



Economic Impact of HLF Projects

Volume 1 – Main Report

Heritage Lottery Fund

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EXECUTIVE SUMMARY

ES1. Introduction

The Heritage Lottery Fund (HLF) commissioned GHK Consulting Ltd (GHK) to examine the economic impacts of 20 HLF projects. These were all large projects, receiving funding of more than £250,000, and completing in 2007. The sample was designed to cover a representative variety of types of heritage project, geographic regions and sizes of grant. The focus of the study was on HLF's general heritage grants programme, rather than on more specific programmes designed to promote regeneration.

Each of the 20 case studies sought to examine, where relevant:

- The impact of **project expenditure** on the local economy;
- The impact on the local economy of **ongoing expenditure** resulting from the operation of the funded assets;
- The effect of project and ongoing expenditures on **employment**, considering the number of jobs, the quality of employment, people benefiting, extent and quality of related training, and sustainability of employment;
- The impact of projects on **visitor numbers and expenditures**, and resulting economic impacts;
- The role of projects in enhancing the image of the local area as a **business location**;
- The **financial sustainability** of the projects, taking account of the accuracy of visitor and financial forecasts, the number of projects encountering financial difficulties and the reasons for these, and the quality of financial monitoring and intervention both during implementation and post completion.

This final report presents the findings of the 2008 work, and summarises the results of the 20 case studies.

The 20 projects involved total expenditure of £140 million, of which HLF grants amounted to £84 million, or 60%. This proportion ranged from 40% to 78% of expenditure on individual projects.

ES2. Research Methods

The research involved:

- A review of relevant documents and data sources for each project, from HLF files;

- Analysis of expenditure data from HLF files, to assess the location of beneficiaries of project expenditures;
- Site visits to enable face-to-face interviews with key individuals involved with each project;
- Surveys of visitors to six sites, to collect information about visitor origins, visiting patterns, visitor motivations and expenditures;
- Modelling of the economic impacts of project, operating and visitor expenditures;
- Socio-economic profiles of the area in which each project is located;
- Preparation of case studies for each of the 20 sites;
- Analysis of the findings from the case studies, to identify common findings and lessons, and to assess the overall impact of HLF projects.

ES3. Assessment of Economic Impacts

The economic impacts of each project were assessed by collecting as much site-specific information as possible about patterns of expenditure and the firms and individuals benefiting from it. A simple economic model was developed, based on published economic evidence, to enable the assessment of the economic impacts of project, operating and visitor expenditures on employment and Gross Value Added (GVA) at the local and regional level. This spreadsheet model was used to assess the direct, indirect and induced impacts of relevant expenditures.

ES4. Economic Impacts of Project Expenditure

The 20 case study projects involved total expenditure of £140 million, of which HLF grants amounted to £84 million. Some 94% of overall project expenditures were on purchased goods and services, such as building work, professional fees and materials. Only a small minority of budgets were allocated to direct staffing, volunteer inputs and training costs.

The figures demonstrate some variations in the way that projects spend money. For example, for two nature conservation projects, the largest part of the budget was spent on land purchase. Projects dominated by the construction and restoration of buildings tend to rely almost exclusively on purchased goods and services, whereas projects involving the restoration of nature reserves, museum collections and gardens are more likely to involve direct staff and volunteer inputs.

Across the twenty projects, 45% of goods and services were sourced from the local area (defined as a 10 mile radius), a further 26% from the “regional” economy (defined as a 50 mile radius) and 27% from suppliers more than 50 miles away. Significant variations in the degree of local sourcing were

observed between projects, as a result of the structure of the local economy and the extent of purchases of specialist goods and services.

The employment impacts of the case study projects included:

- Direct employment – projects supported 172 job years of work in local and regional economies.
- Supplier employment – project expenditures supported 743 job years of work among direct local suppliers and 1049 job years in wider regional economies.
- Indirect and induced effects – supplier and employee expenditures were estimated to support 183 job years of work in local and 733 job years in regional economies.
- Total employment – combining the above impacts, project expenditures were estimated to support 1099 job years of work in local and 1,954 job years in regional economies.

The effects on GVA were estimated as follows:

- GVA associated with direct employment – expenditures were estimated to fund wages and salaries totalling £4.4 million in local and regional economies.
- Supplier GVA – the gross value added by direct supplier firms was estimated to total £33 million in local and £47 million in regional economies.
- Indirect and induced effects – supplier and employee expenditures were estimated to support further GVA totalling £8 million in local and £31 million in regional economies.
- Total GVA – combining the above, the overall effect on GVA was estimated at £45 million in local and £83 million in regional economies.

Overall expenditure for the 20 projects totalled some £140 million, suggesting that more than 40% is lost as a net leakage from regional economies through the purchase of goods and services from other regions. Money leaks from the regional economy when the project and its suppliers and employees spend money on goods and services sourced from other regions and countries.

The case studies examined the additionality of these impacts, in order to assess the likely net effects on local and regional economies. In most cases no evidence was found to suggest that the net impacts of the projects were likely to be significantly lower than the gross impacts.

ES5. Skills, Training and Employment

Though only two projects had an identified training budget, at least ten involved some element of training for project staff, contractors and/or volunteers. In most cases this was not linked to any formal qualification.

Collectively, the projects created demand for a wide variety of specialist heritage skills. In general these were more likely to be sourced from outside the local and regional economies than were more general goods and services.

The case studies identified various examples of qualitative benefits associated with employment among the projects and their suppliers. Examples include job satisfaction among staff involved, pride in the implementation of the projects and the operation of funded assets, improvements in the working environment and facilities available to staff, and enhanced career prospects for staff and volunteers.

Volunteers played a key role in the delivery of half of the projects, together contributing many years of unpaid time to their implementation. The case studies identify significant benefits both to the projects and to the individuals involved.

ES6. Ongoing Impacts

Operational Impacts

Expenditures in operating the funded assets support direct employment, benefit supplier businesses and have multiplier effects on wider local economies. In all it is estimated that operational impacts amount to the creation or safeguarding of 309 FTE jobs locally and 457 FTE jobs regionally across the 20 projects, contributing £7.2 million to local GVA and £11.6 million to regional GVA.

It is difficult to assess to what extent this additional economic activity can be attributed to the HLF funding. While in each case it has followed from the investment and facilities provided by the HLF funded project, it is always dependent on ongoing funding from other sources. It follows that HLF funding is often a necessary but not sufficient condition for these ongoing economic impacts.

Some projects were not found to have ongoing economic impacts. These were generally smaller projects which did not lead to the creation of a major new capital asset.

Visitor Expenditures

Expenditures by day-trippers and visitor expenditures were estimated through a combination of dedicated visitor surveys (at six sites) and by drawing on existing survey evidence, where available. In each case the expenditures that could be attributed specifically to the site itself were estimated, drawing on evidence of the role of the site in motivating people to visit the area. These

were combined with estimates of visitor numbers to estimate total visitor expenditures attributable to each site. The net effect of the project on visitor numbers and expenditures at each site was estimated. The economic impact of these expenditures was estimated by applying appropriate multipliers.

In total the case study projects are estimated to bring net additional visitor expenditure of £17.8 million annually to their local economies, and £13.0 million to their respective regional economies. Together they are estimated to attract sufficient visitor expenditure to support 323 FTE jobs locally and 325 FTE jobs in regional economies, enhancing local GVA by £8.9 million annually and regional GVA by £9.1 million annually.

The largest impacts are attributed to the Time and Space, Kelvingrove Museum and St George's Hall projects.

Effects on Regeneration and the Business Environment

As well as the direct effects of project and visitor expenditures, some projects were found to have additional benefits by enhancing their immediate environs. In some cases this was deemed to have wider business benefits by encouraging further regeneration activity to take place and/or enhancing the environment for local businesses and their customers. Notable examples include St George's Market, Belfast; the Harris and Pearson Office Building; Lincoln Arboretum; London Coliseum; Cromer Museum; St George's Hall and St Mary's Church.

The strength of these property related effects depends to a large extent on the location of the project. Those projects located in areas in need of physical regeneration, and/or suffering from anti-social behaviour, have benefited the most. The smallest effects have been in rural areas.

Ongoing Training Effects

Changes in employment and/or volunteering activity were found to give rise to ongoing effects on training provision and skills development at ten of the twenty case study sites.

ES7. Contribution to Sustainable Development

Impact on Deprived Areas

Eight projects are located in areas which are ranked among the 25% most deprived in their respective countries, according to indices of multiple deprivation.

These eight projects together account for 68% of the total HLF grant awarded to the 20 projects in our sample. This indicates that the projects in our sample disproportionately benefit deprived areas of the UK.

Collectively, expenditures on these projects supported an estimated 854 job years of work and GVA of £35.9 million in their respective local economies. Ongoing operational expenditures are estimated to support further employment of 204 FTE jobs and GVA of £5.0 million annually. Visitor expenditures are estimated to support a further 202 FTE jobs and GVA of £5.5 million in these local economies.

Environmental and Social Impacts

The projects gave rise to a wide range of positive environmental and social impacts in addition to those described above. Environmental impacts include direct benefits for nature conservation (from reserves management projects), improvements in the urban environment, improvements in the environmental performance of buildings, sustainable sourcing of materials, and enhancing public awareness of environmental issues. Social benefits include community outreach and engagement, enhanced communal areas and meeting places, improved educational and recreational facilities, stronger partnerships, enhanced civic pride, and enhanced awareness of key social issues.

Financial Sustainability

Most of the larger HLF funded projects involve capital expenditures which are designed to provide a lasting asset that will provide benefits to the public over a significant period of time. As a result, HLF is concerned to ensure that the funded assets manage to sustain themselves over time, in order to ensure ongoing maintenance of the asset and keep it open to the public.

In most cases the HLF project was found to have secured or enhanced the financial sustainability of the sites in question. The case studies confirm that projects with established sponsors are subject to much lower levels of financial risk than new developments without a major, established sponsor.

The projects for which financial sustainability appears to have been a significant issue are:

- Museum in Docklands – the site has operated at a significant financial loss since opening. The ongoing financial deficit has led to the consolidation of the Museum within the Museum of London Group. This is expected to make the Museum financially sustainable over time.
- London Coliseum – ENO experienced some revenue funding problems during the course of the project. While the HLF funded elements of the project were delivered within budget, the Arts Council funded elements experienced more difficulties from cost overruns and difficulties in securing match funding. At one point this appeared to threaten the viability of the project as a whole. While costs and revenues are now broadly in balance, the ability to meet the costs of operating the building remains highly dependent on grant funding from the Arts Council for England, which now provides 55% of ENO's revenues.

- Lord Nelson Steam Locomotive – The project has experienced severe technical difficulties that have impacted on its financial performance, and meant that the ongoing financial sustainability of the project has yet to be tested. Nevertheless, volunteers are expected to complete most of the work required and the ongoing operating costs will be small.
- St George’s Hall – The huge cost of maintenance of the building was a key factor in its decline. Operating costs have spiralled since the restoration, and it is clear that they were grossly underestimated at the application stage. The original business plan is now seen as being grossly inadequate and inaccurate. The risk of the site closing appears to be small as the owner, Liverpool City Council, is committed to funding the deficit (currently more than £1 million annually).

Overall conclusions on financial sustainability are:

- While in general the projects in the sample do not currently appear to give major cause for concern, it is not difficult to imagine slightly different circumstances or scenarios in which certain sites could be at risk of financial failure;
- It is clear that the commitment of a strong sponsoring organisation substantially reduces the risk of financial failure, especially where that organisation undertakes to guarantee to fund any operating deficits over time;
- Projects without a financially secure sponsor, which must fund operating expenditures from revenues generated on site, have a much greater risk of failure and may require additional financial scrutiny at the application stage;
- There is a continuing need to scrutinise and question the assumptions on which business plans for HLF projects are based, paying particular attention to projections in operating costs, visitor numbers and revenues. Because major HLF projects take a number of years to be planned, developed and implemented, some inaccurate forecasts identified among the sample projects were made up to 10 years ago; it is unclear whether current financial assessment procedures would have addressed these. HLF should consider whether there is further room for improvement in its procedures to assess financial sustainability.

ES8. Total Economic Impact of HLF Projects

Collectively expenditures in implementing the 20 projects are estimated to have supported 1,099 job years of work in local and 1,954 job years in regional economies, enhancing local GVA by £45 million and regional GVA by £83 million.

The 20 sample projects received total HLF grant funding of £84 million. This is just less than 50% of the total funding of £169 million allocated to the 128

projects which completed in 2007 (and received HLF grant of more than £250,000). Therefore we would expect the total impact of HLF projects completing in 2007 to be just over twice as large as that of our sample. On this basis we estimate that HLF funded projects supported a total of 2,200 job years of work in local economies and 3,900 in regional economies during the project phase, enhancing local GVA by £91 million and regional GVA by £166 million.

Ongoing operational and visitor expenditures following the 20 sample projects are estimated to support net additional employment of 633 FTE jobs at the local level and 781 FTE jobs at the regional level. The ongoing effect on GVA is estimated at £16 million locally and £21 million regionally. Extrapolating from the sample to all larger HLF funded projects, we estimate that the large HLF projects completing in 2007 support ongoing employment of 1,277 FTE jobs locally and 1,577 FTE jobs regionally. The impact on GVA is estimated at £33 million locally and £42 million regionally.

