly that it is not the quantity of money but the 'quality' – how the money then circulates in the local economy afterwards. Even though the local authority spent nearly twice as much money on the contract to Contractor 2 (£120,000 versus £72,000 paid to Contractor 1), the spending on Contractor 1 actually generated *more* money for the North Norfolk economy!

More information

You can find more information about LM3 or **nef**'s other tools for local economic renewal on the **nef** website, www.newconomics.org. To obtain the DIY book for using LM3, ***The Money Trail: measuring your impact on the local economy using LM3***, order online under the publications section of the website or ring Central Books direct at +44 (0)845 458 9911.

If you have additional questions about LM3, please contact Justin Sacks at +44 (0)20 7820 6382 or justin.sacks@neweconomics.org.

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

WORKSHOP PAPER

DEVELOPING A BRIEF FOR CONSULTANTS

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Introduction

Assessing the economic impact of countryside recreation amenities and events is a relatively new discipline for countryside recreation managers and is typically sub-contracted to consultants with an expertise in the subject. However, in order to be able to draw up a brief for consultants, to work with them as an equal partner and to have confidence in the end results requires a familiarity with the rationale for conducting such studies and the techniques used. The starting point must be a clear idea of why you are committing resources to an economic impact assessment and how you plan to use the results. Economic impact assessments sometimes suffer from a lack of credibility because of inappropriate methodologies, over ambitious assumptions, exaggerating the positives, ignoring the negatives, political interference, and using the results for purposes for which they were not designed.

Why bother conducting and economic impact study?

There are many reasons why managers might wish or be compelled to conduct an economic impact study. One of the key drivers at present is for economic impact assessments to be conducted to support applications for funding for enhanced infrastructure. In an era where 'sustainable development' is a highly valued prize, 'evidence' such as increases in visitor numbers, leveraging more spend per visitor and increases in local employment can all be used to justify investment. The problem with projects that are currently ideas rather than actual facilities is that much of what is used to produce and economic impact assessment is assumption and can easily be manipulated to deliver the 'right' result.

For existing amenities and events economic impact studies can be used for advocacy purposes and to help managers to understand their discipline more fully. Furthermore, in a climate of Best Value, appropriate use of such studies can also be used to demonstrate that countryside recreation amenities deliver

value for money and added value. It is possible to conduct cost effective and reliable economic impact estimates of countryside recreation amenities using recognised industry standard techniques. The key ingredient to achieve such outcomes is a programme of field research with actual users of an amenity.

The key difference between evaluating projects that are not established and those that are is that economic impact assessment of the former is based on estimates whereas for the latter real data relating to real people is used.

What does 'economic impact' mean?

A sensible working definition of economic impact might be:

> *The net economic change in a host economy that results from spending directly attributable to a countryside recreation amenity or event*
>
> *[adapted from Turco and Kelsey 1992]*

There are a couple of parts of the definition that are worth highlighting in greater depth. First, 'net economic change' means that positives and negatives need to be taken into account - not just the positives. For example, a special event might bring in extra visitors to a locality and at the same time it might displace people who would have come anyway had the event not taken place and may also lead to increases in congestion and litter. Second, 'directly attributable' means that visitors using an amenity or attending the event have come to the host economy specifically to use the amenity or event in question. People who happen to be in a host economy and who use an amenity as an incidental part of being in the area cannot have their economic impact attributed to the amenity in question as they are not visiting the host economy specifically to use that amenity.

How do you measure economic impact?

The actual questions to be asked when conducting an economic impact study will vary according to the precise objectives of the study. However some indicative areas of enquiry are outlined below.

The number of people using a facility of attending an event
This is the keystone piece of data as it enables the results of on site research (sampling) to be applied to the 'population' of visitors as a whole. Local people using an amenity are considered to be 'deadweight' in terms of their impact on the local economy. This means that it is assumed that whatever money they spent at an amenity or an event they would have spent anyway and therefore it represents no change to the local economy. Visitors by contrast bring new money to a host economy and thus their expenditure has a positive economic impact.

The number of people who are from outside the host economy
If 2,000 people use a facility over a weekend and 400 interviews are conducted which reveal that 90% of respondents are local people and 10%

are visitors, it can be deduced that 10% of the 2,000 attenders (200) are visitors and are eligible to be included in an economic impact calculation and 1,800 attenders are 'deadweight'.

How many visitors are specifically in the area to use a given amenity?

Having identified the number of visitors a further filtering is necessary to identify those in the area specifically to use an amenity and those whose use of it is incidental. Visitors whose main reason for being in the area is to use an amenity should be included in the economic impact assessment; those whose attendance is incidental should be discounted or at least down weighted.

Duration of stay

For those eligible to be included in the economic impact calculation, the main determinant of economic impact is duration of stay. As a simple rule of thumb, the longer the dwell time the greater the amount spent locally. This is particularly true for those who stay overnight and make use of commercial accommodation such as hotels, guest houses, camp sites and caravan parks. Whilst day visitors are just as welcome to use an amenity as overnight stayers, there economic impact is considerably less.

Accommodation usage patterns

Simply because some people stay overnight in a given location does not necessarily mean that they make use of commercial accommodation. Many people combine visits to the countryside with visits to friends and relatives with whom they stay overnight. This type of arrangement is known as non-commercial accommodation and has no impact on the host economy. Thus it is important to identify amongst the 'eligible' sub sample the proportions of people making use of commercial and non-commercial accommodation.

Other expenditure patterns

For all visitors whether they be commercial accommodation users or day visitors an accurate picture of their spending patterns on food, drink, shopping, entertainment, travel and other items is necessary to be able to compute the total visitor spending attributable to an amenity or event.

Regardless of the objectives of an economic impact study of an existing facility the only way to achieve credible data is by interviewing attenders. This might be on-site or via follow up telephone calls. It is people who generate economic impact and it is not possible to estimate economic impact without engaging with the people who create it. Studies such as the recent 'Economic Value of the South West Coastal Path' which did not interview users of the path and relied on accommodation providers to make an estimate of how many of their guests used the coastal path suffer from severe problems of validity, reliability and credibility. Most of the economic 'value' of the South West Coastal Path is deadweight and the results have been used subsequently in a way in which they were not originally intended.

How do you use the results?

There are two key ways in which the results of an economic impact study might be used. First, the additional spending bought into a host area as a result of a particular amenity may be sufficient for managers to gauge the economic importance of a resource. Second, the raw economic impact data can be subjected to further calculations such as multiplier analysis to compute statistics such as the number of jobs created, supported or protected by an amenity or an investment.

Developing the brief

In essence, developing a brief requires an outline understanding of economic impact and how it can be measured. Consultants should be able to lead and advise on the more technical aspects, the methodological implications and the strengths and weaknesses of the findings. However as a bare minimum the following points should help to clarify thinking:

- Be clear about what it is you want to measure;

- Be clear about why you want the data and how you will use it;

- Seek views (via consultancy tender documentation) concerning the optimum methods to collect the necessary data to meet the aim of the study bearing in mind the resources available;
- Don't allow yourself to be baffled by science - if you don't understand what consultants are doing or saying you can rest assured that other people who are dependent on the results will be in the same position.

