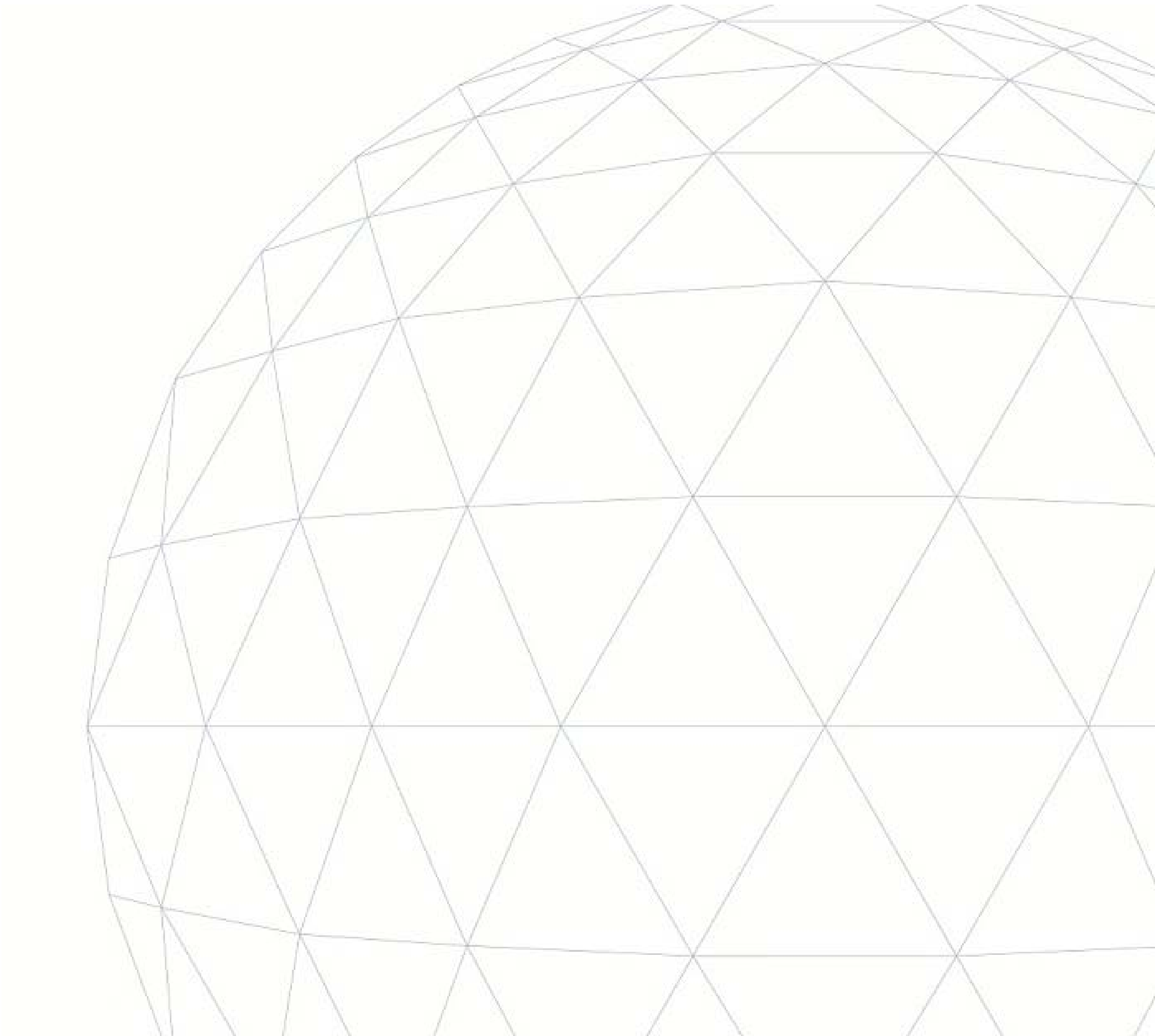
Review of Estimates of the Economic Impact of Scotland's Historic Environment

A Report to Historic Scotland



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1.0 Introduction

In November 2012, Ecorys was asked by Historic Scotland to undertake a review of our previous work to estimate the economic impact of Scotland's historic environment. This report presents the findings of this review.

1.1 Background

In 2008, Ecorys (then ECOTEC Research and Consulting) was commissioned by the Historic Environment Advisory Council (HEACS) to undertake research to assess the economic contribution of the historic environment to Scotland's economy. The aim of the study was to generate, for the first time, a robust set of estimates of this contribution.

The definition of the historic environment adopted for this study included:

- Ancient monuments/ archaeological sites
- Listed buildings
- Pre-1919 historic buildings
- Conservation areas
- Gardens/designed landscapes
- Historic landscapes
- Marine historic environment

However, categories such as National Parks and Ancient Woodlands were excluded from this working definition on the grounds that such features form part of the natural environment. In addition, museums were also excluded as they are generally considered to form part of the cultural sector (although it is recognised that many museums have significant links with the historic environment).