The figures suggest that the effects of project expenditures are to support one job year of employment at the regional level per £43,000 expenditure by HLF and one job year of employment at the local level per £76,000 expenditure by HLF. In total, and taking account of both operating and visitor expenditures, one ongoing FTE job is supported at the regional level per £107,000 of HLF expenditure and one FTE job at the local level per £132,000 of HLF expenditure. It is important to note that, while these ratios are calculated in terms of HLF grant, the impacts are dependent on further additional resources. Project expenditures require co-funding from other sources as well as HLF grant, while ongoing impacts depend on ongoing revenue funding and visitor expenditures.

Research commissioned by HLF from GHK and Ecotec has now investigated the economic, employment and training impacts of 80 case study projects over four years 2005/06 to 2008/09 inclusive. Together, these 80 projects:

- Involved total expenditure of £605 million, and received HLF grants of £340 million, some 56% of the total.
- Supported an estimated 6,400 job years of work in local and regional economies, through the direct, indirect and induced effects of project expenditures.
- Support ongoing employment totalling 3,610 FTE jobs, through a combination of direct employment, operational spend, visitor spend, and associated indirect and induced effects.

Analysis of these estimated impacts suggests that the average level of HLF grant per job supported is found to be broadly similar for the 20 case study projects in this report as for the 80 case study projects over the four years' research. The small differences observed can be explained by slight differences in methodology and economic multipliers employed in the GHK and Ecotec studies.

1 INTRODUCTION

1.1 This Report

The Heritage Lottery Fund (HLF) commissioned GHK Consulting Ltd (GHK) to examine the economic impacts of a selection of the major, recently completed HLF projects.

Heritage based projects can provide a variety of economic benefits. For example, project expenditures support incomes and employment in local economies; there may be ongoing expenditures and employment in the operation of the funded asset; visitor expenditures may also bring money to the local economy; and projects that enhance the local heritage may help to increase the appeal of an area as a place to live and work, encouraging regeneration and attracting business and investment.

In awarding grants, HLF is required to take into account the scope for reducing economic and social deprivation, and the need to further the objectives of sustainable development. Projects must be financially viable beyond the life of the grant. From 2002, projects with a value of more than £1m have been required to incorporate a training element. These requirements are reflected in both HLF's last strategic plan (2002 to 2007) and its forthcoming plan (2008 to 2013).

HLF has responded to the need to promote economic development by establishing specific programmes directed at local environmental improvements, including the Townscape Heritage Initiative and the Public Parks Initiative. These programmes promote urban regeneration by investing in the renovation and re-use of heritage assets within deprived areas.

As well as funding these specific programmes, HLF also provides significant economic benefits through its mainstream grant programmes, which account for the majority of the Fund's overall expenditure. It is the economic impact of this main grant programme which is the subject of this research study.

The study involved completion of 20 case studies examining the impacts of HLF projects completed in 2007, each of which received an HLF grant of more than £250,000. The sample was selected by GHK and HLF with the aim of covering a representative variety of types of heritage project, geographic regions and sizes of grant.

The objective of each case study is to examine:

- The impact of **project expenditure** on the local economy;
- The impact on the local economy of **ongoing expenditure** resulting from the operation of the funded assets;

- The effect of project and ongoing expenditures on **employment**, considering the number of jobs, the quality of employment, people benefiting, extent and quality of related training, and sustainability of employment;
- The impact of projects on **visitor numbers and expenditures**, and resulting economic impacts;
- The role of projects in enhancing the image of the local area as a **business location**;
- The **financial sustainability** of the projects, taking account of the accuracy of visitor and financial forecasts, the number of projects encountering financial difficulties and the reasons for these, and the quality of financial monitoring and intervention both during implementation and post completion.

This final report presents the findings of the 2008 work, and summarises the findings of the 20 case studies. The case studies themselves are presented in a separate volume.

1.2 The Case Study Projects

The 20 case study projects are:

1. Blean Woods
2. Broughton House
3. Cromer Museum
4. Croome Park
5. Divided World Connected World
6. The Grange, Ramsgate
7. Harris & Pearson Office Building
8. Herts And Middlesex Wildlife Trust
9. Home Farm Marsh
10. Kelvingrove Museum
11. Lincoln Arboretum
12. London Coliseum
13. Lord Nelson Steam Locomotive
14. Museum In Docklands
15. New Devon Record Office
16. Rotherham Churches Tourism Initiative – Phase li
17. St George's Hall, Liverpool
18. St. George's Market Belfast

19. St. Mary's Church, Haverfordwest

20. Time And Space – Developing The Royal Observatory Greenwich

The 20 projects involved total expenditure of £140 million, of which HLF grants amounted to £84 million, or 60% (Table 1.1).

Table 1.1: Expenditure and HLF Grant of Sample Projects

	Project Spend	HLF Grant	%
Blean Woods	£1,553,100	£1,087,000	70%
Broughton House	£2,133,195	£1,090,000	51%
Cromer Museum	£552,000	£299,676	54%
Croome Park	£6,400,000	£4,917,042	77%
Divided World Connected World	£12,460,000	£4,900,000	39%
The Grange Ramsgate	£2,324,569	£1,432,000	62%
Harris & Pearson Office Building	£851,912	£627,000	74%
Herts & Middlesex Wildlife Trust	£836,215	£627,000	75%
Home Farm Marsh	£380,550	£279,000	73%
Kelvingrove Museum	£25,508,000	£13,171,500	52%
Lincoln Arboretum	£3,544,329	£2,568,000	72%
London Coliseum	£15,098,355	£10,650,000	71%
Lord Nelson Steam Locomotive	£479,767	£307,000	64%
Museum in Docklands	£18,174,950	£14,246,000	78%
New Devon Record Office	£4,999,796	£3,246,000	65%
Rotherham Churches	£388,602	£281,500	72%
St. George's Hall	£23,016,264	£14,598,000	63%
St George's Market	£3,280,000	£2,045,000	62%
St. Mary's Church	£683,446	£490,000	72%
Time and Space	£16,940,427	£6,789,000	40%
Total	£139,605,477	£83,650,718	60%

1.3 Report Structure

This report is structured in two volumes, with this volume presenting the methodology employed in the study and the overall conclusions drawn, and Volume 2 presenting the 20 case studies.

The remainder of this volume is structured as follows:

- Section 2 summarises the research methods employed in the study;
- Section 3 outlines the methodology employed to assess the economic impacts of HLF projects;
- Section 4 summarises the economic impact of project expenditures;
- Section 5 considers skills, employment and training issues during the implementation of the projects;
- Section 6 examines the ongoing effects of operating and visitor expenditures;
- Section 7 discusses the contribution of the projects to sustainable development, taking account the financial sustainability of the funded assets as well as the environmental and social impacts of the projects;
- Section 8 examines the overall economic impact of HLF projects, based on the sample results.

2 RESEARCH METHODS

2.1 Introduction

This section outlines the tasks completed in preparing the case studies.

2.2 Task 1: Document Review

The first research task involved a review of documentation provided by HLF. GHK visited HLF offices and reviewed the files for each of the case studies, including project applications, business plans, financial reports, appraisals and monitoring reports.

As in previous years' work, we found that an analysis of invoices was able to provide detailed information about project expenditures. The files were also useful in providing business plans and other information useful to assess financial sustainability. However, much less information was available about employment, training or visitor effects, and none about ongoing impacts.

2.3 Task 2: Analysis of Expenditure Data

The information obtained from HLF records was used to identify how much each supplier received for its role in the project and, where stated, the nature of the goods and services provided. Addresses for each supplier were then taken from the invoices and used to calculate how far away the supplier was located from the project according to its postcode. While requiring detailed analysis, this task proved relatively straightforward in most cases.

This year's work involved some simplification of this task by recording only invoices of more than £1,000 in the analysis. Analysis of previous years' data indicates that these represent more than 90% of total expenditure, and therefore provide a robust basis for estimating the overall distribution of spending.

2.4 Task 3: Research Design, Scoping and Fieldwork Set-Up

HLF wrote to each of the sample projects to introduce the study. GHK developed a topic guide as a basis for the fieldwork. This was sent to each of the lead contacts for the project by email, to help to inform them of the information being sought.

Each lead contact was contacted by telephone in order to:

- Introduce the study and its objectives;
- Scope out the likely impacts and key issues to be addressed by the case study;

- Establish whether there have been significant visitor impacts, in order to determine the need for a visitor survey;
- Identify colleagues, partners, suppliers and other stakeholders who might be able to assist by providing information or views about the impacts of the project, with a view to interviewing these contacts on the day of the visit or subsequently by telephone;
- Agree a date for a site visit.

2.5 Task 4: The Site Visit and Follow Up

The site visits were undertaken by Phil Bernard-Carter, Steph Charalambous, Andrew Davidge, Heather Johnstone, Charles Levy, Matt Rayment, Army Shukla, and Adarsh Varma.

GHK spoke to the project manager or lead contact for each project, and, where possible, to relevant colleagues, partners and stakeholders. Follow up interviews were conducted by telephone with other key stakeholders and leading suppliers, in order to add to the information obtained.

In three cases, we experienced significant difficulty in establishing contact with the project and agreeing for them to meet us. This demanded substantial inputs of staff time, delaying the fieldwork. For two projects (Home Farm Marsh and Lord Nelson Steam Locomotive), difficulties resulted from a lack of administrative capacity among the organisations concerned. In each case this led to the case study visit being arranged to coincide with a weekend open day. In the case of the London Coliseum, the problem arose because of a series of staff changes which made it difficult to establish contact with the organisation and to agree to a visit, and meant that the case study could not be completed until February 2009.

As far as possible, GHK sought to collect qualitative information and quotations about the experience of project managers, colleagues, suppliers and stakeholders, to supplement and enrich the quantitative data and analysis. Where there was a major supplier or lead contractor, we also sought to contact them to establish the effect of expenditures on staffing and purchases, and the location of key subcontractors and secondary suppliers. As in previous years we found it difficult to reach key individuals and to obtain the information required. In general, where data was available, we found a high degree of consistency regarding the economic linkages reported by suppliers and the assumed ratios employed elsewhere in the analysis (see Section 3), lending support to the overall methodological approach.

2.6 Task 5: Visitor Surveys

HLF commissioned a separate market research company, BDRC, to undertake visitor surveys for six projects known to have had a significant effect on visitor numbers:

- Broughton House;

- Cromer Museum;
- Croome Park;
- Divided World Connected World;
- Museum in Docklands;
- St George's Hall, Liverpool.

These visitor surveys were conducted in summer 2008 at the case study sites. Visitors were asked about their origin, length and motivation for their visit to the area, and expenditure in the local economy. This enabled GHK to estimate expenditures by day trippers and staying visitors in the local economy, and to assess how much of this expenditure could be attributed to the presence of the HLF funded asset.

In the case of the Time and Space project, no new visitor survey work was commissioned because existing visitor survey evidence was available.

2.7 Task 6: Analysis of Economic and Employment Impacts

GHK developed and applied a spreadsheet-based economic model to assess the impact of recorded project and visitor expenditures on local and regional employment and GVA. The details of this are set out in more detail in Section 3.

2.8 Task 7: Local Economic Profiles

GHK undertook a review of the characteristics of the local economy within which each project is located. This review drew on key statistics from the Census, Annual Business Inquiry, Indices of Multiple Deprivation, and any available local economic strategies and other information sources. The reviews highlight key socio-economic characteristics and identified economic priorities.

2.9 Task 8: Case Study Write-Ups

The findings from the above tasks were used to prepare a case study of each project. These follow a standard format, providing an introduction to the project; presenting data on project, visitor and operating expenditures; discussing employment and training impacts; providing an assessment of the financial sustainability of the project; assessing the impact on local and regional economies; identifying future development issues and drawing general conclusions about economic impact. These case studies are presented in Volume 2 of this report.

2.10 Task 9: Analysis and Conclusions

Conclusions were drawn on the combined economic impacts of the HLF projects analysed, as well as a variety of key employment, skills, training, sustainable development and financial sustainability issues.

2.11 Comments on Data Availability and Research Methods

The research relied on a combination of desk-based data and document reviews, face to face interviews and follow-up telephone interviews. While it was necessary to review HLF files to gather the quantitative project expenditure data, the site visits proved extremely valuable in gathering qualitative information and enriching the case studies. They were particularly helpful in exploring employment, skills and training issues, identifying visitor and operating impacts, and examining financial sustainability issues. The visits also facilitated a more in depth, probing approach, which brought issues and impacts to light which were not initially apparent.

The telephone interviews helped to supplement the information collected from the desk review and site visits in some cases. As in previous years, these provided little additional data, but did help us to gain the broader perspective of stakeholders about the role of the project within the local economy.

Overall, despite some difficulties in reaching key contacts, we found that a combination of document and data reviews, site visits and telephone interviews enabled us to collect the information required to assess the economic, employment and training impacts of the projects concerned. Data and documentary evidence were available for all projects, and where gaps exist they relate mainly to more qualitative information about employment, skills and training, obtainable only from the interviews.

The following section outlines the methodology used to assess the economic impacts of the case study projects.

3 ASSESSING THE ECONOMIC IMPACTS OF HLF PROJECTS

3.1 Introduction

Figure 3.1 gives a simple illustration of the economic impacts resulting from HLF funded projects. Projects part-funded by HLF have an impact on local economies both as a result of direct expenditures during the development phase and as a result of ongoing expenditures on site and in the local economy.