Finally, always remember that the output of an economic impact study is an estimate and that the whole process is as much art as it is science. Consultants don't have to live with the consequences of their estimates but you do! Keep it simple, know what want and make sure that your consultant delivers.

20 Questions to ask your consultant

1. What are your areas of expertise? (e.g. conducting economic impact studies)
2. How long have you been doing this type of work?
3. What experience do you have of working in ..? (e.g. economic impact assessments
4. What other projects have you worked on that are similar to this? How are they similar or different?
5. Who would work with us on this project? Are you the person/people who will work on this project or is there anyone else? If so, why are they not here for interview?
6. Who in your team will take personal ownership of this project?
7. Can you provide references and clients we can contact about your work?
8. Can you provide samples of your work?
9. What type of reports and other outputs will we receive from you?
10. What are your expectations of our staff's involvement in this process? What can we expect from you? What do you require of us?
11. How would you descirbe the way you go about a job?
12. Will your written scope of work include a timeline and a statement of fees?
13. What is your fee structure? Is it hourly or a lump sum? What is included? (e.g. travel, photocopying etc.)
14. Will there be a cost breakdown by task and an allocation of the number of hours per task? How do you relate costs to work completed?
15. What is your project workload at present? How long will it take to complete our project?
16. Why do you think you're best suited for this project? Why should we hire you?
17. Do you have employer's liability insurance, public indemnity insurance and professional indemnity insurance?
18. Tell us about your quality assurance procedures?
19. To what extent is your work underpinned by using recognised theoretical principles/conceptual frameworks
20. To what extent, if any, is your work characterised by cost over runs and unforeseen little extras?

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

WORKSHOP PAPER

DESIGNING A MONITORING PLAN

Steve Green
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Introduction

Lack of resources is the excuse most commonly used by organisations who do not monitor their projects. However, the fact is that it is often more costly ***not*** to monitor. By not monitoring a project, you can:

- Fail to realise that a project is not achieving its objectives
- Fail to recognise the true cost of a project
- Fail to identify ways to make a project more effective

Monitoring is not an expensive luxury; it is an essential management tool. To be effective and efficient, you should plan for monitoring from the beginning of a project.

Planning for Monitoring from the Beginning of a Project: Some Initial Considerations

Planning for monitoring from the start can help reduce the cost of the exercise and allow you to get the most out of the monitoring process. Some considerations which will help this are:

What do you need to know? Stick to your priorities and don't collect information you are not going to use

What information is already available as a baseline? It is likely that tourism departments will have undertaken research on economic impacts. They are also likely to have information on the geo-demographic profile of visitors

What data standards have been used by other researchers in the geographic area and in the subject field? This is important if you want to compare your project to others

What relevant monitoring mechanisms exist outside of your project? Others might already be monitoring impacts which are of interest to you. Your

tourism authority might be running the Cambridge, STEAM (both area-specific) or PRIME (project specific) economic impact models.

Consider the nature of the economic impacts of your project Are you generating additional spending or displacing spending from other places/providers in the area? Try to understand the direct and indirect spending in relation to the project. What multiplier and spend to job ratios should you use?

Remember to take account of other impacts which have debit and credit side impacts Officer time is often not counted, but can be a significant cost. Environmental and health benefits can be difficult to quantify and 'cost'

Fit the scale of the monitoring to the importance of the project New ideas or innovative projects can justify higher monitoring budgets as the findings will others to understand the relevance to them

Standard, Five-stage Research Methodology

Monitoring is like any research – put rubbish in to the system and you will get rubbish out. The moral? Plan and deliver all aspects of your monitoring carefully. The standard five-stage research methodology used by most researchers provides a good model:

1. What's the problem/question?
2. Plan the research
3. Collect the data
4. Analyse the data
5. Present the findings

What's the Problem/question?

For efficiency's sake, it is important to understand why you want to monitor a project and what you are going to do with the information you collect right from the start. This will cut out wasting time on collecting and analysing information which you are not going to use.

Bear in mind that the monitoring needs can change as a project develops. For example the Cross Lakes Shuttle survey in 2002 covered a wide range of subjects, including impacts on private car use, customer attitudes, the effectiveness of promotion, economic impacts and attitudes towards types of maps and waymarking in association with the complimentary network of walking and cycling routes. The 2003 survey was able to concentrate on core issues (impact on reducing private car use, attitudes towards the service) as well as refining the effectiveness of promotion and testing new product options.

Plan the Research

First ask if there are existing surveys or data collection mechanisms which you can use. The Nidderdale AONB Team discovered that both Harrogate Borough Council and the Yorkshire Dales Joint Promotions Initiative were already running the STEAM economic impact model in the area. For an additional cost of £500 per year has been possible to re-aggregate existing data to provide a detailed tourism economic impact report for the AONB.

It can help to understand how your performance compares to others if you use the same data standards as other relevant surveys/evaluations. The Whitehaven Tall Ships Study used spending categories which had been used in extensive research by the Cumbria Tourist Board the previous year; this made the results comparable to regional and local spending estimates.

Then look at your own management systems for the project and ask if there are ways to use information you are collecting anyway or ways in which you can adapt existing mechanisms to do so. The Hampshire Walking and Local Food Festival 2002 achieved this in a number of ways, including:

- Maintaining a detailed record of costs
- Collecting relevant information on enquiry and booking forms

You might need to consider different data collection methods to evaluate different aspects of a project or to obtain information from different kinds of user. For example the Cross lakes Shuttle User survey 2002 used a face to face interview survey to research the attitudes of service users and non-users, but structured discussions to test attitudes towards different kinds of maps, signage and waymarking. The Hampshire Walking and Local Food Festival used face to face interviews to obtain the views of participants and telephone interviews to obtain the views of those who enquired but did not participate and to obtain the views of local businesses.

It is important to consider the likely difficulties in obtaining good information. For example, Cross Lakes Shuttle users were reluctant to be interviewed during the bus or boat journeys as ‘enjoying the journey was one of the main reasons for joining. Similarly, it proved difficult to secure interviews at bus and boat stops as arriving passengers were keen to set off on their walk/ride and departing passengers tended not to arrive at the departure points until a short time before departure. Experienced interviewers can be invaluable in such situations.

Give care to planning your sample as poor planning can bias your results. Try to ensure that your sample is large enough to give a robust result and to allow you to undertake the analysis you require. Remember the minimum size of any sub-set should be not less that 25. One way to decide on a sample size and sampling plan is to calculate upwards from this based on your monitoring needs.

When planning for estimating economic impacts, take account of the totality of the impacts. There were three kinds of visitors to the Whitehaven Tall Ships:

- People who paid to go on board the ships when they were in harbour
- People who paid to take a trip to sea on one of the 'sail days'
- People who were attracted to Whitehaven harbour to look at the ships, but did not pay to go on board

A method had to be devised for estimating the total number of people who were attracted and not just those who paid. This included a combination of ticket counts, photography to estimate the total number of people in the harbour area and the results of the survey (proportion of people who came to see the Tall Ships as the main reason for a visit, the proportion going on-board ship as opposed to just viewing). Obtaining an accurate result is often very difficult, so make sure you are aware of all of the possible variables and be able to explain them.

Remember that you should allocate about half of the resources to data collection and half to planning, analysis and reporting.