1.2 Approach

The 2008 study set out to estimate the level of economic activity that can be attributed to the historic environment sector in Scotland, including both direct and indirect (or induced) contributions, which were set out according to three 'pillars' as follows:

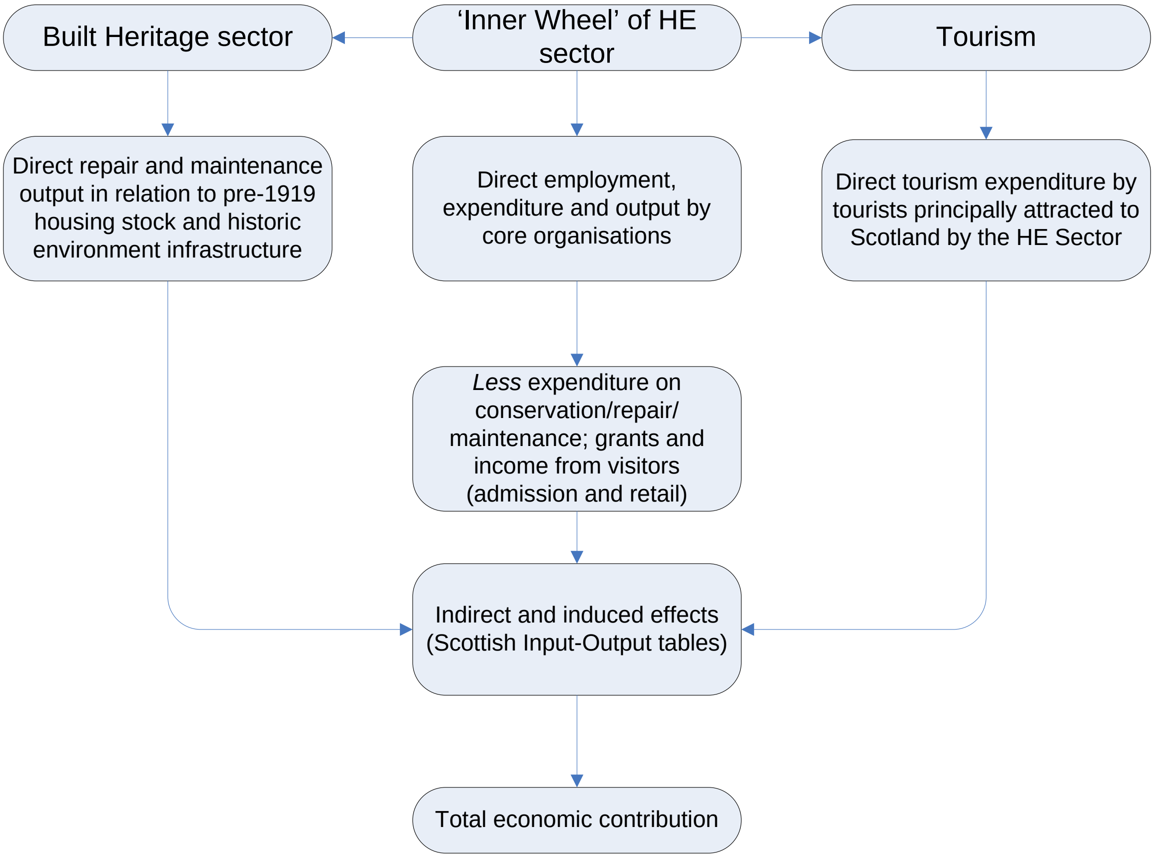
- Built heritage or construction-related effects – representing the economic activity supported by the significant amounts of money –both private and public - spent each year on maintaining and conserving historic buildings and structures.
- The 'inner wheel' of core sector organisations – comprising those organisations which work to conserve the historic environment (including Historic Scotland, the Heritage Lottery Fund, the National Trust and relevant local authority departments). Expenditure by these organisations (both as direct expenditure and grant awards to other bodies) further stimulates economic activity.
- Tourism – economic activity supported by the expenditure of tourists primarily attracted to Scotland because of the historic environment.

In addition to these direct contributions, indirect contributions relate to activity supported by purchases within the supply chain of core sector organisations, the construction sector and tourism businesses which are stimulated by activity associated with the historic environment and the induced contribution is derived from the spending of those who gain an income as a result of historic environment-related activity.

However, it is important to recognise that there are overlaps and inter-dependencies between the pillars meaning that the sum of the three individual contributions needs to be adjusted in order to avoid double-counting when estimating the total economic contribution (in particular, expenditure by core organisations on repair and maintenance which would also be captured in the built heritage estimates and grant-giving by core organisations which is in turn spent by other organisations on repair and maintenance or operational activity).

The analytical framework is set out in Figure 1.1.

Figure 1.1 Analytical Framework



Source: Ecorys (2008)

The 2008 study involved a combination of desk research to review available research and data supplemented by primary research which comprised a survey of organisations known to be active in conserving, maintaining, managing or creating access to the historic environment and more in-depth consultation with a sample of key organisations and individuals.

1.3 Purpose of the Study

The purpose of this review is to support the collection of evidence for Historic Scotland's policy review by reviewing the ongoing applicability of the estimates generated by the 2008 study. The work was largely desk-based and has involved identification and review of new data and research evidence which has emerged since the original study in order to consider the potential implications of this for the existing estimates of economic contribution (in terms of the likely direction and extent of change).

1.4 Structure of Report

The remainder of this report takes each of the three pillars in turn before drawing out implications and recommendations, and is structured as follows:

- Section 2 considers recent evidence associated with the repair and maintenance of built heritage.
- Section 3 looks at the core historic environment sector.
- Section 4 reviews recent evidence relating to tourism.
- Section 5 provides a summary of findings and implications for the current estimates, including consideration of other similar research which has been undertaken elsewhere in the UK.

2.0 Built Environment

2.1 Introduction

The historic built environment is defined as structures built prior to 1919 and is comprised of both assets which are statutorily protected (including listed buildings and scheduled monuments) and a considerable stock which are not formally designated but nevertheless make a valuable contribution to the historic environment and face similar conservation and maintenance issues as protected structures.