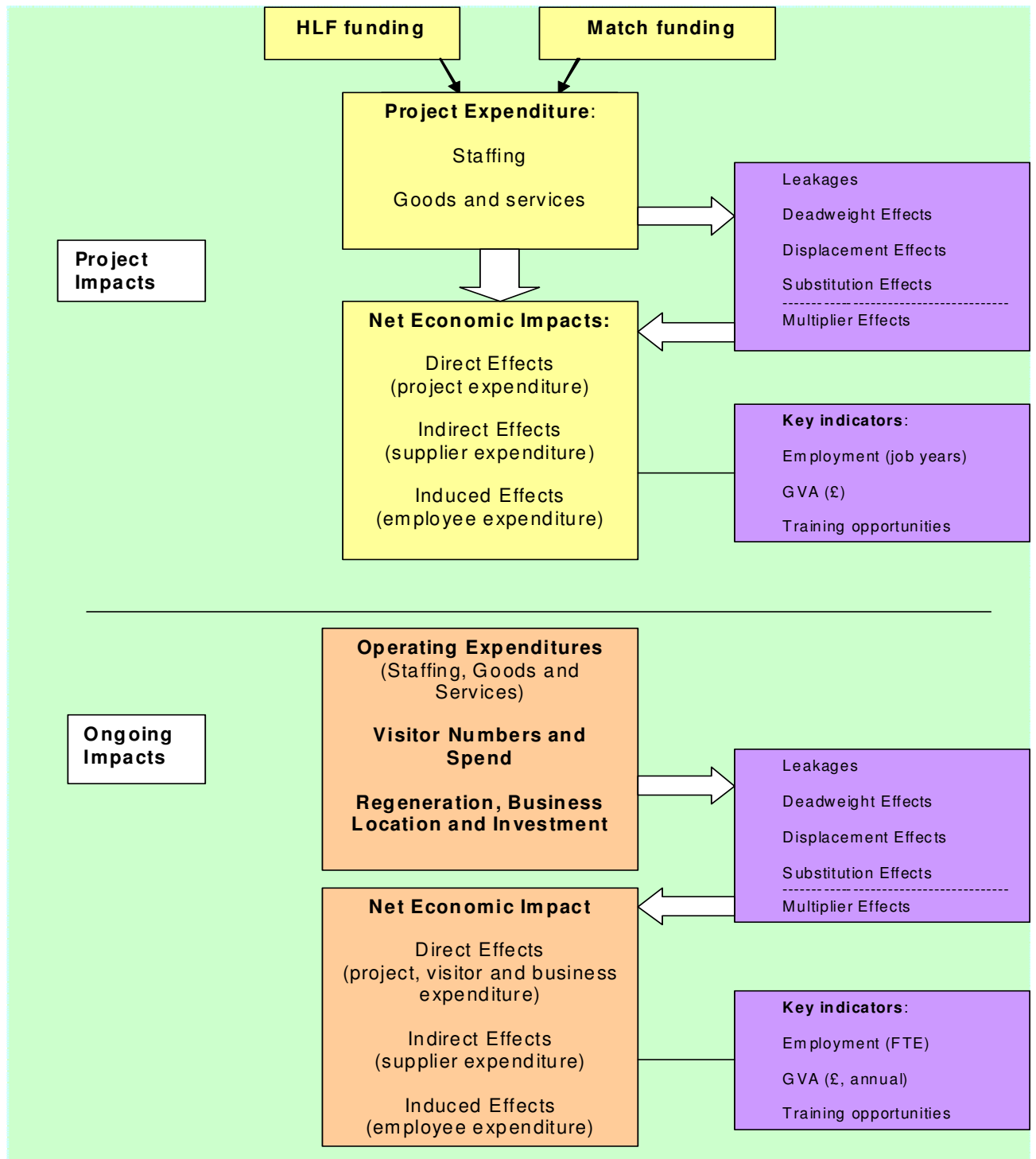
Project expenditures fund direct employment of staff and provide revenues for contractors and suppliers of goods and services, supporting employment, wages and profits. There are indirect effects as suppliers to the project purchase goods and services from other firms, and induced effects as employees of the project and its suppliers spend their wages in the local economy. The net impact on the local economy depends on the overall multiplier effect, taking account of supply linkages and the extent to which

money leaks into other areas. It also depends on the extent to which the project gives rise to additional economic activity, taking account of deadweight, displacement and substitution effects. The impacts of project expenditures can be measured in terms of one-off impacts on employment (job years) and gross value added (wages, salaries, profits and rents).

Projects have an ongoing economic impact through:

- Ongoing expenditures in the operation of the funded asset. These impact in a similar way to project expenditures but have an ongoing impact on employment (FTE) and annual GVA. A key issue is the extent to which any increase in operating expenditure is attributable to the HLF project, particularly since it requires ongoing revenue funding from other sources.
- Visitor expenditures. By funding new facilities and attractions, or sustaining existing ones, HLF projects can increase or sustain the number of visitors and hence visitor expenditures in the local economy, enhancing local incomes and employment. Measurement of these effects requires an estimate of the effect of the project on visitor numbers, including an assessment of the role of the project in encouraging additional people to make day trips to or stay in the local area. Visitor expenditures must be estimated and appropriate multipliers identified and applied to assess the effect of these on local employment and GVA.
- Regeneration and business environment effects. As well as directly influencing local operating and visitor expenditures, larger HLF projects may have wider impacts by improving the quality of the local built and natural environment, influencing business and residential investment and locational decisions. By increasing property investment and encouraging businesses to locate locally, projects may enhance local expenditures, GVA and employment.

Figure 3.1: Economic Impacts of HLF Projects



These ongoing impacts are potentially more lasting and significant than the effects of direct project expenditures, but, because of the wider range of variables involved, tend to be more difficult to attribute directly to the HLF funded project. In assessing net local impacts, care is therefore needed in assessing the extent to which increased economic activity is attributable to the project itself.

As well as the level of spending itself, the scale of impacts of project and visitor expenditures on local and regional economies depend on a variety of factors, including:

- The proportion of project expenditures accounted for by purchases of goods and services and staff costs;
- The degree to which projects use local or regional suppliers rather than national suppliers;
- The structure of the local economy, and the tendency for local firms and employees to spend money on local goods and services rather than on imports from outside the area;
- The scale at which these effects are being assessed, given that larger economies can be expected to retain a greater proportion of spending for longer than can smaller ones.

Together these factors determine the *level of leakages* from the local economy that follow an injection of spending, and the degree to which money is re-spent within the economy. This in turn determines the strength of multipliers relating to the initial expenditure, which can be defined in terms of the overall employment and income that result.

3.2 Assessment of Economic Impacts

The impact on the local economy of each £1 spent by an HLF funded project or visitor varies according to the factors identified above, and is likely to be unique in each case. It depends on the characteristics of the project (and nature of the work involved), the types of goods and services purchased, sourcing policy of projects and suppliers, behaviour of employees and visitors, and the structure of the local economy.

Ideally, the impact of the project would be assessed by tracking expenditures by the project, employees, suppliers and visitors through the economy, to identify the impact on other local firms and the effects in supporting incomes and employment. However, this is a very data hungry exercise, which is impossible without a major study. The research has also found that it is very difficult to obtain information about past expenditures.

An alternative approach involves the application of standard multipliers that assess the direct, indirect and induced effects of expenditures on overall income and employment in the local economy. The difficulty of this is that

multipliers are likely to be unique to individual locations and circumstances, and are rarely available off-the-shelf.

The approach adopted in the case studies used a combination of the above. As much information as possible was sought on the purchases made by each project, the location of suppliers, and their subsequent expenditure patterns. This enabled the effects of expenditures on employment and on supplier businesses to be assessed. For example, for each project, it was possible to examine direct employment and the revenues and locations of supplier businesses. A limited number of interviews with these suppliers sought to gather information about their employment and purchasing patterns for the project. This information was then combined with assumptions about relevant multipliers, to assess further indirect and induced effects. Therefore, rather than applying overall, generic multipliers to overall project expenditure data, the actual impacts of this expenditure were assessed to the extent possible, with multipliers then used in a more targeted way to estimate overall impacts.

For visitor expenditures, we have applied standard economic multipliers to assess the impacts of expenditure on employment and GVA.

3.3 Measures of Economic Impact

In measuring the economic impact of HLF projects, the study was concerned with the extent to which these support and create jobs and incomes in the local economy. The two key indicators of most interest are:

- **Employment** – the overall effect of the expenditure in supporting jobs in the project and supplier businesses. Typically this is expressed in terms of full time equivalent (FTE) jobs, for consistency.
- **Gross Value Added (GVA)** – the overall effect of the project on the value of goods and services produced in the economy. GVA measures the contribution to the economy of individual producers, industries or sectors, and is equivalent to their gross output less their purchased inputs.

Because GVA is net of purchased inputs, it can be aggregated across all firms and, unlike turnover or gross output, provides a measure of the overall output in the economy that is not affected by double counting.

The analysis therefore concentrates on employment and GVA as key indicators of economic impact, using estimates of expenditure and turnover only as a means to calculate these.

3.4 Assessing the Impact of Project and Operating Expenditures

3.4.1 Relating Turnover, GVA and Employment

The effects of HLF expenditures on employment and GVA in supplier firms can be assessed using standard ratios linking gross output, employment and GVA.

Much of the expenditure on the delivery of HLF projects is on construction related services, so construction industry data are relevant in many cases.

The Government's National Accounts (the Blue Book) provide data on gross output and GVA for key sectors, including construction, and data for employment are available from the Office of National Statistics (ONS). Data for key sectors are given in Table 3.1.

Table 3.1: Gross Output, GVA and Employment by Broad Sector, UK, 2006

	Gross output (£m)¹	GVA (£m)¹	Employment (000)	Employment (000 FTE)²
Agriculture, hunting, forestry, fishing	20,953	7,865	435	370
Production industries and energy	568,121	204,227	3,429	2,915
Construction	186,299	73,993	2,154	1,831
Distribution, transport and communication	513,278	250,863	8,860	7,531
Financial and business services	595,631	364,655	6,403	5,443
Other service activities	500,545	275,629	9,967	8,472
All industries	2,384,827	1,177,232	31,248	26,561

Source: ONS (2008) UK National Accounts: The Blue Book 2008

Table 3.2 presents key ratios derived from the data in Table 3.1. Across the economy as a whole, the data suggest that each £1 of gross output involves gross value added of £0.49, with this figure varying from £0.36 in the production and energy industries to £0.61 in financial and business services. Gross output per FTE job is estimated at just less than £90,000 across the economy as a whole, ranging from £56,700 in agriculture to almost £195,000 in the production and energy industries.

Table 3.2: Key Ratios for Output, GVA and Employment, 2006

	GVA per £1 output	Gross output per job	GVA per job	Gross output per FTE	GVA per FTE
Agriculture, hunting, forestry, fishing	£0.38	£48,168	£18,080	£56,668	£21,271
Production industries and energy	£0.36	£165,681	£59,559	£194,919	£70,069
Construction	£0.40	£86,490	£34,351	£101,753	£40,413
Distribution,	£0.49	£57,932	£28,31	£68,155	£33,311

¹ From UK National Accounts, the Blue Book

² Based on assumed average of 1 job = 0.85 FTE for all sectors

transport and communication			4		
Financial and business services	£0.61	£93,024	£56,951	£109,440	£67,001
Other service activities	£0.55	£50,220	£27,654	£59,083	£32,534
All industries	£0.49	£76,319	£37,674	£89,787	£44,322

These ratios can be used to assess the economic impacts of HLF expenditures. For example, across all industries, we might expect the direct effect of expenditures to support £500 of GVA per £1000 increase in business turnover, and to support 1 FTE job per £90,000 increase in turnover. The extent to which these impacts occur in the local and regional economies will depend on the location of the suppliers concerned. There will be further indirect and induced effects, depending on the extent to which money is retained in the local and regional economies.

3.4.2 Multiplier Effects

Input: Output tables provide regional multipliers for Scotland, Wales and South West England. These can be summarised as follows:

- Scotland. The Scottish Input: Output tables for 2004 provide input, output and employment multipliers³. These suggest Type I multipliers (covering direct and indirect effects) of 1.6 for construction and between 1.1 and 1.7 for other services, and Type II multipliers⁴ (covering direct, indirect and induced effects) of 1.9 for construction and between 1.3 and 2.1 for other services.
- Wales. Type I output multipliers are estimated at 1.48 for construction and between 1.25 and 1.4 for other services; Type II output multipliers are estimated at 1.79 for construction and 1.45 to 1.62 for other services.
- South West England. The SW Economy Model for 2001 suggests a regional construction multiplier of 1.6 (Type I) and 1.9 (Type II). For services and all industries, Type I multipliers are around 1.3 and Type II multipliers around 1.6.

Standardised economic multipliers for the local and regional level are provided by the English Partnerships *Additionality Guide*. This referred to a *supply linkage multiplier* (Type I multiplier) and an *income multiplier* (induced

³ These multipliers estimate the relationship between the direct effect on output, income or employment and the overall effect that results in the economy as a whole. Thus a multiplier of 1.2 suggests that a project that employs one person directly will result in an overall increase in employment of 1.2 (supporting an additional 0.2 jobs indirectly). A similar output multiplier would suggest that a £100 increase in direct output leads to an overall increase in output of £120.