Collect the Data

Collecting information on spending by visitors is notoriously difficult; not least because people tend to under-estimate their expenditure because:

- They forget about some items of expenditure
- They might not know about all of the expenditure by all members of their party

There are many ways in which to collect information on spending, none of which is perfect. Some considerations are:

- Do you collect information on spending by an individual or by his/her party? – the latter can give more accurate data, but could be more difficult to collect
- Do you ask for details of spending in the last 24 hours, or on the current trip? – staying visitors are more likely to forget about things they spent several days ago
- Do you ask for details of what visitors have spent already or what they have spent and what they anticipate spending on the trip?
- How will you allocate expenditure on transport? – local bus, rail and ferry journeys, cycle hire, boat hire, etc are obviously local, but how do you account for a tank of petrol or a ticket for a journey out of the area?

Analyse the Data

Plan for analysis in advance. The country is awash with un-analysed surveys! Many organisations have computer data analysis programmes. It's quite possible another department of your organisation has one; education establishments are also a useful source of planning, data collection and analysis capacity. It is better to design your questionnaire in the programme which is going to be used for analysis – this will save time and increase accuracy at the data input stage.

There are a number of ways to estimate indirect expenditure and employment generated by projects. Make sure you are realistic and always try to use local

spend to jobs created ratios – those used by the Regional Development Agencies are a good starting point, especially if they have been involved in funding the project.

Direct expenditure is that made participants attracted by the project. However, this leads to indirect expenditure, which needs to be taken into account. Indirect expenditure comes in two forms:

- Secondary expenditure – spending by businesses who benefit from direct expenditure
- Induced expenditure – spending by the employees of businesses who benefit from direct expenditure

This indirect expenditure can be calculated by a 'multiplier'. However, there are no generally accepted multipliers for different kinds of economy currently in use in England. A suite of multipliers likely in different kinds of economy were researched and published by the Scottish Development Agency some years ago and these are still commonly used. Recent Countryside Agency-funded research in the South Downs has produced a multiplier for that area and a number of tourist boards use multipliers supplied to them by consultants.

The value of the multiplier depends on the 'leakiness' of the local economy. See 'The Money Trail – Measuring Your Impact on the Local Economy Using LM3', New Economics Foundation, December 2002' for a layperson's guide. This work suggests that a relatively 'leaky' economy, where most goods are bought in from elsewhere, might have a multiplier of x1.5 and an economy with a high proportion of local purchasing might have a multiplier of x2.2.

The Hampshire Walking and Local Food Festival used an estimated multiplier of x1.75, selected at the higher end of the range because the New Economics Foundation research showed that spending in B&Bs and smaller establishments generated more local purchasing than spending in larger hotels (where supply contracts are often with national organisations located outside of the area).

Present the Findings

Present the findings in the most appropriate way. Do not be over elaborate, but make sure you are open about the limitations of any research. Sometimes things go wrong – sample sizes can be smaller than expected because of the weather or a host of other factors.

Do It Yourself or Bring in Contractors?

There are benefits and costs to both. Clearly, in-house monitoring is likely to be less costly. However, it is not always the best option; you should consider using an outside contractor if:

- The results are likely to be scrutinised in relation to future funding or support

- The project is a pilot of an idea or project which could be rolled out elsewhere (in which case additional funding for monitoring could be obtained from outside)
- Finance is available, but officer time is at a premium

Project	Monitoring Objectives	Outcomes
Cross Lakes Shuttle 2002 Joint ticket on boatsand buses between Bowness and Coniston and associated walking and cycling trails	▪ Impact on traffic movements ▪ How people were using the service & network ▪ Customer satisfaction with service ▪ How can network be marketed better ▪ Customer opinions on maps ▪ Customer opinions of signing and waymarking ▪ Establish economic impact of service	▪ 462 vehicle movements saved ▪ Alterations to 2003 routing and timetable to better meet customer needs ▪ Changes to promotion campaign ▪ Changes to target markets ▪ Improvements to route map and replacement of cycle route maps ▪ Implementation of signing and waymarking plan ▪ Average spend £7 per person/£18 per party
Cross Lakes Shuttle 2003 Joint ticket on boats and buses between Bowness and Coniston and associated walking and cycling trails	▪ Impact on traffic movements ▪ How can network be marketed better ▪ What encouraged people to use the service ▪ What discouraged people from using the service ▪ Would people be interested in packages including cycle hire ▪ Establish economic impact of service	▪ 2,646 vehicle movements saved ▪ Further refinements to promotion campaign ▪ Further refinements to target markets ▪ Addressing key encouraging and constraining factors in 2004 promotion ▪ Little demand for packages ▪ Average spend £10.35 per person/£23 per party
Hampshire Walking & Local Food Festival 2002 Week-long festival of walking, food & drink events	▪ Is it possible to significantly increase the effectiveness of walking festivals as economic development tools by increasing resources for management & promotion? ▪ Assess visitor satisfaction ▪ Develop a model evaluation methodology	▪ Total cost of Festival £42,000 ▪ Estimated spending generated £58,000 ▪ Intangible benefits include: o Repeat visits to the County o Better working relationships o Health benefits o Reduced private car movements o Improved relations with communities ▪ Lessons for future marketing & promotion ▪ Model evaluation methodology produced

Whitehaven Tall Ships Visit 2002 Five week visit by three tall ships to Whitehaven and area	▪ Establish economic impact to inform future investment decisions ▪ Assess customer satisfaction with ship visits and sail days ▪ Assess effectiveness of promotion methods to inform future marketing planning	▪ Majority of visitors came from outside of West Cumbria ▪ Majority of visitors quoted tall ships as main reason for visit ▪ Significant economic impact (confidential) ▪ Several improvements to ship visits and sail days identified ▪ Residents, day and staying visitors responded to different promotion methods ▪ Improvements to promotion identified
Nidderdale AONB Sustainable Tourism Project 2002-04 Three-year pilot project to encourage sustainable tourism	▪ Establish economic impacts of project ▪ Assess impact of project on vehicle movements ▪ Assess impact of project on the environment	▪ STEAM economic impact model measuring spending, employment and vehicle movements for entire AONB ▪ AONB Team survey measuring same impacts for shortbreak package initiative ▪ AONB Team monitoring sustainability actions taken by tourism businesses, including: o Greening actions by businesses o Improved marketing by businesses o DDA compliance by businesses o Improved information provision by businesses

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

WORKSHOP PAPER

ISSUES IN ECONOMIC APPRAISALS

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The following is a summary of the seminar held on 'Issues within Economic Impact Studies'.

This workshop was designed to allow delegates to air and discuss issues arising from the morning presentations and from their own experiences of undertaking and commissioning economic impact studies. As to be expected, given the diverse range of organisations and professionals involved, there were many points raised and a variety of points of view. However, across the two workshops, a number of key themes did emerge.

Broadly speaking, the predominant view is that there is still much uncertainty over the way that countryside managers ought to use economic impact analysis within their work: it would be fair to say that delegates believed there to be more "remaining challenges" than "positive developments". These were some of the key points made.

Positive Developments in Economic Analysis

- There was a broad consensus that the basic idea underpinning all economic analysis – the comparison of costs and benefits – is a useful mechanism not only for making the case for external project funding, but also as a management tool to aid internal decision making. Experience in undertaking and commissioning economic impact studies has led most delegates to conclude that economic analysis cannot be seen as just a 'hoop' through which project managers have to jump, but as a valid exercise in deciding whether a particular project is worth undertaking or not.