The use of 1919 as a marker is widely accepted and rooted in the assertion that up to 1919 most houses in the UK were built by skilled craftsmen using traditional building materials, as a result, the repair and maintenance of these buildings often requires the use of traditional materials and craft skills.

The ongoing repair and maintenance of the historic built environment entails significant investment by owners and is an important area of work for the construction sector.

2.2 Recent Trends

2.2.1 Historic Building Stock

The estimated stock of dwellings in Scotland is 2,495,000 (2011 data).[1] Furthermore the Scottish House Condition Survey (2010) estimates that 19% of the stock was built prior to 1919. Taking these two figures together results in an estimate of around 474,000 pre-1919 dwellings. This figure represents an increase on some earlier estimates[2], and may well reflect continuing sub-division of existing pre-1919 houses into flats/apartments as well as conversions of pre-1919 industrial/commercial buildings into dwellings, or could reflect some upward bias in the Scottish House Condition Survey data.

In their 2007 report, the National Heritage Training Group (NHTG) referred to research in England which had found that dwellings accounted for 89% of the total historic building stock (including those with a non-residential function). The same proportion was used by NHTG to construct an estimate of the total pre-1919 building stock in Scotland.[3] Applying this proportion to the estimate of pre-1919 dwellings calculated above results in a total of 533,000 pre-1919 buildings.

Historic Scotland report that there are around 47,600 listed buildings in Scotland (2011). This list includes homes, places of worship, industrial premises and educational buildings. This equates to less than 10% of the estimated stock of pre-1919 buildings.

The NHTG report suggests that the average spend on conservation, repair and maintenance for pre-1919 buildings is £2,438,but ranging from £1,250for private owners to£23,772 for those responsible for listed buildings. This compares to a forecast figure for maintenance and repair oflocal authority housing in

[1] Housing Statistics for Scotland.

[2] For example, the Scottish House Condition Survey 2002 estimates that there are 446,000 pre-1919 dwellings in Scotland.

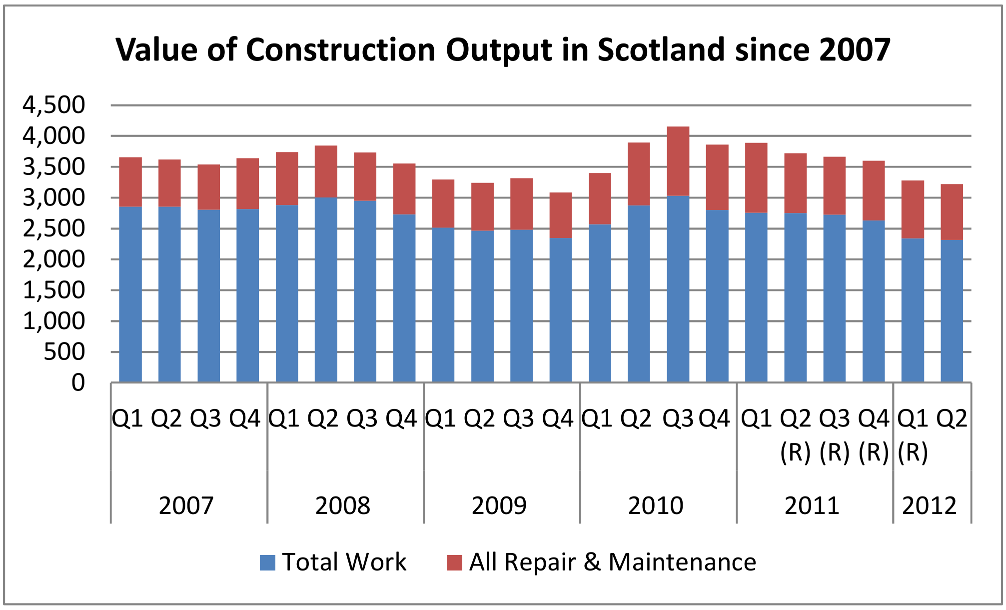
[3] Traditional Building Craft Skills (NHTG, 2007)

Scotland of around £1,089 per house in 2012/13 (an increase of 2.3% on the previous year),[4] highlighting that pre-1919 buildings on average require higher expenditure on repairs and maintenance.

2.3 Construction Industry

According to ONS data, repair and maintenance work carried out by the construction industry in Scotland equated to approximately £4 billion in 2011, representing 37% of the value of output in the industry as a whole. This compares with £3.6 billion in 2006 (34% of the total).

Figure 2.1 Construction Output



Source: ONS

The economic downturn hit the construction industry hard with total output down an estimated 12% in 2009 and a further 3% in 2010. However, in recent years the share of output attributable to repair and maintenance has increased slightly, perhaps as a result of the downturn creating a reduction in the amount of new work and a preference for repair and maintenance of existing stock.

Official data breaks repair and maintenance work into four sub-categories: housing, non-housing public sector, non-housing private sector and infrastructure (the latter has been explicitly included since 2010).

If the proportion of residential repair and maintenance was unrelated to the age of the building stock then it could be supposed that the share of repair and maintenance output attributable to pre-1919 dwellings was 19%. However, evidence suggests that historic structures account for a disproportionate share of repair and maintenance expenditure, reflecting the age of the property and materials/skills required for upkeep. This assertion is supported by the Scottish House Condition Survey carried out in 2002 which suggested that 40% of repair and maintenance expenditure on housing relates to pre-1919 buildings(and this was used as the basis for estimating the proportion of total housing repair and maintenance output

[4] http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HRA2008-09

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attributable to the historic environment in the 2008 study[6]). However, the issue of repair and maintenance expenditure has not been considered by subsequent rounds of the survey and so no updated estimates have been produced.