⁴ Type I multipliers measure the ratio of (direct + indirect): direct employment, income or output (i.e. incorporating the effects of supplier spending) while Type II multipliers measure the ratio of (direct+indirect+induced): direct effects (incorporating both supplier and employee expenditure effects).

multiplier), combining to give a composite (Type II) multiplier. Reviewing evidence from a range of studies, this concluded that appropriate composite multipliers for the majority of projects would be 1.1 at the neighbourhood level and 1.5 at the regional level. The review of previous studies found composite multipliers of 1.2-1.4 at the local level and 1.4-1.6 at the regional level.

3.4.3 Assessing the Economic Impacts of HLF Projects

The direct employment impact was assessed by counting the number of jobs and part jobs supported by the project and converting them into full time equivalents. The associated GVA is the expenditure on wages and salaries of the people employed.

The direct effects on employment and GVA among firms supplying the project were estimated by examining expenditures on goods and services by the project. Data from project records enable expenditures within the local and regional economies to be estimated, and the effects on the gross output of local firms assessed. The associated impacts on employment and GVA were estimated using standard ratios of £90,000 gross output per FTE job, and £0.50 GVA per £1 in gross output, derived from the review in Section 3.4.1 above. As far as possible, these assumptions were checked by means of interviews with suppliers. Though few of these interviews provided data, in general the information that could be obtained lent strong support to the assumptions employed.

In order to assess indirect and induced effects, this study has used a standard Type II multiplier of 1.2 at the local level and 1.6 at the regional level, based on the review in Section 3.4.2. This implies that, for each additional £1 of output supported by project expenditure, an additional £0.20 of output in the local economy and £0.60 of output in the regional economy is supported by supplier and employee expenditures. Similarly, for each extra person employed, an additional 0.2 jobs are created at the local level and 0.6 jobs at the regional level.

Because HLF projects are time limited, their impacts are measured in terms of the number of job years of employment they support, and in terms of a one-off contribution to GVA.

3.5 Assessing the Impact of Visitor Expenditures

Many of the case study sites attract significant numbers of visitors. HLF projects can have a positive impact on the local economy by attracting visitors who spend money locally. The strength of this impact depends on:

- The number of visitors;
- The mix between day trippers and staying visitors, with the latter tending to spend larger sums, particularly on accommodation and meals;
- The opportunities for spending money in the vicinity of the site;

- The degree to which spending can be attributed to the site in question. If people visit the area especially to visit the site, then the money they spend can be attributed to the site itself. However, if they are in the area for other reasons and happen to visit the site while there, their expenditure cannot be attributed to the site;
- The structure of the local economy, which determines how much of the money is re-spent locally, benefiting other firms and individuals in the area.

Visitor expenditures have been estimated through visitor surveys. Existing visitor survey evidence has been reviewed where available, and new surveys commissioned at six sites to inform this study.

Visitors were asked a variety of questions, including:

- How far they had travelled to visit the site;
- Whether they were on a day trip or staying in the area;
- How many nights, if any, they were staying in the area;
- The size of their party;
- The importance of the site in encouraging them to visit the area;
- Whether they had purchased various items locally as part of their visit;
- How much they had spent on these different items.

The results were used to estimate expenditures in the local economy by non local day trippers and staying visitors. A proportion of these expenditures were then attributed to the site in question, as follows:

- If the respondent stated that the site was the main reason for them visiting the area, 100% of their expenditure was attributed to the site;
- If the respondent indicated that the site was a reason, but not the only reason, for visiting the area, a proportion of their expenditure was attributed to the site. One third of the expenditure of staying visitors, or one half of the expenditure of day trippers, was attributed to the site in this way;
- If the respondent indicated that they were visiting the area primarily for other reasons, none of their expenditure was attributed to the site.

The impacts of visitor expenditures on employment and GVA can be assessed by using standard multipliers. The two main economic models used to assess the local economic impacts of tourism spending in the UK are the Cambridge and STEAM models. Local authorities, regional tourist boards and RDAs periodically commission studies of the volume, value and impact of tourism at the local level using one of these two models.

Table 3.3 summarises the results of some recent studies based on these two models.

Table 3.3: Local Studies of Economic Impact of Tourism

Area	Year	Model	Visitor Spend (£m)	Jobs Actual	FTE	Spend/Job £ per FTE	Spend/Job 2007 prices £ per FT
Shropshire	2005	C	561	15691	11497	£48,795	£51,723
Oxford	2005	C	568	13643	9917	£57,275	£60,712
Tunbridge Wells	2006	C	184	3938	2879	£63,911	£65,828
Stoke on Trent	2003	C	135	3936	2871	£47,022	£52,194
Ipswich	2006	C	140	3361	2478	£56,497	£58,192
Ryedale	2006	C	121		2394	£50,543	£52,059
Carmarthenshire	2006	S	252		5355	£47,059	£48,471

The figures indicate that average visitor expenditure of between £48,000 and £65,000 is required to support 1 FTE job at the local level, with a simple arithmetic average of £55,000 per FTE.

Less evidence is available of the impacts of tourism expenditure at the regional level. However:

- The SW Regional accounts indicate that each £1m of tourism spending can be expected to increase employment by 19.2 FTE jobs and GVA by £0.57 million, taking account of direct, indirect and induced effects. This suggests that tourism spend of £52,000 is required to support 1 FTE job and that each £1 of spending increases regional GVA by £0.57.
- The Scottish Input Output Tables for 2004 indicate that each £1m of turnover in the Hotels/Pubs/Catering sector supports 36.3 FTE jobs and GVA of £1.0 million, taking account of direct, indirect and induced effects.

Based on the above, the following multipliers can be used to assess the impact of visitor spending, taking account of direct, indirect and induced effects:

- At the local level, expenditure of £55,000 is required to support 1 FTE job, while each £1 of expenditure enhances local GVA by £0.50;
- At the regional level, expenditure of £40,000 is required to support 1 FTE job, while each £1 of expenditure enhances local GVA by £0.70.

3.6 Assessing Ongoing Impacts of HLF Projects

Expenditures in the operation of HLF funded assets can also support ongoing impacts on local economies. Though HLF expenditure is time limited, it supports capital investment that may then facilitate a greater level of ongoing activity, with ongoing impacts on the local economy. In some of the case studies HLF investment was followed by a step change in activity of the organisations involved, resulting in an ongoing increase in employment and expenditures.

In these cases, project funding, to which HLF contributed, was a necessary but not sufficient condition for the increased ongoing economic impacts achieved. It would be misleading to argue that increased ongoing employment and expenditure at each site is solely the result of the project funded by HLF and partners, since it depends crucially on the ongoing management of the facility. However, it may be the case that, without the HLF funded project, current levels of activity would not be achieved.

In each case, therefore, GHK examined the ongoing employment and expenditures associated with the case study sites, and identified any change that has followed from the project. Where the HLF funded project is identified as having impacted on ongoing operations, it is treated as having facilitated or supported the resulting change in economic impacts.

Ongoing impacts are expressed in terms of full time equivalent (FTE) jobs and annual expenditures and GVA.

3.7 Assessing the Additionality of Impacts

A number of factors can influence the impact of expenditures on local economies. These include:

- **Deadweight** – the extent to which projects would have proceeded even in the absence of grant funding;
- **Displacement** – the extent to which the impacts of expenditures are offset by reductions in activity elsewhere in the economy, for example where an HLF funded project discourages investment in another similar project;
- **Substitution** – the extent to which the availability of grant funding causes the recipient to substitute one activity for another one;
- **Economic Leakage** – the extent to which expenditure leaks out of the local economy and therefore benefits other areas outside the study area.
- **Economic Multipliers** – the extent to which suppliers and employees re-spend money locally, thus supporting additional activity in the local economy.

As a result the net impact of the expenditure on the local economy is likely to differ from the gross effect. The study has therefore sought to distinguish

between the gross and the net effects of project expenditures, and to quantify these as far as possible, drawing on guidelines provided by English Partnerships' *Additionality Guide* and the HM Treasury *Green Book*.

The relationship between the gross outputs and net impacts of economic development activity has come under increasing scrutiny by the RDAs and other economic development interests, so is an important component of the study.

Economic leakages and multipliers form an integral part of the economic analysis. They are addressed by identifying the proportion of project expenditures that benefit local and regional firms, and estimating the impacts on local and regional economies by using appropriate multipliers. These multipliers aim to reflect the degree to which money circulates within, and leaks from, local and regional economies – with leakage being a key factor in determining the size of the multiplier.

The issue of deadweight was addressed through the project interviews, by questioning partners about the likely consequences of the project not being funded. Issues of displacement and substitution were also considered through targeted questioning of beneficiaries and stakeholders.

For each case study, an analysis of the gross impacts of the project on local and regional employment and GVA is followed by a discussion of the likely net effects, taking account of issues of deadweight, displacement and substitution.

3.8 Defining the Local and Regional Economies

The size and structure of the local economy varies from one HLF project to another, depending on its location. This can be expected to affect the economic impact of the project. In general, projects located within urban areas can be expected to be close to larger numbers of suppliers and workers and therefore have greater impacts on the economy of their immediate local area, whereas the impacts of projects in more rural areas can be expected to be more dispersed.

The English Partnerships *Additionality Guide* states that the 'local area' is often considered to be within the relevant travel to work area, or if this is not appropriate then a 10-15 mile radius of the site concerned, with the precise delineation to depend on the density of the settlement pattern in relation to the location of people and business activity.

For the purposes of this study, the local economy is defined as including an area within a 10 mile radius of the site of the project. It should be noted that this definition means that the local economy will vary significantly in size (overall employment, GVA and number of businesses) from one project to another.

The study also considered impacts on a wider “regional” economy. Because administrative regions also vary in size and structure, and since projects may be located on the borders of two or more regions, this definition is not based on standard administrative regions but includes all areas within a 50 mile radius of the site.

3.9 Assessing the Economic Impacts of HLF Projects – A Worked Example

The Time and Space project involved total expenditures of £16,940,427. Of these, direct salaries amounted to £141,200 and purchased goods and services a further £16,799,227.

The salaries supported 3.5 job years of work by various staff members working on the project over its duration of three years. The salaries provide a measure of the value of the work completed by these individuals and the income received by them, and hence the direct contribution to local GVA.

Out of the expenditure on purchased goods and services, a total of £8,275,121 was spent locally (within 10 miles of the site) and a further £4,288,747 in the wider “region” more than 10 miles but less than 50 miles from the site. This spending directly boosted the turnover of the suppliers to the project. The effect on employment and GVA among these suppliers is estimated using standard ratios of £90,000 gross output per full time equivalent job and £0.50 GVA per £1 of gross output (from the review in Section 3.4). The latter reflects the fact that a proportion of suppliers’ gross output comprises the purchase of goods and services from other firms. In this case it is assumed that 50% of gross output is made up of purchased goods and services and 50% value added (wages, salaries and profits). Using these ratios we estimate that the expenditure by the project supports employment of 92 FTE jobs and GVA of £4.1 million among suppliers situated in the local economy, while adding additional spending in the region gives an estimate of regional (including local) employment of 140 FTE jobs and GVA of £6.2 million.

Indirect and induced effects resulting from the impact of supplier and employee expenditures are estimated by applying multipliers to estimates of direct employment and GVA among the project and direct supplier businesses. An indirect and induced multiplier of 0.2 is used at the local level and 0.6 at the regional level (where a greater proportion of spending is retained in the local economy, see Section 3.4). On this basis indirect and induced employment is estimated to total 19 job years locally [$0.2 \times (3.5+92)$] and 86 job years [$0.6 \times (3.5+140)$] in the region, while indirect and induced GVA is estimated at £856,000 locally [$0.2 \times (£141,000 + £4.1 \text{ million})$] and £3.8 million [$0.6 \times (£141,000+£6.2 \text{ million})$] in the region.

Based on existing evidence from the Greenwich visitor survey 2004-2007, we estimate that a total of 101,000 non-local overnight visitors spend an average of £100 in the local area during the course of their visit, and that the remaining 149,000 visitors (including day visitors) spend on average of £10 off-site in the

local area. However, as with other sites, it is likely that many of the staying visitors, a large proportion of whom are from overseas, would spend money locally irrespective of their visit to the site. The results from other sites suggest that 50% of recorded local expenditures can be attributed to the site itself; adopting this assumption we estimate that average expenditures of £50 for each staying visitor can be attributed to the site. On this basis the project is estimated to attract additional annual expenditures of £5.05 million from staying visitors and £1.49 million from day-trippers annually. This brings the total tourism expenditure in the local economy attributable to the project to £6.54 million per annum.

Visitor impacts can be calculated assuming that £55,000 of visitor spending is required to support 1 FTE job at the local level and £40,000 is required to support 1 FTE job at the regional level. This suggests that the Time and Space project additional visitor spending has so far supported additional visitor related employment of 119 FTE jobs at the local level and 127 jobs at the regional level and GVA of £3.3 million and £3.6 million respectively.

The total impact on local and regional employment and GVA is estimated by summing the above direct employment, direct supplier, indirect and induced effects.