- The second positive factor s that delegates generally seemed to feel there is an increasingly wide range of analytical tools available to them in assessing the benefits of environmental projects. A demand for simpler, practical tools is beginning to be met through, for example, the New

Economics Foundation's 'Plugging the Leaks' work. Gathering data about economic activity through surveys of visitors and businesses, without necessarily using this data within extensive modelling, is also seen as a useful way of assembling indicators of economic 'health' that are able to sit alongside other social and environmental impacts.

- For a significant number of delegates ongoing environmental economics research on the valuation of non-market benefits is welcome. It provides a useful way forward by allowing cost-benefit decisions to be backed up. Certainly, there was an overwhelming view that cost-benefit decision making has to include full account of social and environmental benefits in some form – whether these are monetized or not.

Remaining challenges

- But there is still a lot of nervousness about money valuation of the environment. For many delegates the case for money valuation has not been fully made by economists, either from a theoretical point of view, nor from the more practical consideration of how it can be accomplished without significant complexity and expense. There was a significant sub-set of delegates who simply feel that money valuation can never fully capture the spiritual or ethical importance of the environment and will always be the wrong route to follow.

- There is a worry about the lack of consistency across different studies. Though we might expect results on, for example, the local economic impact of tourism and leisure spend to converge over time as more studies are done, it appears to some delegates that – if anything – the opposite is taking place: more studies are leading to an ever wider range of results.

- This lack of consistency leads to a consequent concern, in that there is a fear that the audience for economic impact studies (often funders) may not be able to distinguish between 'good' and 'bad' analysis, leading to a mis-allocation of funds if poor analysis is not picked up.

- There is a practical concern about the cost and complications of data collection – even to gather such basic information such as on visit numbers, visitor spend, and the type of information on visitor motivation which can be used to infer something about additionality. Here, some delegates felt it might be worth CRN undertaking a follow-up to the seminar, bringing together the experiences and knowledge of those organisations who have done most work in this area, for wider dissemination.

Countryside Recreation Network Seminar

DEMONSTRATING THE ECONOMIC VALUE OF COUNTRYSIDE RECREATION

CONCLUSION

Glenn Millar
Research Manager
British Waterways

For undertaking economic analysis in a countryside recreation context, I would like to leave you with two key points.

Systematic approach to project delivery

The first is that, in a project context, economic appraisal and evaluation are essentially two facets of a wider systematic approach to project development and delivery. The process can be defined in a systematic way by approaches such the ROAMEF cycle, as described by Ian Baker and Mike Christie. Essentially the process involves a number of discrete stages, starting with project design and appraisal (with strong inter-linkages between these two elements) then project delivery and finishing with the evaluation process.

The design stage determines the nature of the project, its objectives and potential funding sources. It also determines the appraisal methodology. Initially choices may have to be made between different courses of action – which type of project to be implemented or a comparison with the "do nothing" option. This requires an economic efficiency analysis approach, a reflected in the "Green Book" appraisal, described by George Barrett. Methods such as cost-benefit analysis (CBA) or multi-criteria analysis (MCA) are employed to do this.

Alternatively an impact analysis approach may be required in order to assess the spatial impacts upon a locality (usually in employment terms). Such an approach is often needed to justify interventions from funding sources such as the European Structural Funds, which are spatially targeted. In larger complex projects, both approaches may need to be adopted.

Whatever approach is used, in a recreational context, the appraisal stage needs to take account of both demand for the recreational resource and the economic impact of that demand. The appraisal also determines the baseline against which future progress is measured. A key component within any appraisal should be the development of an evaluation framework or plan. It is essential that this is thought about early in the process, so that measurement tools can be put in place for the evaluation stage e.g. the installation of people counters or the commissioning of visitor surveys, which are essential measurement tools for most recreation projects.

The appraisal also needs to feedback into detailed project design. For example it may be that the project can be re-configured in line with an "LM3" analysis, as described by Justin Sacks, in order to secure a greater impact locally. Also it can help determine the stakeholders that need to be involved within the wider project catchment to ensure that the benefits identified can be delivered.

The delivery stage may seem to be independent from the appraisal / evaluation process. However this is not the case. It is important that good project records are kept, as these may supply some of the indicators required for evaluation. Also it may be possible to put monitoring systems in place in association with project delivery.

Finally with regard to evaluation, for externally funded projects, it may be possible to build in monitoring and evaluation within the overall project cost. Evaluation should not be thought of just as a chore to go through as a requirement of funding. It provides learning for future projects, as well as supplying data, which can be used as evidence to help justify future work.

Sustainability Framework

Economic assessments are often undertaken in isolation. However there are strong reasons for viewing them as part of a wider appraisal and evaluation system bringing together economic assessments with consideration of the social and environmental impacts of projects. There are a number of reasons for this:-

Many projects are funded from multiple sources and economic measures may not be the only ones that are appropriate. For example, Heritage Lottery Fund may be interested in cultural and environmental effects. Community-based projects may also deliver social impacts, while even economic-driven funding sources (such as the European Structural Funds) may require an assessment of other impacts, particularly the effect a project may have on the environment.

Organisations themselves may require a wider view of projects to be taken, possibly in terms of sustainable development strategies or corporate social responsibility.

Finally it may be necessary to investigate trade-offs in project delivery between economic and social / environmental impacts.

For all these reasons there is perhaps a need to begin to look at project appraisal and evaluation in a wider context – to bring economic, social and environmental impacts together in a single framework. My organisation, British Waterways, has begun to do this through relating project impacts to local quality of life indicators. This acts as a powerful advocacy tool, by providing a comprehensive review of what projects can deliver. It also introduces a further feedback loop at the design stage, whereby possible

conflicts between economic and social / environmental objectives can be addressed.

Much more needs to be done to perfect these systematic approaches, but I have no doubt that they will provide a way forward to ensure that recreation-based projects continue to secure support and funding into the future.

ANNEX A

Demonstrating the Economic Value of Countryside Recreation

PROGRAMME

9.30 Registration and refreshments

10.00 Welcome by chair *(Glenn Millar, British Waterways)*

10.05 Introduction to economic appraisals (*George Barrett, Ecotec)*

10.30 Valuing the countryside recreation resource *(Ian Baker, Advantage West Midlands)*

10.50 Forecasting the impact of projects *(Dr Mike Christie, University of Wales, Aberystwyth)*

11.10 Refreshments

11.30 Evaluating the impact of projects *(Dr Andy Cope, Sustrans/Professor Paul Downward, Staffordshire University)*

11.50 Retaining the impacts locally *(Justin Sacks, New Economics Foundation)*

12:10 Question Time

12.40 Lunch

13.40 Workshop 1/2/3 (delegates choose one workshop session)

14:40 Workshop changeover

14.45 Workshop 1/2/3 (delegates choose one workshop session)

15.45 Refreshments

16.00 Reports and discussions from workshops

16:15 Summary (Chair)

16.30 CLOSE

WORKSHOPS

Workshop 1 - Developing a brief for consultants
Simon Shibli, Leisure Industries Research Centre, Sheffield Hallam University
Discussion of issues that need to be considered when developing briefs for Consultants to undertake economic appraisals and evaluations

Workshop 2 - Designing a monitoring plan

Steve Green, Bowles Green Limited
Review of how evaluation can be planned and incorporated within the development and implementation of projects

Workshop 3 - Issues in economic appraisals

Gareth Maaer, British Waterways
Open discussion of issues and problems that are frequently encountered in economic appraisals

ANNEX B

BIOGRAPHIES OF SPEAKERS

CHAIR

Glenn Millar
Economic Development Manager
British Waterways

Glenn Millar is Economic Development Manager in the British Waterways Economic Research Unit.