An alternative approach was proposed in the NHTG report based on survey work which found that 35% of the work done by contractors and 40% of that completed by sole traders related to pre-1919 buildings. As a result it was assumed that repair and maintenance of the historic built environment accounted for 35% of total construction sector repair and maintenance output.

2.4 Private Sector Spend

Private investment has historically been the principal source of funding for the historic environment, and, given cuts in public sector spending it is likely that this will continue to remain the case. The majority of historic environment assets are privately owned and receive no public assistance towards their upkeep and management, notably the significant number of private dwellings which date from pre-1919 along with commercial and industrial premises. The ability of these private owners to provide sufficient investment for the maintenance and repair of historic buildings is crucial for the successful long-term management and conservation of the historic environment.

As noted above, construction output statistics divide repair and maintenance into four categories. One of these is private other (i.e. non-housing) work and for 2011the value of this is estimated at almost £757m. Following the assumption made in the 2008 report, if 20% of spending on non-housing repair and maintenance relates to pre-1919 stock then this results in a total of £151m of private sector expenditure on non-dwelling historic buildings.

The data does not indicate how repair and maintenance expenditure on housing is split between public and private sectors. However, housing statistics for Scotland suggest that 76% of housing stock is in private ownership (2011 data). Therefore, assuming that 76% of housing-related repair and maintenance expenditure is paid for the private sector gives a total of almost £1,800m, and following the assumption that 40% of this repair bill relates to pre-1919 housing results in around £720m of private sector investment in historic housing.

Adding the estimated non-housing and housing figures together suggests private sector investment on repair and maintenance of historic buildings of around £870m.

2.5 Conclusions

There has been a decline in construction output in Scotland in recent years; however, expenditure on repair and maintenance has increased slowlyin recent years to reach almost £4 billion in 2011.

Approaching £1.8 billion of this total relates to housing. In the absence of new evidence as to the proportion of repair and maintenance expenditure which relates to pre-1919 housing, it would appear reasonable to continue to use the estimate of 40% reported in the Scottish House Condition Survey in 2002. This results in an estimated construction output attributable to repair and maintenance of historic housing of £0.72 billion.

[6] In addition, in the 2008 study it was assumed that 20% of non-housing repair and maintenance output was also attributable. This lower proportion was used to take account of the fact that buildings within this category were perhaps less likely to date from pre-1919.

The remaining £2.2 billion of output relates to other work (i.e. repair and maintenance of industrial and commercial buildings and infrastructure). Again, in the absence of any new evidence regarding the proportion of this spend which relates to the historic environment, it seems reasonable to use the assumption of 20% applied in the previous study. This results in an estimate of £0.44 billion.

Adding together the estimated housing and non-housing figures results in an estimate of just over £1.1billion which is slightly higher but of the same order of magnitude as the output estimate produced by the 2008 study.

3.0 Historic Environment Sector

3.1 Introduction

The 'inner wheel' or core of the historic environment sector was defined for the purpose of the previous study as comprising: large employers and grant-giving bodies, such as Historic Scotland and the National Trust for Scotland;smaller organisations, such as trusts and societies, which focus on the preservation and conservation of the historic environment;relevant arms of Scottish local authorities; and organisations providing specialist services to the sector, such as archaeology.In 2008, information on employment, expenditure and output/turnover was collected from a sample of organisations using a survey. This sample excluded local authorities as another survey of local authorities' heritage/historic environment activity was being undertaken for a parallel research study.

3.2 Recent Trends

3.2.1 Context

The prevailing theme across the whole of Government in recent years has been one of spending cuts, with the need to make significant cost reductions also affecting other public bodies/service providers and local authorities as a result of lower budget settlements being handed down by Government.

The economic climate, coupled with political changes, presents substantial challenges for the historic environment sector, with assets facing an increased risk of decay due to a reduction in available funds for essential works and new investments. The report of the inquiry into funding for the arts and heritage in Britain noted a concern that the heritage sector had already suffered disproportionately from reductions in funding and was therefore not well placed to sustain further cuts[7].

In terms ofthe historic environment in Scotland, the headline from the Scottish Spending Review of 2011 was a 30% cut in real terms in the budget for Historic Scotland over the following three years which translated into a reduction of over £11m to the year 2014/15 (from £47m in 2011/12 to £35.7m in 2014/15). This reduction came on top of work which had already been done to deliver 3% efficiencies against 2010/11 expenditure levels.

However, some steps have been taken to mitigate the effect on culture and heritage, for example, the Culture and External Affairs budget for 2012/13 continued to offer support to Historic Scotland capital projects such as the Battle of Bannockburn Visitor Centre.

"In the face of deep cuts in public spending imposed by the UK Government, I have prioritised my budget to minimise the impact on Scotland's cultural and heritage sector as far as possible, and to deliver key cultural capital projects." Fiona Hyslop, Cabinet Secretary (September 2011).

Spending plans for 2013/14 set out an increase in the Culture and External Affairs budget beyond that which was envisaged at the time of the Spending Review. This increase in funding provides recognition of the important role which culture and heritage can play in supporting economic recovery and creating jobs in Scotland. This budget outlines funding for Historic Scotland of £43.6m in 2013/14, including additional capital funds of £3.3m.

[7] Culture, Media and Sport Committee – Third Report. Funding of the Arts and Heritage (March 2011).