3.10 Qualitative Effects

The study was concerned not just with the overall quantity of employment, training and economic activity that result from HLF funded projects, but also with their quality. In many areas successful economic development and regeneration are dependent not just on the creation of new jobs, but especially on the development of new, higher quality employment opportunities. Key factors include the level of wages and salaries, skills levels, provision of training, opportunities for career development, level of social interaction, levels of staff turnover, and the degree to which jobs meet personal aspirations and provide fulfilment to those who fill them. The case studies demonstrate that HLF projects can also play a key role by providing facilities that enhance the working lives of employees. GHK sought to interview individual members of staff as far as possible in the course of the site visits, to enable these qualitative aspects of employment to be assessed.

Equally important is the dynamic role that HLF can play in raising the skill levels of the workforce and promoting the overall quality of heritage activity, by supporting training and skills development within the projects it funds. The study sought to quantify training expenditures, numbers and types of training places, and any resulting qualifications, as well as exploring more qualitative aspects of this training.

3.11 Financial Sustainability

A condition of HLF funding is usually that projects are able to demonstrate that they will be financially sustainable after completion of the project phase, and

projects are required to provide appropriate business plans and other documentation to demonstrate that this is the case. Financial sustainability is critical in ensuring that the heritage benefits provided by HLF's investment are sustained into the future, and that the funded assets are maintained over time and remain accessible to the public. It is also important in determining the economic impact of the projects and their ability to provide employment and incomes for people over time.

HLF wishes to assess the extent to which the case study projects are financially sustainable, and to understand the reasons for any financial problems encountered. The case studies have included a critical appraisal of financial sustainability issues by examining financial accounts and comparing visitor numbers, revenues and costs with business plan forecasts. They also examine financial planning, appraisal and monitoring methods and assess whether there are grounds for improving these in order to enhance the financial sustainability of projects.

The following sections summarise the identified impacts from the case study projects and draw general conclusions from the study.

4 ECONOMIC IMPACTS OF PROJECT EXPENDITURE

4.1 Measuring Impacts

As with the 2007 work, the research has found that it is possible to estimate the economic, employment and training impacts of HLF projects, using a combination of HLF records and interviews with project partners. Documentary records are most useful for assessing the quantitative impacts of project expenditures, while interviews with the projects helped to obtain information about the qualitative aspects of employment and training, additionality and ongoing impacts. The face-to-face interviews have enabled more detailed and qualitative information to be obtained, and have helped to bring the figures to life by describing the personal experiences of employees and stakeholders.

As in 2007, some efforts were made to track project expenditures by interviewing the largest suppliers to the projects. As in 2007, this proved to be a time consuming process with limited rewards. Therefore the economic analysis has been based on the application of standard multipliers and assumptions to measure indirect and induced effects. Where information could be found from suppliers, this generally supported the multipliers used and lent confidence to the methodological approach.

4.2 Summary of Project Expenditures

The 20 case study projects involved total expenditure of £140 million, of which HLF grants amounted to £84 million, an overall average of 60%

Some 94% of overall project expenditures were on purchased goods and services, such as building work, professional fees and materials (Table 4.1). Only a small minority of budgets were allocated to direct staffing, volunteer inputs and training costs.

The figures demonstrate some variations in the way that projects spend money. In all but two case study projects, the largest part of the budget was spent on purchased goods and services. The exceptions were Blean Woods and Home Farm Marsh, two nature conservation projects where the largest part of the budget was spent on land purchase. Six projects allocated a budget for direct staffing, with the Kelvingrove and Dockland Museum projects allocating more than £1 million for this.

Volunteer inputs were significant in the Herts and Middlesex Wildlife Trust, Lord Nelson Steam Locomotive, Harris and Pearson Office Building and Rotherham Churches projects.

This follows a similar pattern to that found in the 2006 and 2007 work, which noted that projects dominated by the construction and restoration of buildings tend to rely almost exclusively on purchased goods and services, whereas projects involving the restoration of nature reserves, museum collections and gardens are more likely to involve direct staff and volunteer inputs.

Table 4.1: Breakdown of Expenditure by Item (£)

	Purchased goods and services	Staff costs	Volunteer inputs	Training	Land Purchase	Unallocated
Blean Woods	£0	£0	£0	£0	£1,553,100	
Broughton House	£1,941,219	£72,000	£0	£0	£0	
Cromer Museum	£502,320	£49,680	£0	£0	£0	
Croome Park	£3,407,581	£0	£0	£0	£1,550,000	
Divided World Connected World	£11,479,231	£0	£0	£0		
The Grange Ramsgate	£2,324,569	£0	£0	£0		
Harris & Pearson Office Building	£786,103	£0	£29,105	£0	£0	
Herts & Middlesex Wildlife Trust	£361,245	£329,440	£129,777	£0	£0	
Home Farm Marsh	£35,230	£0	£0	£0	£332,000	
Kelvingrove Museum	£21,664,255	£1,777,354	£0	£0	£0	
Lincoln Arboretum	£2,871,314	£0	£0	£0	£0	
London Coliseum	£14,149,858	£0	£0	£0	£0	
Lord Nelson Steam Locomotive	£403,911	£0	Unquantified	£0	£0	
Museum in Docklands	£16,973,723	£1,007,319	£0	£0	£0	
New Devon Record Office	£3,789,028	£0	£0	£4,000	£0	
Rotherham Churches	£85,528	£195,328	£71,440	£2,508	£14,218	£19,500
St. George's Hall	£23,016,264	£0	£0	£0	£0	
St George's Market	£3,141,400	£0	£0	£0	£0	
St. Mary's Church	£572,946	£0	£0	£0	£0	
Time and Space	£16,799,227	£141,200	£0	£0	£0	
Total	£124,304,952	£3,572,321	£230,322	£6,508	£3,449,318	£19,500
% of total spend	94%	3%	0%	0%	3%	0%

4.3 Local and Regional Sourcing

Table 4.2 provides a breakdown of expenditures on purchased goods and services by the location of suppliers. Across the twenty projects, 45% of goods and services were sourced from the local area (defined as a 10 mile radius), a further 26% from the “regional” economy (defined as a 50 mile radius) and 27% from suppliers more than 50 miles away.

Table 4.2: Expenditure on Purchased Goods and Services by Location of Supplier

	Total	local (<10m)	Regional (10-50m)	National (>50m)	Unknown
Blean Woods	£0	-	-	-	-
Broughton House	£1,941,219	2%	71%	21%	6%
Cromer Museum	£502,320	9%	90%	1%	0%
Croome Park	£3,407,581	17%	69%	14%	0%
Divided World Connected World	£11,479,231	0%	77%	22%	0%
The Grange Ramsgate	£2,324,569	3%	75%	21%	1%
Harris & Pearson Office Building	£786,103	92%	5%	2%	0%
Herts & Middlesex Wildlife Trust	£361,245	20%	33%	47%	0%
Home Farm Marsh	£35,230	72%	23%	5%	0%
Kelvingrove Museum	£21,664,254	61%	0%	39%	0%
Lincoln Arboretum	£2,871,314	9%	0%	91%	0%
London Coliseum	£14,149,858	62%	20%	18%	0%
Lord Nelson Steam Locomotive	£403,911	4%	19%	77%	0%
Museum in Docklands	£16,973,723	62%	27%	0%	11%
New Devon Record Office	£3,789,028	96%	1%	2%	0%
Rotherham Churches	£85,528	70%	0%	11%	18%
St. George's Hall	£23,016,264	75%	2%	22%	1%
St George's Market	£3,141,400	100%	0%	0%	0%
St. Mary's Church	£572,946	1%	5%	94%	0%
Time and Space	£16,799,227	49%	26%	21%	4%
Total	£124,304,952	45%	26%	27%	2%

The case studies reveal striking variations in the degree of local sourcing. Key factors determining the degree to which goods and services are sourced locally are:

- The structure of the local economy. Projects in more urban areas (e.g. Time and Space, St. Georges Hall, St George's Market, Harris & Pearson Office Building, London Coliseum) have a much larger local economy from which goods and services can be procured than more rural areas (e.g. Broughton House, Croome Park, Divided World Connected World, St. Mary's Church Haverfordwest, Cromer Museum).
- The location of the lead contractor. For most projects a large proportion of overall expenditures benefit a single lead contractor, and the location of this contractor determines where the money is spent (e.g. Broughton House, Divided World Connected World, Harris & Pearson Building, Lord Nelson, St. Georges Hall, New Devon Record Office, the Grange Ramsgate). In contrast, the Herts & Middlesex Wildlife Trust Capital Works and London Coliseum projects involved widely dispersed expenditures benefiting a multitude of firms.
- The procurement policies of the organisations concerned. Some projects (e.g. Broughton House, Rotherham Churches, Herts & Middlesex Wildlife Trust) made a conscious effort to use local contractors where possible.
- The local availability of the goods and services required. For some projects, specialist goods and services were needed (e.g. specialist restoration work, technology, equipment, engineering and scientific services), which could not be sourced locally. For most projects these specialist expenditures only accounted for a small proportion of the total. Notable exceptions were St. Mary's Church, Lincoln Arboretum and the Lord Nelson Steam Locomotive project, which sourced most of the goods and services required from firms more than 50 miles away. For St Mary's Church this included specialist surveying services, and building materials such as oak beams and sand. Much of the spending on the Lincoln Arboretum project involved specialist stone masonry, and on Lord Nelson specialist boiler making work.

For St George's Hall, the first phase of the project was dominated by construction work to renovate the main fabric of the building, and was undertaken by a single local contractor; the second phase was concerned with the detailed restoration of the interior and involved a wider range of contractors from a wide range of locations, many of them specialists in particular aspects of conservation. At Croome Park, specialist firms were engaged in the restoration of statues and ironwork. Herts and Middlesex Wildlife Trust used local contractors such as tree surgeons where possible, sourcing specialist goods and services such as hides and signage from national firms.

4.4 Economic and Employment Impacts of Projects

Tables 4.3 to 4.6 summarise the estimated impacts of project expenditures on employment and Gross Value Added. The estimates refer to the impacts of project expenditures as a whole, not just the HLF-funded expenditure.

The overall estimates of the impact of the 20 case study projects are as follows:

Employment:

- Direct employment – projects supported 172 job years of work in local and regional economies.
- Supplier employment – project expenditures supported 734 job years of work among direct local suppliers and 1,049 job years in wider regional economies.
- Indirect and induced effects – supplier and employee expenditures were estimated to support 183 job years of work in local and 733 job years in regional economies.
- Total employment – combining the above impacts, project expenditures were estimated to support 1,099 job years of work in local and 1,954 job years in regional economies.

Gross Value Added:

- GVA associated with direct employment – expenditures were estimated to fund wages and salaries totalling £4.4 million in local and regional economies.
- Supplier GVA – the gross value added by direct supplier firms was estimated to total £33 million in local and £47 million in regional economies.
- Indirect and induced effects – supplier and employee expenditures were estimated to support further GVA totalling £8 million in local and £31 million in regional economies.
- Total GVA – combining the above, the overall effect on GVA was estimated at £45 million in local and £83 million in regional economies.

In all we estimate that expenditures on the 20 case study projects supported a total of 1,099 job years of work in their local economies and 1,954 job years within a 50 mile radius. The contribution to GVA is estimated at £45 million locally and £83 million regionally. Thus the regional impact is estimated to be 80% larger than the local impact. This reflects the fact that a greater

proportion of money is spent in the wider regional economy, as well as the larger multipliers for indirect and induced effects.