Glenn has been with British Waterways since 1978, initially working in transport and then recreation & tourism research. Glenn now heads up a small unit responsible for:-

- assessing the economic and social impacts of waterway projects;
- securing external funding to support these; and
- developing and managing projects under various EU trans-national programmes.

From 1994 to 1998, Glenn was Vice-Chairman of the Countryside Recreation Network. He is currently a member of the PIANC (Permanent Association of International Navigation Congresses) Working Group concerned with Economic Studies on Inland Waterways and is one of British Waterways' representatives on Voices Navigables d'Europe (VNE), a consortium of European inland waterway authorities with interest in the development of canals and rivers for tourism and heritage.

Glenn holds a B.Sc.Hons. in Geography, an M.Sc. in Town & Country Planning, a Diploma in Management Studies and a Diploma in Marketing.

SPEAKERS/WORKSHOP LEADERS

George Barrett
Ecotec

George Barrett is an economist. He joined Ecotec Research and Consulting Limited as a director in 1990 after an early career in the public sector and as an economics lecturer. His experience covers both ex ante and ex-post economic impact studies, as well as economic appraisals both of small scale and very large projects. His current studies include ex-post impact studies of English Cathedrals (for English Heritage/the Association of English Cathedrals), the National Maritime Museum Cornwall (for the Heritage Lottery Fund) and a set of major canal projects (for British Waterways). He is also acting as adviser/assessor for the cost benefit analysis of the proposed new airport at Finningley.

Ian Baker
Head of Rural Renaissance Policy
Advantage West Midlands

Responsibilities include leadership of the Agency's rural policy and food and farming delivery plan. Policy input is made to the Agency's own rural delivery programmes, such as Rural Regeneration Zone and Cluster action plans for Food and Drink, Tourism and others. Input is also made to the rural programmes and policies run by 3rd parties. Ian Baker has a background in rural economic development, environmental policy and programmes, European policy and countryside management. Work experience includes Advantage West Midlands, Countryside Agency and National Trust. Academic background in Biology and Environmental Resource Management; particular study of catchment management.

Dr. Mike Christie
Lecturer
University of Wales, Aberystwyth

Dr Mike Christie is currently a lecturer in Environmental Economics at the Institute of Rural Sciences, University of Wales Aberystwyth. His educational qualifications include a BSc (Hons) Agriculture (University of Aberdeen) and his PhD on '*An economic analysis of the provision of recreation improvements in the Grampian countryside*' also at Aberdeen University. Dr Christie's main research interests include environmental valuation research and economic impact analysis. Recent research activities include economic evaluation of countryside recreation, biodiversity, water quality, agri-environmental schemes, and geo-diversity using the contingent valuation and choice experiments methodologies, and economic impact studies of nature reserves, community buildings.

Professor Paul Downward
Staffordshire Business School
Staffordshire University

Professor Paul Downward has extensive consultancy and academic experience in the sports, leisure and tourism areas. As well as numerous publications and refereeing activity for a wide range of Tourism and Leisure journals, he is a founding Editorial Board member of the 'Journal of Sports Economics' and Tourism and Hospitality Planning & Development.

Paul has recently published a book on the Economics of Professional Team Sports and is currently editing the book, with Professor Les Lumsdon, for the Office for National Statistics on how to use Official Data in aiding decision making in the Sports, Leisure and Tourism Industries.

Dr Andy Cope
Manager
Research and Monitoring Unit
Sustrans

Dr Andy Cope has managed Sustrans' Research and Monitoring Unit since 2000. His research in information management for countryside recreation focussed on the collection of appropriate data concerning site visitors and route users, and the application of information to achieve management goals. Through the course of his academic research and past consultancy activities he has acquired an extensive knowledge of gathering and applying information from monitoring programmes for cycling and walking, and is putting this knowledge to practical use for Sustrans. Current focal points for the work being done by the Research and Monitoring Unit include the development of a database of continuous cycle count material, the route usage monitoring programme, and several issue-specific projects with many and varied academic partners.

Professor Les Lumsdon
Professor of Tourism
University of Central Lancashire

Professor Les Lumsdon is currently researching the relationship between transport and tourism and in particular the economic impact of trails. He is co editor of 'Tourism and Hospitality, Planning & Development', and is also a board member of the 'Journal of Vacation Marketing'. He is currently involved in a wide range of research and consultancy studies relating to tourism development, tourism planning guidance and transport.

Justin Sacks
New Economics Foundation

Justin Sacks is the manager of the LM3 programme at NEF (New Economics Foundation). Since 2002, Justin has worked with community leaders across the UK seeking to improve the local economic impact of their work using NEF's LM3 tool. LM3 measures the way money is spent and re-spent within an area, and enables communities to pinpoint strategies to maximise the value of the money they have. Prior to joining NEF, Justin managed the capital housing programme for the New York City Mayor's Office of Management and Budget, as part of the Housing & Economic Development Task Force. Justin has also worked in the private and voluntary sectors, focusing on e-government and not-for-profit venture philanthropy.

Simon Shibli
Deputy Director
Leisure Industries Research Centre
Sheffield Hallam University

Simon is a qualified management accountant who specialises in the economic and financial analysis of the leisure industry. He has a particular interest in countryside recreation and is currently engaged by Hampshire County Council as the contractor for two national exemplar projects examining Rights of Way Improvement Plans.

Since 1997, Simon has worked for UK Sport as well as a variety of governing bodies and local authorities on projects assessing the economic impact of major sport events. In 1998 he wrote the publication 'Measuring Success: Major Events, the Economics' which is the accepted methodology for the estimating the economic impact of sports events. The basic principles of evaluating the economic impact of sports events are transferable to countryside recreation and this will be the focus of Simon's workshop.

Steve Green
Director
Bowles Green Limited

After six years experience as a tour operator, in incoming and out-going travel, Steve has worked as a consultant, mostly in the area where recreation, tourism and conservation come together. He is currently a Director of Bowles Green Limited

He has wide experience from throughout the UK and overseas. In the late 1980's he advised the Falkland Islands Development Corporation of re-development of tourism following the 1982 conflict and he has worked on sustainable tourism projects in Andalucia, Brittany, Iceland and the Caribbean.

From 2000 to 2002 he job-shared the post of Head of Interpretation, Communications and Education at the Countryside Council for Wales where the helped establish the current communications group and strategy.

He has recently worked on evaluation and economic impact studies for the Nidderdale AONB, the Cross Lakes Shuttle, extension of the national Cycle Network in Lancashire and the Hampshire Walking and Local Food Festival, during which he developed a model methodology for evaluating walking and other countryside festivals for the Countryside Agency.