Since the spending review, Historic Scotland has continued to grow its income, by exploiting new areas of income generation, and reduce costs by pursuing efficiencies through shared service or partnership projects.

In recent years settlements from the Scottish Government to local authorities have also been cut, requiring councils to make significant savings. In most cases the biggest single area of cost is the wage bill and by late 2010 reports suggested that councils had already announced around 12,000 job cuts with the total expected to reach double that figure[8]. In addition to job losses, service cuts have occurred leading to a focus on statutory obligations at the expense of other projects, closure of assets (or reduced opening hours) and introduction of charges for services which were previously free.

Lottery funding for heritage has faced mixed fortunes in recent years. In 2007, a reported £675m was diverted from lottery good causes income to support the London 2012 Games, although the majority of this sum was diverted from the Big Lottery Fund's allocation. However, in November 2010 approval was given to a motion to restore the lottery good causes to their original purposes, increasing the shares for heritage, the arts and sport. As a result, from April 2011 the shares for heritage, arts and sport increased from 16.66% to 18% and increased further to 20% from April 2012. The Heritage Lottery Fund reported that the first increase, combined with the continuing healthy sales of National Lottery tickets, resulted in an additional £50m for heritage across the UK.

Fundraising is an important source of income for the historic environment sector and has become increasingly so in recent years given public sector cuts.

"Despite the current hostility of the economic climate for arts and heritage organisations, their long-term funding and independence must remain a priority…..A mixture of public and private funding works in these sectors, although more can still be done to raise more private money and to make public funds go further."[9]

A 2010 paper set out the challenges facing fundraisers in Scotland, given that research has consistently shown income and wealth to be the main determinants of how much people give to good causes. The paper noted that Scotland's economy had generally underperformed relative to the UK, and this had been exacerbated by the recent economic difficulties.[10]

The UK Government has taken steps to encourage philanthropy as part of its Big Society agenda. Recent research shows that the number of philanthropic donations worth £1m or more to charitable causes in the UK reached their highest level in five years during 2010/11, although the overall value has fallen.Arts and culture, higher education and international development remained the most popular beneficiaries for the largest gifts among both individual and institutional donors.[11]

3.2.2 Characteristics

A diverse range of public, private and voluntary sector organisations lie at the heart of the historic environment sector. However, the precise size and other characteristics of this core are difficult to determine as it does not fit neatly within standard classifications used in official datasets.

[8]http://www.bbc.co.uk/news/uk-scotland-11227751

[9] Culture, Media and Sport Committee – Third Report. Funding of the Arts and Heritage (March 2011).

[10] The new challenges for fundraisers chasing the Scottish pound (Cathy Pharoah, December 2010).

[11] Million Pound Donor Report (Coutts, 2012).

In the absence of any systematic investigation of the characteristics and contribution of the core sector organisations since 2008, our approach has been focused on exploring the published accounts/business plans of key organisations. The main areas of interest are staff numbers, expenditure on wages and salaries, and expenditure on procurement of goods and services. These areas are those which drive the estimate of the economic contribution of these organisations. Grant making to other organisations is also of interest, although in the analysis care must be taken to avoid double-counting of this contribution and, similarly, direct expenditure by the organisation on repair and maintenance activity and income derived from visitors are also potential sources of double-counting.

A summary of findings is presented in the table below. Despite these figures being sourced from financial or planning documents, this information is reported in different ways in different organisations and further work would be required to clarify these figures to ensure that they are interpreted correctly.

Table 3.1Core Sector Contribution

Organisation	Employment	Procurement	Grants
Historic Scotland (data for 2011/12)	1,013 FTE	Total expenditure of £78m of which £32m is reported to be procurement of goods and services from external suppliers/ contractors. Staff costs amount to £31m.	Appears to be included in total expenditure figure. Total of programmes listed amounts to approx. £8.5m.
National Trust for Scotland (employment estimate updated; other information data 2011)	450 FTE (plus over 700 seasonal)	Total outgoing resources of £41.2m. £16.8m – wages and salaries. £9.9m conservation, repair, improvement.	Conservation, repair and improvement work funded by grants.
RCAHMS (estimates undated)	100 FTE	Expenditure of £6.1m.	-
Heritage Lottery Fund (grant allocation from 2011 business plan)	n/a	n/a	£9.2m allocated for grants under £1m (Scotland also has access to UK-wide funding programmes).

The National Trust for Scotland is by far the single largest and most important voluntary organisation active in the historic environment sector. Income is derived from membership fees and donations, visitor expenditure, investments and grants. In the 2008 study, it was reported that around one-fifth (19%) of the Trust's expenditure was dedicated to conservation, repair and improvement work. However, more recent figures seem to show that this work now accounts for a larger proportion of outgoings (24%).

Without targeted primary research it is not possible to build a picture of the activity of the numerous smaller organisations which work primarily at local level as there is no systematic collection/capture of data relating to these bodies.

The last attempt to comprehensively map the contribution of local authorities to the historic environment appears to have been the researchundertaken by Geoff Peart Consulting and Arup for Historic Scotland in 2008/09. This survey found that thetotal number of staff identified as having some historic environment responsibilities was 203 FTEs, but this was considered to be an underestimate, particularly of those working in maintenance, outreach andadministrative support functions.

Total expenditure by local authorities on the management of the historic environment in 2007-8 was estimated at around £49m, which is an indicative figure based on the grossing up of survey returns.