Table 4.3: Summary of Direct Employment and Associated GVA

	Employment		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	0.0	0.0	0	0
Broughton House	2.0	2.0	72	72
Cromer Museum	1.6	1.6	50	50
Croome Park	42.0	42.0	840	840
Divided World Connected World	0.0	0.0	0	0
The Grange Ramsgate	0.0	0.0	0	0
Harris & Pearson Office Building	0.0	0.0	0	0
Herts & Middlesex Wildlife Trust	10.0	10.0	329	329
Home Farm Marsh	0.0	0.0	0	0
Kelvingrove Museum	67.8	67.8	1,777	1,777
Lincoln Arboretum	0.0	0.0	0	0
London Coliseum	0.0	0.0	0	0
Lord Nelson Steam Locomotive	0.0	0.0	0	0
Museum in Docklands	37.0	37.0	1,007	1,007
New Devon Record Office	0.0	0.0	0	0
Rotherham Churches	8.4	8.4	210	210
St. George's Hall	0.0	0.0	0	0
St George's Market	0.0	0.0	0	0
St. Mary's Church	0.0	0.0	0	0
Time and Space	3.5	3.5	141	141
Total	172.3	172.3	4,427	4,427

Table 4.4: Summary of Estimated Employment and GVA among Direct Suppliers

	Employment		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	0.0	0.0	1	1
Broughton House	0.4	16.8	19	755
Cromer Museum	0.5	5.5	23	249
Croome Park	6.3	32.6	285	1,468
Divided World Connected World	0.2	98.7	9	4,440
The Grange Ramsgate	0.7	20.2	33	909
Harris & Pearson Office Building	8.1	8.5	364	384
Herts & Middlesex Wildlife Trust	0.8	2.1	37	96
Home Farm Marsh	0.3	0.4	13	17
Kelvingrove Museum	146.9	147.3	6,609	6,628
Lincoln Arboretum	3.0	3.0	134	134
London Coliseum	97.9	129.5	4,407	5,826
Lord Nelson Steam Locomotive	0.2	1.0	8	47
Museum in Docklands	117.7	168.4	5,295	7,579
New Devon Record Office	40.7	41.2	1,830	1,852
Rotherham Churches	0.8	0.8	38	38
St. George's Hall	191.7	198.0	8,627	8,909
St George's Market	34.9	34.9	1,571	1,571
St. Mary's Church	0.1	0.4	2	17
Time and Space	91.9	139.6	4,138	6,282
Total	743.1	1,048.9	33,440	47,200

Table 4.5: Summary of Indirect and Induced Employment and GVA

	Employment		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	0.0	0.0	0	0
Broughton House	0.5	11.3	18	496
Cromer Museum	0.4	4.3	14	179
Croome Park	9.7	44.8	225	1,385
Divided World Connected World	0.0	59.2	2	2,664
The Grange Ramsgate	0.1	12.1	7	545
Harris & Pearson Office Building	1.6	5.1	73	230
Herts & Middlesex Wildlife Trust	2.2	7.3	73	256
Home Farm Marsh	0.1	0.2	3	10
Kelvingrove Museum	42.9	129.1	1,677	5,043
Lincoln Arboretum	0.6	1.8	27	81
London Coliseum	19.6	77.7	881	3,496
Lord Nelson Steam Locomotive	0.0	0.6	2	28
Museum in Docklands	30.9	123.3	1,261	5,152
New Devon Record Office	8.1	24.7	366	1,111
Rotherham Churches	1.8	5.5	49	148
St. George's Hall	38.3	118.8	1,725	5,346
St George's Market	7.0	20.9	314	942
St. Mary's Church	0.0	0.2	0	10
Time and Space	19.1	85.9	856	3,854
Total	183.1	732.7	7,573	30,976

Table 4.6: Summary of Total Employment and GVA arising from Project Expenditures

	Employment		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	0.0	0.0	1	1
Broughton House	2.9	30.0	109	1323
Cromer Museum	2.5	11.4	87	477
Croome Park	58.0	119.4	1,350	3,693
Divided World Connected World	0.3	157.9	11	7,104
The Grange Ramsgate	0.9	32.3	39	1,454
Harris & Pearson Office Building	9.7	13.7	436	614
Herts & Middlesex Wildlife Trust	13.0	19.4	440	681
Home Farm Marsh	0.3	0.6	15	27
Kelvingrove Museum	257.6	344.1	10,054	13,449
Lincoln Arboretum	3.6	4.8	161	215
London Coliseum	117.5	207.1	5,288	9,322
Lord Nelson Steam Locomotive	0.2	1.7	9	74
Museum in Docklands	185.6	328.7	7,563	13,738
New Devon Record Office	48.8	65.9	2,196	2,964
Rotherham Churches	11.1	14.8	297	396
St. George's Hall	230.1	316.8	10,352	14,255
St George's Market	41.9	55.8	1,885	2513
St. Mary's Church	0.1	0.6	3	27
Time and Space	114.5	229	5135	10,277
Total	1,098.5	1,953.9	45,440	82,603

Overall expenditure for the 20 projects totalled some £140 million, suggesting that just over 40% is lost as a net leakage from regional economies through the purchase of goods and services from other regions. This compares to an estimated net leakage of just over one third from the HLF projects examined in 2006 and 2007. The higher levels of overall leakage reflect the relatively high levels of expenditures that benefited non regional suppliers among the projects examined, and the inclusion of two land purchase projects, from which there was no or an uncertain impact on the regional economy.

Money leaks from the regional economy when the project and its suppliers and employees spend money on goods and services sourced from other regions and countries. Even when a large proportion of spending benefits local firms, there may be substantial levels of leakage when those companies source goods and services or employ people from outside the region.

4.5 Additionality of Impacts

The above estimates refer to the gross impacts of HLF projects. The net impacts might be expected to be lower than this, as a result of deadweight, displacement and substitution effects. Attempts were made to explore the significance of these effects in the case studies. In most cases no evidence was found to suggest that the net impacts of the projects were likely to be significantly lower than the gross impacts. In relation to specific aspects of additionality:

Deadweight – In most cases it was claimed that deadweight was minimal. Interviewees told us that 15 of the 20 projects (Broughton House, Cromer, Croome Park, Harris & Pearson Office Building, Home Farm Marsh, Kelvingrove Museum, Lincoln Arboretum, Lord Nelson, Museum in Docklands, St. George’s Hall, RAF Cosford, Rotherham Churches, St George’s Market, St. Mary’s Church, Grange Ramsgate and New Devon Records Office) would simply not have taken place without HLF funding, since no other funding was available on the scale required. In most cases, the match funding from other sources would not have been possible without HLF monies.

For a further three (London Coliseum, Blean Woods and Time and Space) it was considered that, without HLF funding, a scaled down version of the original project plan would have taken place, while HLF allowed a more substantial project to be funded which provided much greater benefits. Herts and Middlesex Wildlife Trust told us that, without HLF funding, the reserves programme and the associated improvements to the organisation’s capacity would have taken longer to achieve.

In the case of Blean Woods, Croome Park, Home Farm Marsh, St George’s Market and St. George’s Hall, there was concern that, in the absence of HLF funding, the sites might have undergone an alternative form of redevelopment less sympathetic to the heritage asset.

Displacement – It is conceivable that HLF projects have the effect of reducing activity elsewhere in the local or regional economy, by discouraging potentially competing projects from taking place. For example, support for one visitor attraction might discourage investment in another potential development nearby, if this was seen to be competing for the same market. However, none of the case studies identified any direct evidence of displacement. This is perhaps not surprising, given that displacement is external to the projects themselves and therefore unlikely to be obvious to them. However, there are also strong reasons for suggesting that displacement is unlikely to be significant for HLF projects, since they tend to be driven primarily by heritage rather than commercial considerations. Restoration of a building or natural heritage asset should not discourage a similar project which itself has a strong need and rationale. It may even have a positive effect where this encourages the development of clusters of natural or built heritage attractions in a particular area. Thus while there may be competition between potential projects for

funding, it is likely that HLF projects will rarely actually reduce the prospects of other developments taking place.

One example in which displacement is likely to have taken place is St George's Market in Belfast. Though there is no other competing market, safeguarding the future of the site and encouraging its development will inevitably have had some impact on other retail businesses or potential developments in the area.

Attractions that are free of charge, such as RAF Cosford, claim to have actually helped other sites in the region by providing a greater footfall of visitors and information on 'key attractions' in the region.

Substitution – This refers to a situation where a project substitutes one form of economic activity for another in order to gain funding. This was not found to have occurred in any of the 20 case study projects, which generally supported additional activity rather than replacing one form of activity for another.

Economic Leakage and Multiplier Effects – Economic leakage and multiplier effects have been found to be significant, and are addressed by the core methodology specified above.

Leverage – In most cases HLF funding was found to have the effect of levering in resources from other sources. HLF provided 60% of the funding required by the 20 projects, with this proportion varying between 40% and 78% in individual cases. As a result HLF provided a substantial core funding source which helped to attract funding from other organisations. Leverage is closely linked to deadweight – in most cases HLF funding was seen as key to assembling a funding package that allowed the project to proceed – and in only three of the projects did interviewees concede that the project might have been possible without the HLF component. Thus the overall estimated economic impact in each case is significantly greater than that which would have been possible with HLF funding alone.

5 SKILLS, TRAINING AND EMPLOYMENT IMPACTS OF THE PROJECTS

5.1 Training

Only two of the projects recorded expenditures on training:

- Rotherham Churches - £2,508 covered training in accountancy, book-keeping and accredited “welcome host” training;
- New Devon Records Office - £4,000 was spent on training on how to use the archive systems.

However, most of the projects involved some training or learning for project staff, volunteers or contractors:

- Broughton House - Volunteers received training from the specialist conservators so that they could perform tasks to the required standards (e.g. packing books and textiles).
- Cromer Museum – Project manager training was provided to the two project management staff.
- Croome Park – Training was provided to project staff in a wide variety of skills, and funded from the National Trust’s regional training budget.
- The Grange Ramsgate - Five apprentices were employed as a direct result of the project, in carpentry and bricklaying.
- Harris & Pearson Office Building – Some training was provided to volunteers in hosting visitors on open days, in the building’s history, and in general health and safety issues.
- Herts and Middlesex Wildlife Trust – The Project Officer and Volunteer Development Officer both underwent significant training as part of their role, and extensive training was provided to volunteers.
- Home Farm Marsh – some training was provided to volunteers, but no details are available.
- Lord Nelson Steam Locomotive – Volunteers, some of whom were qualified engineers, provided on-the-job training for each other.
- New Devon Records Office - Training was built into the IT component of the project of which some funding (£4,000) was allocated from the HLF funds. Roughly eight people from the Record Office and one staff

member from the Council's Conservation department were involved in training for specialist archive equipment.

5.2 Specialist Skills

Some of the projects created demand for specialist heritage services. These included:

- Broughton House - Specialist skills were required for the building works, giving the stonemasons the opportunity to use for the first time the traditional lime-wash technique. This has equipped the firm with expertise and skills which it has used to win other work and increase its business.
- Croome Park – specialist surveying work, restoration of Coade Stonework and ironwork;
- The Grange, Ramsgate – supply of wallpaper, furniture, roof slates and other period features;
- Herts and Middlesex Wildlife Trust – tree surgery, provision of hides, signage, ecological consultancy and landscape architecture;
- Home Farm Marsh – ecological consultancy and land management services;
- Kelvingrove Museum – the project required contractors to apply novel and specialist processes for the cleaning of internal stonework (using the Arte Mundit method) and the creation of flooring in the basement (through the polished concrete technique);
- Lincoln Arboretum – stone masonry and restoration;
- London Coliseum - decorative plaster work, restoration of the glass in the dome, and restoration of the external terracotta. The terracotta had to be supplied by one of only two companies nationally;
- Lord Nelson Steam Locomotive – specialist boiler making services;
- St. Mary's Church – a small amount of money was spent on an Archaeologist report, which can now be used for exhibitions and displays about the church and its historical importance. The project required specialist paints and oak beams sourced from English forests;
- St. George's Hall - specialist paintwork and work on the chandeliers, gilding, stonework restoration, bronze doors and concert organs.

As in the 2006 and 2007 work, we found little evidence of local heritage skills clusters. Specialist heritage services were more likely than more general goods and services to be sourced from outside the local economy, and most examples therefore involved projects supporting the national demand for heritage services and skills.

5.3 Qualitative Aspects of Employment

The case studies collected information about the qualitative aspects of the employment generated by the projects, including the experiences of employees and the effects on the working environment.

Given the diversity of tasks involved, it is difficult to generalise about the nature and quality of employment supported by the projects. However, as in 2006 and 2007, we found that many interviewees commented positively on their employment experiences, and that projects generally gave rise to high levels of job satisfaction.

Examples of these qualitative aspects are as follows:

- Cromer Museum – The project manager felt a great sense of satisfaction from seeing the project through from inception to completion and found that securing the future and continuing success of the Museum particularly gratifying. Participation in the project also enabled her to progress to her current position as a Museum Development Officer for Derbyshire.
- Divided World Connected World, RAF Cosford - According to the final audit report in 2007, the project was deemed as a model of good project management. The project manager described working on the project as a “thoroughly enjoyable and rewarding experience”.
- The Grange, Ramsgate - Staff turnover has been very low, as with most Landmark Trust properties, although recruitment can be difficult, as it is important to find cleaners and gardeners who are willing to take great pride in the building.
- Harris and Pearson Office Building – The occupiers of the building commented that it gave the company some caché, since it was beautifully restored and locally well known. The restoration project attracted local people to take a look and see what had been done.
- Herts and Middlesex Wildlife Trust – The project led to a step change in the Trust’s approach to planning its work, and the role of staff, volunteers and contractors. It has significantly strengthened the infrastructure to support volunteering. It had a significant positive impact on the careers of the project staff employed, who have proceeded to other positions in the conservation sector. Improved visitor facilities have also helped to improve the working environment for the Trust’s staff and volunteers.
- Lord Nelson Steam Locomotive - The restoration work had to be carried out to a high standard, to match the very high quality of the original engineering. As a result the quality of craftsmanship learned by volunteers was very high.

- New Devon Record Office – The archivists found it a rewarding experience and learnt a great deal from the project. The movement of the Record Office has resulted in improved working conditions for employees of the Archives and other Council staff.
- Rotherham Churches - There was a very high degree of job satisfaction among all three members of the project management team, and they have all decided to continue working for the Rotherham Churches. The employees now work for *Heritage Inspired*, a project funded by an additional HLF grant to continue the previous work of the Rotherham Churches Tourism Initiative II.
- St. George's Hall – The architect commented that the work was very labour intensive and some of the technologies were groundbreaking, so that the project was a big learning curve. The huge number of applicants for posts at the newly refurbished hall is evidence of the romance and prestige of the building.
- St George's Market – The project safeguarded the family heritage as well as the livelihoods of traders, many of whom come from families trading in the market for generations. The newly refurbished market has won many awards, bringing pride to those working there.
- St Mary's Church – The restoration was a complete project and some aspects were really interesting, such that the builders and labourers would have learned new skills on the job. A strong team spirit developed between volunteers and contractors during the project, and there was considerable interest from local people. This led to considerable job satisfaction among all those involved, both paid and unpaid.
- Time and Space – The project created employment for skilled project management staff, while most of the new employment in operating the funded asset has been for relatively lowly paid gallery assistants. The Museum works closely with Remploy and the Shaw Trust to provide employment opportunities for people who are disadvantaged in the labour market due to disability, ill health or other social circumstances.