Gareth Maeer
Economic Analyst
British Waterways

Gareth Maeer has been British Waterways' in-house Economic Analyst for the last three years, primarily helping managers across the organisation with the appraisal and presentation of canal restoration and regeneration projects to third party funders. He works within BW's 'Economic and Social Research Unit', which seeks to identify the widespread social and economic impacts of waterway schemes.

ANNEX C

DELEGATE LIST

Title	Name	Surname	Job/Position	Organisation
Mr	Ian	Baker	Head of Rural Renaissance Policy	Advantage West Midlands
Mr	Ian	Bamforth	Countryside Manager	Worcestershire Countryside Service
Mr	Ralph	Barnett	Countryside Recreation Leader	Suffolk County Council
Mr	George	Barrett		Ecotech Research & Consulting Ltd
Mr	Nigel	Blandford	Operations Manager	Red Rose Forest
Mr	Brian	Bleese	Head of Projects	Dorset Wildlife Trust
Ms	Maritta	Boden	Associate	Land Use Consultants
Miss	Melanie	Bull	Network Manager	Countryside Recreation Network
Mr	Steve	Cairns	Project Development Officer	Fife Coasts and Countryside Trust
Dr	Mike	Christie	Lecturer	University of Wales
Mr	Peter	Cloke	Community Engagement Co-ordinator	Forestry Commission
Mr	Richard	Cooke	Access Co-Ordinator	Defra
Dr	Andy	Cope	Research & Monitoring Unit Manager	Sustrans
Mr	Conor	Coughlin	Grants Assistant	Heritage Lottery Fund
Mr	Chris	Dale	Team Leader Countryside Access	City and County of Swansea
Mrs	Sonia	Davies	Research Officer	Peak District National Park Authority
Mr	Simon	Doncaster	Researcher	Sheffield Hallam University
Prof	Paul	Downward		Staffordshire University
Mr	Martin	Eddy	Rural Regeneration Officer	Caradon District Council
Miss	Gail	Fawcett	Policy & Research Manager	Heritage Lottery Fund
Mrs	Alison	Fawcett	Senior Administrator	Waterways Ireland
Dr	Caro-Lynne	Ferris	Network Manager	Countryside Access and Activities Network
Mr	Andy	Fryers	Visitor Services Manager	Forestry Commission
Miss	Anna	Gambarini	ACT Officer	Groundwork Merthyr & RCT
Mr	Chris	Giles	Countryside Planning Officer	South Gloucestershire Council
Ms	Anne	Glover	Countryside Officer	Countryside Agency
Mr	Steve	Green	Director	Bowles Green Ltd
Mr	Dai	Hart	Programme Manager ACT	Groundwork Merthyr & RCT
Mr	Mark	Hatcher	Policy Advisor	National Assocation of Fisheries and Anglers Consultatives (NAFAC)

DELEGATE LIST

Title	Name	Surname	Job/Position	Organisation
Mr	David	Hope	Countryside Officer	Hertfordshire County Council
Ms	Sarah	Jackson	Manager	Mendip Hills AONB Service
Mrs	Elaine	Jamieson	District Forester	Forestry Commission, Scotland
Mr	Terry	Kemp	Economic and Social Development Manager	British Waterways
Ms	Karen	Larkin	Open Access Monitoring and Marking	Countryside Agency
Mr	Tim	Lidstone-Scott	National Trail Manager	Peddars Way and Norfolk Coast Path
	Dawn	Livingstone	Head of Administration	Waterways Ireland
Prof	Les	Lumsdon	Lancashire Business School	University of Central Lancashire
Mr	Cormac	MacDonnell	Development Officer	National Waymarked Ways
Mr	Gareth	Maeer	Economic Analyst	British Waterways
Mr	Chris	Marsh	Recreation Policy Advisor	Environment Agency
Ms	Corinne	Matthews	Tourism & recreation Co-Ordinator	Blackdown Hills Rural Partnership
Mr	Ron	McCraw	Access Projects Manager	Scottish Natural Heritage
Mr	Glenn	Millar	Research Manager	British Waterways
Ms	Marie	Millward	Economic & Social Development Officer	British Waterways
Ms	Kirsty	Noble	Research Manager	Sport Scotland
Mrs	Stephenie	Ord	Assistant Countryside Officer	Countryside Agency NERO
Mr	Trefor	Owen	Social Forestry Team Leader	Forestry Commission
Mr	Reuben	Page	Technical Officer (Fisheries recreation & Biodiversity)	Environment Agency
Miss	Katherine	Powell	Network Assistant	Countryside Recreation Network
Mr	Archie	Prentice	Rural Development Economist	Scottish Natural Heritage
Mr	Chris	Probert	Policy Adviser	Forestry Commission
Miss	Claire	Quigley	Recreation Officer	Environment Agency
Mr	Peter	Ranken	Head of Recreation & Development	Forestry Commission
Mr	Mat	Roberts	Warden Service Manager	Loch Lomond & the Trossachs National Park
Mr	Peter	Robinson	Tourism Development Officer	West Oxfordshire District Council
Mr	Ian	Rotherham	Principal Lecturer	Sheffield Hallam University
Mr	Bruce	Rothnie	Planning, Conservation, Heritage & Recreation Officer	Forestry Commission
Mr	Justin	Sacks		New Economics Foundation

DELEGATE LIST

Title	Name	Surname	Job/Position	Organisation
Mr	Andy	Schofield	Sustainable Fisheries Programme Manager	Environment Agency
Mr	Simon	Shibli	Deputy Director	Leisure Industries Research Centre, Sheffield Hallam University
Mr	Harvey	Snowling	Assistant Statistician	Forestry Commission
Miss	Anne	Stenning	Principal Officer - Agriculture and Economy	Environment Agency
Mr	Tony	Stringwell	Senior Projects Assistant	Leeds City Council
Ms	Alice	Strong	PhD Fellow	University of Greenwich at Medway
Mr	James	Swabey	Recreation & Community Manager	Forestry Commission
Mr	Michael	Thomson		Forestry Commission
Mrs	Allison	Thorpe	Principal Officer - Recreation	Environment Agency
Mr	Roger	Valentine	Team Leader Recreation & Business Development	Environment Agency
Mr	John	Watkins	Adeywlo Project Officer	Countryside Council for Wales
Mr	Peter	Weatherhead	Lecturer	University College Chester
Mr	Steven	Westwood	Pennine Way National Trail Officer	Countryside Agency
Mrs	Carmel	Wilkinson	Project Co-Ordinator	Blackdown Hills Rural Partnership
Mr	Andrew	Wilkinson	Economic & Social Development Officer	British Waterways
Mrs	Kirsty	Williams	Food and Rural Affairs Adviser	Government Office North West
Mr	Chris	Wood	Rural Transport Partnership Officer	RSPB
Mr	Chris	Woodruff	East Devon AONB Officer	East Devon AONB
Ms	Jane	Yates	Countryside Recreation Policy Leader	Countryside Agency

ANNEX D

Issues and Approaches in Valuing Wildlife Recreation and Leisure - in the context of countryside recreation

Ian D. Rotherham, Simon Doncaster and Dave Egan
SHEFFIELD HALLAM UNIVERSITY

Summary

With initiatives such as the ***Eden Project*** so successful [1,285,000 visitors in the summer of 2002, turnover of £155m, and total visitor spend £360m for the 2001-2 year], and with nature reserves like the ***RSPB's Titchwell*** in Norfolk [138,000 visitors and £1,800,000 to the local economy] attracting increasing numbers of people, nature-based tourism is a vibrant sector.