The majority of the required income came from external grants (estimated of £15.5m for 2007/8), indicating a high reliance on grant funding for project work focused on the historic environment. The authors also raised concerns that there were needs in the sector that were not being properly met; in particular, it was reported that the system did not appear to have the capacity to undertake many of the discretionary activities which would make local stewardship more effective.

CIPFA returns on culture budgets provide some indication of current spend by local authorities relating to the historic environment although it would be difficult to disentangle this information to compare with the level of detail provided by the work of Peart and Arup.

3.3 Conclusions

Public sector cuts are likely to have had some impact on core organisations in recent years both directly as a result of reduced settlements for Historic Scotland and local authorities and indirectly as many other sector organisations are reliant on public sector funding via grants and contracts. The economic climate is also likely to have impacted on fundraising, making it more difficult to fund restoration and improvement work and also potentially impacting on the day-to-day operation and effectiveness of smaller voluntary organisations and charities.

The diversity and complexity of the sector mean that it is not possible to disentangle it from readily available datasets and no new research appears to have been carried out in this area in recent years. As a result, there is no clear basis on which to estimate the current output of the core historic environment sector and so it is not possible to revise the estimates produced in the 2008 report with any certainty although given the wider context it would seem likely that output has reduced to some extent in recent years.

4.0 Tourism

4.1 Introduction

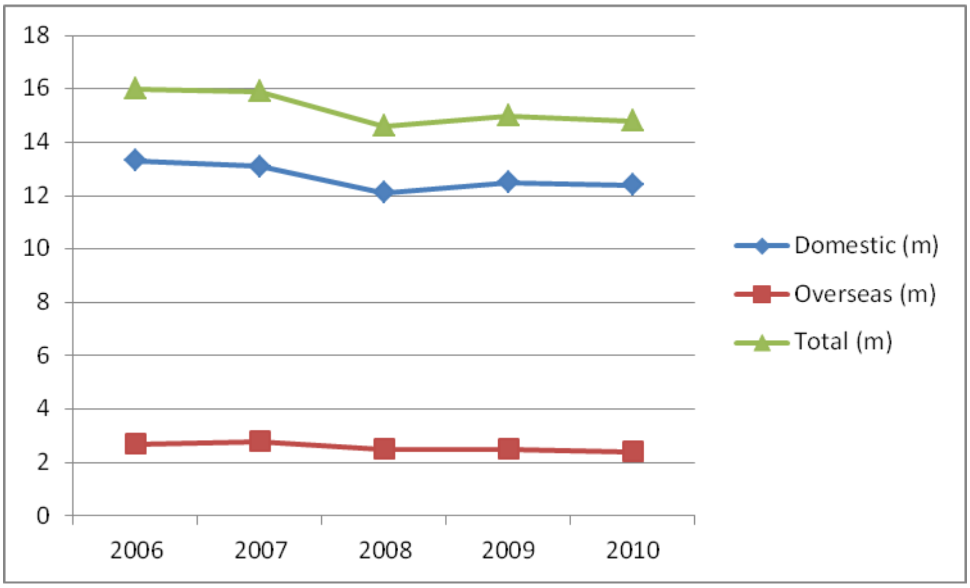
The 2008 study presented a range of evidence to illustrate the significant contribution of the historic environment to the Scottish tourism economy, both in terms of the share of visitors and expenditure which was captured by attractions which form part of the historic environment and also the wider contribution to tourism generated by visitors who are primarily motivated to visit Scotland because of the historic environment but also spend money in other tourism sub-sectors as part of their visit.

4.2 Recent Trends

4.2.1 Visits to Scotland

The chart below shows that since 2006 the total number of visitors to Scotland has declined. The number of visitors to Scotland was estimated at 16 million in 2006 but by 2010 this figure had fallen to 14.7 million.[12]In 2010, almost 85% of the total overnight trips were made by domestic visitors and the remainder by those from overseas; this split has not changed significantly over the period.

Figure 4.1Overnight Tourism Visits to Scotland

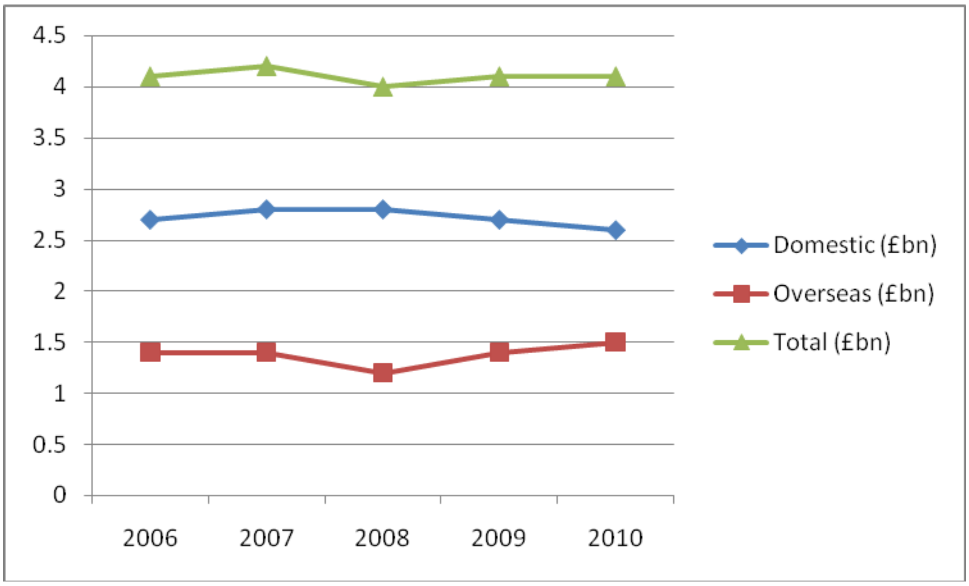


Source: Visit Scotland

[12] This figure relates to overnight visitors only (which is consistent with the data used in the 2008 study which did not include spend associated with day visitors due to the high potential for displacement associated with this spend).