5.4 Volunteering

Volunteers played a key role in many of the case study projects.

- Broughton House - Around 15 local residents – mainly members of the Hornell Society and Trust – volunteered their time to help with the conservation work. They received training so that they could perform tasks to the required standards. Most volunteers worked full-time during the 6 month conservation stage, contributing a total of approximately 7.5 job years of work.

- Cromer Museum - While volunteers were used throughout the course of the project, this was not accurately recorded as they were not claimed as a financial contribution to the project.
- Croome Park - Volunteer labour has been used substantially throughout the project. The HLF monitor's report mentioned that the amount of work undertaken by the volunteers was notable and led to considerable cost savings, as well as achieving buy in from the local community. Nearly 14,000 volunteer hours were recorded over four years between 2002 and 2006.
- Divided World Connected World - Around 300 volunteers were involved in preparation of the aircraft, various displays and on-site conservation centre. At least 20 volunteers worked on Tuesdays, Thursdays and Sundays for an average of 4 hours a day equating to 240 work hours a week.
- Harris and Pearson Office Building - The Trust is a volunteer-run organisation with no permanent paid staff. With the exception of the project manager, the Trust's regular on-site involvement consisted entirely of volunteer contributions. In the pre-restoration period, their involvement included supporting open days to talk about the history of the building, work parties to improve the appearance of the site, and talks in the community. During the renovations the open days continued. Volunteers were also involved in organising the opening celebration and developing an information package to be distributed to local schools. Overall, during the renovation period, 42 people were involved as volunteers.
- Herts and Middlesex Wildlife Trust - Through the post of Volunteer Development Officer, the project has allowed the Trust to develop a volunteer policy and process to ensure better recruitment, management and development of volunteers; significantly increase active volunteer participation, establish volunteer wardens and regular work parties at all 12 reserves; provide training and development opportunities for volunteers, through the annual Volunteer Forum, the production of the Warden's Manual and the annual training programme for conservation management skills; and provide equipment to support practical work.
- Home Farm Marsh - The Gaia Trust was fortunate to have a bank of knowledgeable volunteers to take responsibility as wardens for the site. During the project stage, the volunteers helped to welcome visitors and to undertake recording and conservation work. In addition, the volunteers have undertaken coppicing of the tamarisk hedges on the marsh. HLF records indicated there was a bank of 14 volunteers and three junior volunteers in 2005.
- Lord Nelson Steam Locomotive - The majority of the work was conducted by volunteers, who jointly contributed approximately 15 job years of work to the project. There was considerable diversity amongst

volunteers, ranging from fully qualified railway engineers to white collar workers with an interest in locomotives.

- Rotherham Churches - A large part of the project included volunteer participation, through which the Initiative worked with more than 500 volunteers. They were a significant contribution to the project, and volunteer time was valued at £71,440, which is approximately 22% of total project expenditure. Most of the volunteers were local to Rotherham.
- St Mary's Church - 10-12 people were involved on a voluntary basis in various tasks including fundraising, project management, and budget management. Determination, persistence and tenacity have allowed the project volunteers to raise the funds required and to deliver a successful project.

Most of these sites continue to rely on volunteers on an ongoing basis. In addition, two sites have increased their volunteer inputs since completion of the project:

- Blean Woods - A significant involvement of volunteers is anticipated in the next stage of the project, involving the restoration and management of the site.
- Kelvingrove Museum – Volunteers are organised through the Friends of Glasgow Museums. These volunteers provide free guided tours to visitors as well contribute to the fundraising activities of the museum. There are currently 60 volunteers on the rota while 10 more people have applied. There is an established programme of training for volunteers whose knowledge of the artefacts and collections is updated through lectures.

6 ONGOING EFFECTS

6.1 Operational Impacts

The effects of HLF projects on the economic impacts of operation of the sites that have benefited from investment were more difficult to assess. Firstly, very little information was available from HLF files and it was necessary to collect this from the sites themselves. Secondly, there are difficulties in assessing whether operational effects can be attributed to the HLF project, recognising that an increase in economic impact over time is unlikely to be attributable to HLF funding alone. In most cases, the HLF project funded the provision of a capital asset. While the operation of that asset may involve enhanced levels of expenditure and employment, those in turn require ongoing funding from sources other than HLF.

The available evidence suggests that HLF projects can generate ongoing economic and employment impacts by:

- Safeguarding existing employment and economic activity by securing the future use of sites and buildings (Broughton House, St. George's Hall, St George's Market, Divided World Connected World).
- Increasing operational expenditures and employment in maintenance and operation of the enhanced or acquired site (Blean Woods, Broughton House, Kelvingrove Museum, Lincoln Arboretum, Museum in Docklands, New Devon Record Office, St.George's Hall).
- Increasing numbers of visitors by improving the facilities and experience provided, thus helping to enhance the sustainability of the site and to generate more employment in site and visitor management (Divided World Connected World, The Grange Ramsgate, Museum in Docklands, St George's Market, Time and Space).
- Contributing to wider local regeneration programmes (St. Mary's Church and Time and Space).

Table 6.1: Estimated Total Ongoing Operational Impacts

	Employment (FTE)		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	3.6	4.8	72	96
Broughton House	5.5	8.7	142	249
Cromer Museum	2.4	3.2	48	65
Croome Park	14.5	20.3	140	233
Divided World Connected World	41.3	57.5	484	750
The Grange Ramsgate	0.7	1.0	11	19
Harris & Pearson Office Building	-	-	-	-
Herts & Middlesex Wildlife Trust	-	-	-	-
Home Farm Marsh	-	-	-	-
Kelvingrove Museum	52.1	70	956	1297
Lincoln Arboretum	2.9	4.0	74	104
London Coliseum	-	-	-	-
Lord Nelson Steam Locomotive	-	-	-	-
Museum in Docklands	51.7	85.1	1598	2858
New Devon Record Office	3.0	4.1	76	103
Rotherham Churches	0	0	0	0
St. George's Hall	31.9	46.9	912	1414
St George's Market	68	93.6	1470	2092
St. Mary's Church	-	-	-	-
Time and Space	31.6	57.2	1242	2330
Total	309.3	456.5	7,244	11,632

In all it is estimated that operational impacts amount to the creation of 309 FTE jobs locally and 457 FTE jobs regionally across the 20 projects, contributing £7.2 million to local GVA and £11.6 million to regional GVA (Table 6.1).

It is difficult to assess to what extent this additional economic activity can be attributed to the HLF funding. While in each case it has followed from the investment and facilities provided by the HLF funded project, it is always dependent on ongoing funding from other sources. It follows that HLF funding is often a necessary but not sufficient condition for these ongoing economic impacts.

Those projects without ongoing economic impacts tended to be projects which did not lead to the creation of a major new capital asset. Most were relatively small. Examples include:

- Four restoration projects which safeguarded an asset without generating significant new economic activity (Harris and Pearson Office Building; London Coliseum; Lord Nelson Steam Locomotive; St Mary's Church).
- A time limited revenue project not creating a capital asset (Rotherham Churches).
- A land acquisition project not involving a significant change in management activity (Home Farm Marsh).
- A project dispersed between numerous sites, not leading to a step change in management activity or visitor numbers at any one site (Herts and Middlesex Wildlife Trust).

6.2 Visitor Impacts

6.2.1 *BDRC Visitor Survey*

Visitor surveys were undertaken by BDRC at six sites (Broughton House Museum, Cromer Museum, Croome Park, Divided World Connected World, Museum in Docklands, St George's Hall). Responses were received from a total of 534 visitors, an average of 89 visitors at each site. The survey identified significant variations in visitor patterns and expenditures. For example:

- The majority of visitors to most sites were on a day trip from home. The proportion of staying visitors ranged from 28% at Croome Park and Divided World Connected World to 72% at Broughton House.
- The proportion of day-trippers who had purchased at least one item in the local area varied from 57% at St George's Hall to 99% at the Museum in Docklands.
- The proportion of staying visitors who had spent money on at least one item varied from 78% at Croome Park to 100% at St George's Hall.
- There were wide variations in expenditure per person per site, reflecting both variations in the frequency of buying particular items and the average amounts spent.
- Visitors to St George's Hall and Broughton House spent large sums on accommodation. Much smaller expenditures at other sites reflect the large proportion of respondents visiting friends and relatives or camping;
- Visitors to the Museum in Docklands spent relatively large amounts of money in cafes and restaurants, while expenditures on petrol were high at Divided World Connected World and Broughton House.

The importance of the site itself in attracting people to the area varied widely by site. For example, the majority of visitors to Divided World Connected World and Croome Park visited the area especially to visit the site, reflecting the rural location of these sites and the shortage of other attractions nearby. In contrast, the majority of visitors to St George's Hall and Cromer Museum also undertook other activities in the local area during the course of their visit,

reflecting the variety of other attractions and recreational opportunities available locally.

Data were collected for the amount spent by day-trippers and staying visitors in the local area. Using the method outlined in Section 3.5 above, these were combined with information about the importance of the site in drawing visitors to the local area, in order to estimate visitor expenditure attributable to the site itself.

The average expenditure per day-tripper that can be attributed to the site itself is estimated to range from £2.04 at St George's Hall to £9.07 at the Museum in Docklands. Visitors to the Museum in Docklands had the largest average expenditures, with most of this accounted for by admission tickets and eating and drinking in cafes (Table 6.2).

Table 6.2: Average Attributable Spend per Day-Tripper

	Brought on House	Cromer	Croome Park	Divided World Connected World	Museum in Docklands	St George's Hall
Admission Tickets	£0.37	£0.20	£1.14	£0.76	£4.24	£0.00
Car Parking	£0.00	£0.20	£0.11	£0.00	£0.08	£0.06
Cafe	£1.72	£1.15	£4.39	£2.23	£2.79	£0.85
Gifts	£0.00	£0.00	£0.77	£2.60	£1.42	£0.08
Snacks	£0.00	£0.05	£0.00	£0.07	£0.05	£0.00
Anything Else	£0.98	£0.86	£0.69	£0.19	£0.49	£1.05
Total	£3.06	£2.45	£7.09	£5.85	£9.07	£2.04

Table 6.3 shows the average estimated expenditure per visitor staying in the local area that can be attributed to the site itself. This ranges from just below £10 per person, for three sites, to more than £60 per person, for St George's Hall, where high levels of spending on accommodation and food and drink were recorded.

Table 6.3: Average Attributable Spend per Staying Visitor

	Broughton House	Cromer	Croome Park	Divided World Connected World	Museum in Docklands	St George's Hall
Accommodation	£8.65	£3.68	£2.18	£0.97	£0.40	£40.5
Admission	£0.06	£0.72	£0.03	£0.35	£1.42	£0.5
Eating and drinking	£6.24	£2.90	£2.16	£4.22	£4.58	£11.4
Snacks	£0.79	£0.46	£0.09	£1.12	£0.87	£0.0
Transport	£0.12	£0.00	£0.00	£0.00	£1.26	£4.7
Petrol	£2.55	£0.84	£0.79	£5.49	£0.08	£1.4
Car parking	£0.58	£0.32	£0.14	£0.71	£0.04	£0.0
Gifts	£0.00	£0.17	£4.36	£1.73	£0.83	£3.9
Anything else	£1.45	£0.23	£0.00	£0.00	£0.00	£0.0
Total	£20.44	£9.32	£9.76	£14.57	£9.48	£62.6

These average attributable expenditures per visitor were combined with estimated numbers of staying visitors and non local day trippers for each site,

in order to estimate the additional annual visitor expenditure in the local economy that can be attributed to each site. These are given in Table 6.4.

Table 6.4: Estimated Additional Visitor Expenditure attracted to Local Economies by Surveyed Sites

	Staying Visitors		Non Local Day-trippers		Number
	Number	Spending	Number	Spending	
Broughton House	10,682	£218,286	4,091	£12,533	14,773
Cromer Museum	8,157	£75,984	12,745	£31,207	20,902
Croome Park	16,701	£162,972	33,402	£236,677	50,103
Divided World Connected World	99,362	£1,448,118	191,872	£1,123,136	291,234
Museum in Docklands	32,203	£305,269	35,593	£322,946	67,796
St George's Hall	49,118	£3,075,951	52,165	£106,494	101,283

The largest impacts are estimated to occur at St George's Hall, which is estimated to attract additional visitor spending of £3.2 million per year to the Merseyside economy. The Divided World Connected World project is estimated to attract local tourism revenues amounting to £2.6 million annually.

Table 6.4 estimates the total expenditure by visitors who originate from outside the local area, living more than 10 miles from the site. Additional visitor expenditures at the regional level are lower than this, because a proportion of visitors to each site reside within the region but outside the local area. Excluding all expenditures by visitors living within the regions of the sites in question, additional regional visitor expenditures are estimated in Table 6.5.