Alongside this, examples such as the ***Earth Centre***, and more recently the ***National Botanical Gardens of Wales***, indicate the need for caution and for research. It is important that the broader economic aspects of countryside and wildlife leisure and tourism are better understood and more fully assessed.

Leisure and tourism are widely recognized as major **economic drivers:**

- Forces for change in the environment and society.
- The degree to which these are sustainable – however defined – is hotly debated.
- ***Development*** itself, and as distinct from ***growth*** *per se,* is also increasingly subject to scrutiny in terms of their positive or negative impacts on sustainability and through this on critical aspects of ***Quality of Life***.

Wildlife Leisure and Tourism link closely to ***Countryside Recreation***, and for both sectors, the overall economic benefits are rarely recognised.

Preamble

Nature-based or Wildlife Leisure and Tourism are neglected sectors of a huge industry. Along with core aspects of Countryside recreation they are overlooked in terms of both concept (and hence often in strategic planning) and also in reality (and so in economic assessment). However, the importance to conservation, sustainability, and increasingly for local economic functions is very significant.

Increasing awareness of the benefits and values of nature-based recreational activities, and countryside recreation in helping deliver healthy lifestyles is further driving policy change. This is at all levels – physical, emotional and psychological. Yet the investment in the resource and in the professionals that deliver or facilitate these benefits is still elusive. This raises serious issues and concerns for professionals in nature conservation, in countryside recreation, and increasingly in relevant education.

This paper, based on a poster presentation at the March 2004 CRN seminar in Bristol and a recent seminar on Nature Therapy in Sheffield (April 2004), extends the discussion of our article in *Countryside Recreation* **12** (1).

A broad range of economic studies gives a view of a very major industry, but one that itself lacks perspective and recognition of the benefits that it brings. The consequent risks to both ecology and economy if utilisation is not carefully managed to be sustainable, are also increasingly clear. The stark illustrations of ecosystems damaged by over-use or excessive exploitation bring this sharply into focus.

Yet these key issues are generally ignored by policy makers, politicians and planners in terms of protecting locally important wildlife sites, and resourcing countryside management providers and their specialist advisors. This has massive implications for all those currently working in the sector, and indeed those who now make the choice to follow such a career or not. We argue that this makes little sense when at a national policy levels there is the desire to diversify and to grow rural tourism, and nature-based leisure to support depressed economies.

Two review papers in 2000 (Rotherham *et al*. and Beard *et al.*) helped to set the scene for the basis of an analysis of this sector. Since then we have undertaken major case study research with a number of key agencies and other partners. These have established the broad nature and scope of the two critical facets originally described (the '*wildlife leisure industry*' and the '*outdoor leisure industry*') and enabled the development of the concepts more critically. This is important in helping to establish baseline criteria and issues of what is a frequently poorly understood aspect of work.

We also argue that it is time for a change of focus within the key environmental and countryside professions. This is needed to elevate their status and increase recognition by those who determine strategy and resource allocation to deliver key services. To do this it is necessary to more effectively establish the relationships between local economies, nature-based tourism, and countryside recreation. Furthermore, this should be embedded in vital aspects of environmental and heritage conservation. Too often only lip-service is paid to essential aspects of sustainable development, and to work such as monitoring and reviewing impacts. All too often the imperative drivers are essentially short-term in both concept and delivery. The essential roles of good professionals enabling, delivering and enhancing the countryside experience and increasingly the rural economy are frequently a secondary consideration.

The increasingly significant contributions to the economy, of ‘nature conservation’, countryside recreation, and wildlife-related leisure are generally overlooked. In recent years though, the economic significance of the nature-based leisure and tourism has begun to be more effectively assessed and documented, with dramatic results as discussed in our earlier papers. Data are generated and presented by voluntary sector organisations and government land management agencies. The former organisations wish to

establish the nature and importance of their roles more effectively. This is for both local communities (where tensions may sometimes arise) and for government. The latter seek to more effectively establish for central government and the taxpayer, their roles in the leisure and tourism sectors. This especially so for say the forestry industry, where there is currently a weak market for their primary produce.

> Conservationists, countryside managers and other environmental professionals tend quite naturally to concentrate on their core priorities and areas of expertise, and associated education. This has disadvantaged the 'industry' in terms of wider recognition and in terms of professional status. Fear and distrust of economic modelling and valuations by the sector is another underlying factor. However, the application of appropriate economic models to the sector helps establish its relationship to wider social and economic issues and will help lever the necessary investment for future activities.

Pioneering work by Brooke and Rayment developed these ideas further in a report for the RSPB, '*The Environment and the Regional Economy: Opportunities for the Regional Development Agencies*' (1999). Key information was presented to demonstrate that in the past, nature conservation was seen largely as a limiting factor for economic development. It was suggested that nature conservation was increasingly seen as a significant source of employment and income. This was through several linked routes:

- ***Direct employment in nature conservation*;**
- ***Expenditure on nature conservation*;**
- ***Conservation schemes (e.g. agri-environment and woodland management initiatives)*;**
- ***Attraction of visitors and their expenditure on local goods and services*.**

Direct employment in nature conservation in Britain was estimated as:

- ***England: 7,666 (1991/2)*;**
- ***Wales: 1,065 (1991/2)*;**
- ***Scotland: 6,680 (1996)*.**

These are significant figures but only address direct jobs. The associated employment from leisure, tourism and other nature-based activities clearly dwarfs these figures.

However, even restricting the data to direct impacts of conservation management itself, pertinent examples help illustrate the wider potential:

- ***Leighton Moss Nature Reserve in North Lancashire: twenty-two full-time or part-time staff, and 100,000 visitors per year. The economic impact is well over £1 million per year.***

- ***Abernethy (Osprey Visitor Centre in Scotland): eleven people directly employed and £1.7 million per annum as visitor spending attributable to the nature reserve, supporting the equivalent of sixty-nine full-time jobs. This gives a total of eighty-seven full-time jobs in 1996, with further jobs due to expenditure by the reserve on contractors, goods and services.***

- ***Geoff Broom Associates (1997) indicated broad values of tourism in the English Countryside c.£8 billion per year; a huge economic force.***

It was suggested that £350-450 million of tourism expenditure was related to nature and landscape conservation in England and Wales (1991 / 2) CEAS (1993). This was 53,500 jobs, (six jobs for every one directly employed in conservation itself). There are numerous other examples and studies to support the point.

Also important is the relationship between work in conservation and heritage management, and consequent employment in leisure and tourism. Mackay Consultants (1997) for example, noted that natural heritage related tourism and recreation generated more employment than work directly related to natural heritage. In Scotland, 82% of visitors gave '*scenery*' as a reason for visiting; the total holiday tourism expenditure contributing £1.7 billion to the Scottish economy; supporting around 8% of the total workforce. Further examples are given and discussed in our previous papers.

Tourism and Leisure

It is important to understand what tourism is and what it is not. The widespread view after recent crises in UK farming is that tourism *per se* is a panacea for all economic ills of the wider countryside. It is not. There are many reasons for this. In many cases tourism and other recreational or leisure activities don't directly support or facilitate to management of the wider countryside. This is despite the fact that they take place here and it is often critical in their attractiveness or operations. So most tourism doesn't bear the cost of managing the resource, and the benefits from visitors are not placed with the same organisations or people; a major difference between tourism and traditional, rural activities.