Despite the decline in visitor numbers, estimates suggest that total visitor spend has been more resilient, changing only marginally across the period (see Figure 4.2) as, following a low point in 2008, the continuing decline in expenditure by domestic visitors has been off-set by an increase in overseas visitor spend leading to an increase in the total figure. In 2010, domestic visitors accounted for 63% of total spend and overseas visitors for the remaining 37% as, on average, overseas visitors continue to spend more than twice as much as their domestic counterparts. The proportion of total spend which comes from overseas visitors has increased steadily from 30% in 2008.

Figure 4.2 Visitor Spend by Overnight Visitors to Scotland



Source: Visit Scotland

4.2.2 The Scottish Tourism Economy

Tourism related industries make up a significant share of the Scottish economy – roughly 9% of the workforce was estimated to be employed in this sector in 2010 and its relative contribution to GDP has been increasing slowly in recent years, suggesting increased productivity.

Tourism-related industries have experienced a general increase in turnover, although this has slowed in recent years and is considered to be due to the economic downturn. The continuing economic uncertainty has resulted in domestic consumers taking steps to spend less on holidays, with the Scottish Visitor Survey (2011) finding that 41% of respondents were expecting that they will spend less on holidays and trips over the next 12 months.

The concept of a 'staycation'has also emerged implying that tourists are increasingly looking to save money by remaining in their home country, rather than taking trips overseas, or by taking day trips from home rather than a break involving an overnight stay.

4.2.3 Visits to Attractions

The 2008 study referenced the Scotland Visitor Attractions Monitor for 2007 which showed (based on a sample survey) that 7 of Scotland's top 20 paid admission attractions and 4 of the top 20 free attractions fell within the definition of the historic environment. Visitor Attractions Monitor data for 2009 suggests that the relative popularity of historic environment related attractions had remained the same (in comparison to other attractions within the sample).

However, due to a change in funding arrangements, more recent editions of the Visitor Attractions Monitor are not publically available, although some data has been purchased by Historic Scotland and this is presented in the table below.

Table 4.1 Visits to Historic Visitor Attractions

	2007/08	2008/09	2011/12
No. of recorded visits to historic visitor attractions	16.3m	15.1m	15.9m
Visits to historic sites as percentage of all recorded visits	35%	35%	34%
Average adult admission charges at historic attractions	£2.76	£2.19	£5.40
Average total expenditure at historic attractions	£5.61	£5.66	£6.74

Source: Visitor Attractions Monitor/Historic Scotland

Again, this data supports the assertion that the relative popularity of historic attractions has remained the same (with the share of visits changing only slightly from 35% to 34%), although this is set against the context of the overall decline in visitor numbers in recent years. However, visitor expenditure on-site is estimated to have increased (although this may be largely due to an increase in admission fees rather than incidental spending); this is consistent with the trends in visitor expenditure in recent years.

It is should be noted that the most recent data shown in Table 4.1 (2012) is considered to be not directly comparable to data from earlier years as far fewer attractions participated in the research sample[13]. However, Visit Scotland estimate that 16 million visitors visited historic environment attractions in 2011/12, which is of a similar order of magnitude and further supports the conclusion that the sector has maintained its popularity and accounts for just over one-third (34%) of all recorded visits to Scottish attractions.

Further evidence of the ongoing popularity of the historic environment with visitors comes from the Scotland Visitor Survey undertaken by Visit Scotland in 2011 which shows that a number of the most popular activities clearly fall within the definition of the historic environment as follows:

- Visited a historic house, stately home - 47%
- Visited a cathedral, church, abbey or other - 38%
- Visited a visitor/heritage centre - 33%
- Visited a scenic/historic railway - 21%

Furthermore, Historic Scotland reported a record breaking year for footfall and income levels at managed properties in 2011/12. Visitor levels at paid entry staffed sites exceed 3.37m, up 7% on the previous year, and the agency's tourism and commercial activities generated a 13% rise in income, to £31.5 million. A significant increase in visitors was also reported over the Diamond Jubilee holiday compared to the equivalent bank holiday weekend in May 2011.

4.3 Conclusions

The need to reduce spending in the face of continuing economic difficulties is likely to go at least part way to explaining the decline in the number of overnight visitors to Scotland in recent years. However, since

[13] Data in Table 4.1 is also not directly comparable to estimates of visits to historic environment attractions presented in the 2008 report due to these being based on a different definition.

2008, visitor spend has begun to recover resulting in a higher average spend per visitor which would help to explain the continuing good performance of the tourism sector.

In order to answer the question of how much of the recorded visitor spend comes to Scotland as a result of the historic environment there is a need to take a view on the proportion of visitors (and associated spending) which was primarily motivated to come to the country because of its historic environment. In the 2008 study, the balance of available evidence suggested that an assumption of 33% was a reasonable central estimate. Since that study was undertaken there appears to have been no further research into visitor motivations and/or the influence of the historic environment in encouraging visitors to choose Scotland over other potential destinations. However, recent data on footfall at visitor attractions suggests that historic environment related attractions continue to draw a significant number of visitors and have maintained their relative popularity (compared to other types of attraction). Therefore, in the absence of further evidence, it seems reasonable to continue to apply the previous assumption that 33% of visitors (and spend) can be attributed to the nation's historic environment.

Applying this assumption in conjunction with current (2010) estimates of overnight visitor spend results in an estimated visitor expenditure attributable to the historic environment of over £1.3billion; this figure is slightly lower than the estimate from the 2008 study but of the same order of magnitude.

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5.0 Summary and Recommendations

5.1 Summary of Findings

Repair and maintenance of the historic environment is an important stimulus of economic activity and total expenditure on repairs and maintenance appears to have increased slightly in recent years. However, there appears to be no new evidence regarding the proportion of this expenditure which is attributable to the historic environment (defined as structures built prior to 1919). In the absence of any new evidence, applying the assumptions used in the previous report suggests that the value of the direct economic contribution of repair and maintenance of the historic environment is likely to have increased slightly but is of a similar order of magnitude to the estimate produced by the 2008 study.

The core of the historic environment sector is made up of a range of organisations of varying sizes spanning the public, private and voluntary sectors. It is likely that these organisations will have been adversely impacted (either directly or indirectly) by the difficult economic climate and associated public sector spending cuts. However, given the paucity of available data, the extent of this impact is not clear although it seems likely that the economic contribution made by this pillar would have reduced to some extent since the 2008 study. It is important to note that, though significant, the direct impacts relating to core sector organisations have been found to be the smallest of the three pillars both in the 2008 study and in research undertaken elsewhere.

Overnight visitor numbers have declined in recent years although total spending associated with these visits has been less affected. Historic environment related attractions continue to be popular although there appears to be no new evidence on the extent to which the historic environment motivates visits to Scotland. In the absence of any new evidence, applying the assumption used in the previous report suggests that the value of the direct contribution of tourism resulting from the historic environment is slightly lower than the estimate made in 2008, but of a similar order of magnitude.

5.2 Other Research in this Field

Since the HEACS research was completed a number of other studies have been undertaken in other parts of the UK in order to produce corresponding estimates of the economic contribution of the historic environment/heritage in these other areas.

There is some variation in the definition of the historic environment which has been adopted by these studies; however, they have all typically applied the three pillars model, recognising contributions in terms of core sector organisations, repair and maintenance of the historic (pre-1919) building stock and tourism. Research in Wales[15] and Northern Ireland[16] considered all three pillars whereas in England separate studies have been commissioned covering historic buildings[17] and tourism (at a UK level)[18].

[15] Valuing the Welsh Historic Environment (ECOTEC for the Valuing Our Environment Partnership, 2010).
[16] Study of the Economic Value of Northern Ireland's Historic Environment (eftec for Department of the Environment Northern Ireland, 2012).
[17] The Economic Impact of Maintaining and Repairing Historic Buildings in England (Ecorys for HLF, 2012).
[18] Economic Impact of the UK Heritage Tourism Economy (Oxford Economics for HLF, 2010).

Although the Northern Ireland study references the Total Economic Value concept it goes on to estimate economic contribution (or direct use value) in an equivalent way to the other studies, and then uses case studies to illustrate examples of indirect use values.

Research in Wales and Northern Ireland has extended the analysis to consider the wider contribution made by the historic environment, notably in terms of social benefits (such as learning, volunteering, community engagement and wellbeing) and regeneration effects (such as changing profile or perceptions of an area and helping to attract other investment). These wider benefits tend to have been illustrated in largely qualitative terms with reference to case study examples.

5.3 Recommendations

Demonstrating the significant economic contribution of the historic environment in Scotland continues to be important, particularly in light of the need to make the case for continued public sector support in a difficult economic climate.

Since the production of the 2008 study there have been annual updates to data on construction sector output and visitor activity in Scotland and these can be used, in conjunction with earlier assumptions, to produce regular updates of the direct contribution of the built environment and tourism pillars.

No new research appears to have been undertaken to revise the existing estimate of the proportion of repair and maintenance expenditure which relates to pre-1919 dwellings (or other structures). For dwellings, the last time this issue was considered was in the report of the 2002 Scottish House Condition Survey and this could be revisited in future editions. Similarly, some thought should be given to how the share of expenditure could be established for pre-1919 non-domestic buildings, perhaps in consultation with NHTG. A further refinement to the estimate of the built heritage contribution could be made by exploring the employment implications for skilled trades, or those with traditional skills.

Similarly, no further research appears to have been undertaken to indicate the level of influence exerted by the historic environment when visitors make the decision to visit Scotland. Visit Scotland undertook a survey in 2011 which asked respondents to indicate the type of activities they had undertaken, and this confirmed the popularity of attractions related to the historic environment. If this survey is repeated in future years it could be used as a means to explore the primary reasons for choosing Scotland as a destination, in order to provide more recent evidence on the level of visitor expenditure which can be said to be attributable to the historic environment.

Establishing the contribution of the core sector organisations is more difficult. Information on larger organisations can be obtained from published financial statements and business plans although interpretation of these figures is likely to require some clarification from the organisations involved. It would not be possible to apply this approach to the numerous smaller organisations within the sector and it would be difficult to draw any conclusions on this group without undertaken bespoke primary research (sample survey).

More recent work in other parts of the UK does not indicate a need for changes to the analytical framework which was used in 2008. However, the approach could be extended to explore wider benefits, using case studies to illustrate the diversity of effects and drawing on available data on social aspects such as school visits and volunteering at historic attractions, collected from key organisations such as Historic Scotland and the National Trust for Scotland.