Tourism is also often fickle and seasonal. This is a further problem for a rural economy in need of stability, reliability and predictability.

In this case leisure, tourism and recreational activities will aid rural regeneration, making vital services viable, but won't supplant traditional rural economies. For greater impacts and success there is the need to establish the links back to resource management, and the key is good professionals on the ground to bring this about.

Discussion

Rural economies in Britain no longer rely so much on agriculture, forestry and other traditional sectors for economic growth and social cohesion (WTTC, 1999). Travel and tourism are worth around 10% of the global economy and growing, and nature / heritage conservation are also expanding. With an increasing market for experiences of nature, heritage and cultural traditions, and for adventure tourism and recreation these offer potential for economic growth.

With careful planning and development it may be possible to generate employment in rural and rural fringe areas with strong links to agriculture, forestry, construction and other local activities. More fully harnessed this would help slow or even reverse the loss of people from rural areas. This needs to offer good opportunities to young people and to encourage small and medium enterprises. By linking nature and heritage conservation and associated leisure to supporting local food production, crafts, and community pride, this will help sustain local services and quality of life.

Much of this work merits closer consideration but space here does not allow this.

However, it is important to re-establish the roles of countryside recreation, of heritage and nature conservation, and of associated activities in terms of tourism, leisure, and economy. This needs to be recognised by relevant professions; and there are serious consequences of failure to do this effectively.

The emerging crisis in recruitment to university degrees and other training in countryside and conservation related areas in part reflects a lack of awareness of career opportunities by parents, by schools' careers advisors and others. The message is simply not getting though or is getting through badly. Even if it does penetrate the educational and careers structures, the odds are increasingly stacked against recruitment of good professionals. Students or trainees will increasingly leave educational establishments with the burdens of significant personal debts, and this must impact on their career choices. They are pushed away from vocations that they see as worthwhile and satisfying but poorly paid, towards those offering a '*fast buck*', and a '*quick fix*' to their financial circumstances. Similarly our sectors have traditionally attracted mature entry graduates and undergraduates, and despite Government noises to foster educational for all, the reality is far bleaker. These often excellent candidates simply cannot afford their desired career move.

This raises a key point. It is vital to establish at every level, the values of the environment and of associated recreation. The relationships between environmental quality, those key professionals that deliver it and the recreational experiences, and mainstream issues of economy and employment, health and quality of life, must be made more clearly and more

strongly. These steps are needed in order to raise the profile of the associated professions and redress imbalances of recognition and status within organisations such as agencies, local government and national parks. This relates to issues of status and recognition between professionals that help direct and deliver these resources and services – countryside managers, ecologists, archaeologists, educators, rangers and trainers, and those who choose to be the organisational managers and administrators. In the absence of more rewarding careers, structures, and recognition (for professional skills, standing and quality, and not necessarily related to the number of (often junior) staff in the management pyramid below) then we will fail to attract the necessary numbers and calibre of future professionals.

Without the professionals, the services and support structures that are needed, and the associated economic sectors described cannot be delivered sustainably, and not only the environment, but the economy will suffer.

Growing the Industry

It is perhaps this economic argument that can help re-establish the political support and will needed to promote and develop the broad range of professions that make up countryside recreation or nature-based leisure and tourism. The argument that our work is inherently '*a good thing*' has essentially been both won and lost already. The environmental debate has been won, but that for the critical placement of the work in the centre stage of quality of life, in sustainable economies and communities has not so much been lost, but has been overlooked.

A more effective profile, with recruitment of good, well-rewarded professionals, will help generate a more vibrant countryside and environmental sector; and these can contribute to rural renaissance. This demands more effective promotion of opportunities to work in the countryside and in a diversity of career choices.

For politicians and policy makers we need to point out that good professionals working in the countryside and in conservation with effective delivery of education, training and environmental activities (countryside recreation, wildlife leisure and tourism, adventure tourism *etc.*) equates to more visitors to country parks, nature reserves and the wider countryside. There will also be more members of conservation and heritage groups, more environmental leisure visitors, more overnight stops at hotels, more sales of outdoor equipment *etc*; all leading to a more vibrant rural economy. If Government is really serious about supporting and reviving the rural economy, then these are areas to support not cut. It should also be recognised that the direct costs and benefits of service and support provision – essential for the rural economy are often not placed within the same body. Many essential services are public sector and will not of themselves make a profit. This applies not just to countryside recreation management for example, but to key aspects of community and environmentally friendly public transport in rural areas. If we want these things – for quality of life and for sustainability, then we should expect to pay for them from the public purse. To suggest that they can somehow be made directly profitable is really to miss the point.

If these ideas and issues can be harnessed to the consumption of local products such as locally produced and sourced foods, and the enjoyment of local culture and wildlife experiences, then they drive right to the core of the rural economy. Helping to close the circle of supply chain and to encourage local spend on local products also maximises economic impacts and benefits.

However, the key is education writ broad, and the motto should be:

'***Education, education, education; quality, quality, quality.***'

This fulfils many objectives. These are things that we should be doing anyway. Conserving the environment and heritage resources are inherently good things to do. However, that isn't winning the arguments – not when the crunch really comes. Linking these same ideas and objectives to local economies and of course to quality of life and health – and consequent economic benefits, might just make policy makers and politicians take it all more seriously.

In valuing ***Countryside Recreation***, and in the context of this paper, the contribution of ***Wildlife Leisure***, it is important to look for synergies and shared interests. Amongst other things this strengthens the resource base and limits risk in terms of investment *etc*. There are potentially huge benefits in terms of thinking broadly about links between sectors. Nature-based tourism links closely to: heritage tourism, country sports (such as angling), to garden visiting, and to aspects of outdoor and adventure activities, and specialist holiday experiences such as narrow boating and forest chalets *etc*.

It is possible to develop strong synergies in terms of marketing, of shared experiences offered, supporting or growing infrastructure for visitors.

There are key problems for growing the benefits of nature-based tourism and day visits, in particular the need to convert visitors to economic impacts via spend. This requires infrastructure and investment. There are risks. It is relatively easy to draw down significant grant aid for capital investment - to purchase land or to develop a visitor facility for a nature reserve for example. It is notoriously difficult to cover revenue costs. This impacts on economic viability of projects from the private sector businesses across to conservation charities.

For the future and to maximise benefits it is important that these sometimes-conflicting issues are addressed. The fuller and broader values of ***Countryside Recreation*** and of ***Wildlife Leisure and Tourism*** can help to justify and deliver the necessary and desirable work that a sustainable countryside resource demands.

Key References - full details of references given in the text are provided in the following papers:

Rotherham, I.D., Rose, J.C. and Egan, D. (2000) *A critical evaluation of the wildlife leisure industry: an emerging component of leisure and tourism.* In: *Reflections on International Tourism. Environmental Management and Pathways to Sustainable Tourism.* Robinson, M., Swarbrooke, J., Evans, N., Long, P. and Shapley, R., (Eds.). Centre for Travel and Tourism, University of Northumbria, Sunderland, 229-245

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