Table 6.5: Estimated Additional Visitor Expenditure attracted to Regional Economies by Surveyed Sites

	Staying Visitors		Day-trippers		Number
	Number	Spending	Number	Spending	
Broughton House	10,148	£207,371	1,677	£5,139	11,825
Cromer Museum	7,749	£72,185	2,931	£7,178	10,680
Croome Park	15,866	£154,823	7,014	£49,702	22,880
Divided World Connected World	94,394	£1,375,712	40,293	£235,859	134,687
Museum in Docklands	30,593	£290,005	4,271	£38,754	34,864
St George's Hall	46,662	£2,922,154	5,738	£11,714	52,400

The above figures all refer to total visitor spending at the surveyed sites. For five of the six sites this is also the net increase in visitor spending attributable to the project, as the project either provided a new visitor facility or was necessary to safeguard the existing visitor attraction. In the case of Divided World Connected World, the project upgraded an existing visitor attraction, and

45% of the above visitor expenditures are estimated to be attributable to the HLF funded project.

6.2.2 Other Sites

It is also possible to estimate additional visitor expenditures at other sites, based on existing evidence and appropriate assumptions:

- Blean Woods – The site is estimated to attract an additional 40,000 visitors annually since the acquisition. Most of these are local people. Spending by non local visitors is estimated at £30,000 per annum.
- The Grange, Ramsgate – Visitors staying at the Grange are estimated to spend £69,000 annually, off-site in the local economy. Including open days and visits by special arrangement, annual visitor expenditures are estimated at £97,000.
- Kelvingrove Museum – Visitor numbers have increased to 1.65 million, with the Museum estimated to attract annual expenditures of £2.1 million by day visitors and £3.3 million by staying visitors in the local economy. The project has safeguarded and increased visitor expenditures.
- Time and Space – The project is estimated to have increased visitor numbers by 250,000 annually. We estimate that additional annual visitor expenditures of £6.5 million are attributable to the project.

No significant increase in visitor expenditure is thought to have taken place at the following sites: Harris & Pearson Office Building; Herts and Middlesex Wildlife Trust; Home Farm Marsh; Lord Nelson Steam Locomotive; New Devon Record Office; Rotherham Churches and St Mary's Church.

At St George's Market, Belfast, the main effect of visitor expenditure is to sustain activity in the market itself, and the site is not thought to attract significant additional revenues to the wider economy.

6.2.3 Economic Impact of Visitor Spending

In total the case study sites are estimated to bring additional visitor expenditure of £19.2 million annually to their local economies, and £13.9 million to their respective regional economies.

Table 6.6: Summary of Estimated Additional Visitor Spending

	Additional Expenditure (£k)	
	Local	Regional
Blean Woods	30	10
Broughton House	231	213
Cromer Museum	107	79
Croome Park	400	205

Divided World Connected World	1,157	725
The Grange Ramsgate	83	65
Harris & Pearson Office Building	-	-
Herts & Middlesex Wildlife Trust	-	-
Home Farm Marsh	-	-
Kelvingrove Museum	5,425	3,339
Lincoln Arboretum	-	-
London Coliseum	-	-
Lord Nelson Steam Locomotive	-	-
Museum in Docklands	628	329
New Devon Record Office	-	-
Rotherham Churches	-	-
St. George's Hall	3,182	2,934
St George's Market	-	-
St. Mary's Church	-	-
Time and Space	6,540	5,096
Total	17,783	12,993

The economic impact of increased visitor spending can be calculated assuming that £55,000 of visitor spending is required to support 1 FTE job at the local level and £40,000 is required to support 1 FTE job at regional. For example, the Blean Woods project has so far supported additional visitor related employment of 0.5 and 0.3 FTE jobs at local and regional level respectively and contributed £15,000 and £8,000 to local and regional GVA respectively.

Table 6.7: Summary of Total Employment and GVA arising from Visitor Spending

	Employment (FTE)		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	0.5	0.3	15	7
Broughton House	4.2	5.3	115	149
Cromer Museum	1.9	2.0	54	56
Croome Park	7.3	5.1	200	143
Divided World Connected World	21.0	18.1	579	508
The Grange Ramsgate	1.5	1.6	41	45
Harris & Pearson Office Building	0.0	0.0	0	0

Herts & Middlesex Wildlife Trust	0.0	0.0	0	0
Home Farm Marsh	0.0	0.0	0	0
Kelvingrove Museum	98.6	83.5	2,713	2,337
Lincoln Arboretum	0.0	0.0	0	0
London Coliseum	0.0	0.0	0	0
Lord Nelson Steam Locomotive	0.0	0.0	0	0
Museum in Docklands	11.4	8.2	314	230
New Devon Record Office	0.0	0.0	0	0
Rotherham Churches	0.0	0.0	0	0
St. George's Hall	57.9	73.3	1,591	2,054
St George's Market	0.0	0.0	0	0
St. Mary's Church	0.0	0.0	0	0
Time and Space	118.9	127.4	3,270	3,567
Total	323.3	324.8	8,892	9,095

In total the case study projects are estimated to attract sufficient additional visitor expenditure to support 323 FTE jobs locally and 325 FTE jobs in regional economies, enhancing local GVA by £8.9 million annually and regional GVA by £9.1 million annually.

The largest impacts are attributed to the Time and Space, Kelvingrove Museum and St George's Hall projects.

6.3 Gross and Net Effects

The estimates above relate to the net effect of HLF projects on operating and visitor expenditures and the resultant economic and employment impacts. The analysis has sought to estimate the net change in operating expenditures and employment, and the net increase in visitor expenditure, as a result of the project. It is recognised that projects fall into different groups in this respect:

- Projects that have provided a completely new heritage asset, giving rise to new economic impacts (e.g. Museum in Docklands). In these cases the net ongoing economic impact of the project is equivalent to the gross economic impact of the site;
- Projects that have added to an existing asset, increasing the impact of the operation of the site and its ability to attract visitors. In these cases the net increase in operating and visitor expenditures needs to be assessed (e.g. Divided World Connected World, Time and Space).
- Projects that have restored an existing heritage asset, giving rise to new economic activity (e.g. Croome Park) or safeguarding and increasing existing activity (e.g. Broughton House). In these cases the analysis has considered the change in economic activity relative to the baseline scenario, which in some cases would have involved closure of the site. In some instances this would have resulted in the loss of all employment

and visitor expenditures (e.g. Broughton House), while in other cases the most likely alternative scenario is that the operations would move to another site (e.g. London Coliseum). The net economic impact is therefore considered on a case by case basis.

A summary of the net ongoing economic effects of each of the 20 projects relative to the existing operation of the site is given in Table 6.8.

Figure 6.8: Comparing Gross and Net Effects of Case Study Sites

Case Study	Treatment of Gross and Net Effects
Blean Woods	Existing operation of the site supported very small levels of economic activity and visitor numbers. The estimated economic impact is based on the net increase in visitor numbers.
Broughton House Museum	The Museum faced closure prior to the project and was becoming unsafe for visitors. The project has safeguarded and increased employment and visitor numbers; the total economic impact of the site is therefore treated as being attributable to the project.
Cromer Museum	The site supported small scale employment prior to the project and was not considered to bring significant numbers of visitors into the area. The project has brought a step change in operations and visitor facilities. The analysis has assessed the net change in operating expenditures. Total visitor expenditures are used, on the basis that the site had negligible impact on the local tourism economy prior to the project.
Croome Park	The site supported no significant employment and attracted few visitors prior to the restoration project. The new jobs created and operational and visitor expenditures therefore constitute the net impacts of the project.
Divided World Connected World	The HLF project has provided major new visitor facilities and led to a significant increase in visitor numbers and employment. The analysis takes account of the net increase in employment and operational expenditures in the management of the collection and visitor centre. The net increase in visitor expenditures is estimated at 45% of the gross impact of the site.
The Grange, Ramsgate	The economic impacts of the site - resulting from operational and visitor expenditures - are entirely a result of the project.
Harris & Pearson Office Building	There are no significant net economic impacts as a result of the operation of the building.
Herts & Middlesex Wildlife Trust	There has been no net change in operational or visitor impacts following the HLF funded project.
Home Farm Marsh	There has been no net change in operational or visitor impacts following the HLF funded project.

Kelvingrove New Century Project	The project safeguarded the Museum's future as a visitor attraction, as well as attracting significant increases in numbers of visitors. The total economic impact of visitor expenditures can therefore be attributed to the project. The analysis has focused on the net change in employment and operating expenditures on site as a result of the project, as it is likely that existing posts and activities would have been retained elsewhere in the Museums Service had the site closed.
Lincoln Arboretum	The economic impacts of net changes in employment and operating expenditures on site since the project have been estimated. The Arboretum is not thought to attract significant numbers of visitors from outside the local area.
London Coliseum	The site is home to the English National Opera and its employees. However, the project itself is not thought to have impacted on employment, operating expenditures or visitors, so net ongoing impacts are estimated at zero. If the building had not been restored, it is likely that ENO would have moved to another site elsewhere.
Lord Nelson Steam Locomotive	The project has restored the Locomotive which will be made accessible to the public for the first time. This may give rise to net impacts on the local economy. However, the project has experienced technical difficulties and no impact is observable to date.
Museum in Docklands	The HLF project provided a major new visitor facility on a brownfield site. The economic impacts of visitor and operational expenditures are therefore entirely attributable to the project.
New Devon Record Office	The project enhanced the capacity of the Record Office but has not affected user numbers. The analysis has identified the net increase in operational employment and expenditures as a result of this expansion.
Rotherham Churches Tourism Initiative	The project has not had any ongoing economic impact.
St George's Hall	The project has safeguarded the site, and the small levels of employment it supported. There has been a significant increase in operational expenditure and employment, and a new heritage centre has been provided, allowing public access to the site. The entire economic impact of the site can therefore be attributed to the project.
St George's Market	The project has safeguarded the market and its operations, while allowing it to expand and create new jobs. The net economic impact of the project therefore comprises safeguarded as well as new jobs and operating expenditures.

St Mary's Church	The project has not led to a significant change in employment or expenditures associated with the site; the net ongoing impact is therefore zero.
Time and Space	The project has provided a major new visitor facility at the Royal Observatory Greenwich, part of the cluster of attractions of the National Maritime Museum. The ROG is an established site and attraction, and the project has resulted in an incremental increase in operational expenditures, employment and visitor numbers. The net impact of the project has therefore been estimated by assessing the economic impact of these net increases.

As a result the relationship between the gross economic impact of the site and the net economic impact of the project varies widely between case studies. In some cases, these “gross” and “net” impacts are equivalent in magnitude, as the entire impact of the site is attributable to the project. This is the case for the Museum in Docklands (a new facility) and for safeguarded and enhanced attractions such as Broughton House Museum. At the other end of the spectrum are sites which support significant ongoing gross impacts but where the ongoing net economic impact of the HLF project is estimated to be zero (such as the London Coliseum).

Table 6.9: Summary of Net Ongoing Effect on Employment and GVA arising from Visitor and Operational Spending

	Employment (FTE)		GVA (£k)	
	Local	Regional	Local	Regional
Blean Woods	4.1	5.1	87	103
Broughton House	9.7	14.1	257	398
Cromer Museum	4.4	5.2	101	120
Croome Park	21.7	25.5	339	377
Divided World Connected World	62.4	75.6	1,063	1,258
The Grange Ramsgate	2.2	2.6	53	64
Harris & Pearson Office Building	-	-	-	-
Herts & Middlesex Wildlife Trust	-	-	-	-
Home Farm Marsh	-	-	-	-
Kelvingrove Museum	150.7	153.4	3,669	3,634
Lincoln Arboretum	2.9	4.0	74	104
London Coliseum	-	-	-	-
Lord Nelson Steam Locomotive	-	-	-	-
Museum in Docklands	63.1	93.4	1,932	3,109
New Devon Record Office	3.0	4.1	76	103
Rotherham Churches	-	-	-	-

St. George's Hall	89.8	120.3	2,503	3,467
St George's Market	68.0	93.6	1,470	2,092
St. Mary's Church	-	-	-	-
Time and Space	150.6	184.6	4,512	5,897
Total	632.7	781.3	16,135	20,727

A summary of net ongoing economic impacts of the 20 projects is given in Table 6.9, combining the impacts of operational and visitor expenditures from Tables 6.1 and 6.7. The 20 sites are estimated to support net ongoing employment totalling 633 local FTE jobs and 781 regional FTE jobs, and GVA of £16.1 million in local and £20.7 million in regional economies.

6.4 Effects on Regeneration and the Business Environment

As well as the direct effects of project and visitor expenditures, some projects were found to have additional benefits by enhancing their immediate environs. In some cases this was deemed to have wider business benefits by encouraging further regeneration activity to take place and/or enhancing the environment for local businesses and their customers.

Examples of these positive built-environment related effects include:

- Cromer Museum – The project is deemed to have brought significant benefits to a part of town previously dominated by a dilapidated wooden shelter which was a focus for antisocial behaviour. The project has provided a central square which is a focus for community activity, drawing more people into the east end of town. The project has fitted well with the wider regeneration of the east of Cromer which has seen the opening of a series of other facilities in recent years as well as a £2m regeneration fund which has focused on streetscape developments and improving the condition of many local buildings. While the business benefits of this have been limited, the effects on physical and social regeneration have been significant.
- Divided World Connected World – The project directly led to the redevelopment of 2 hectares of brownfield land. It is seen as playing a key role in the Rural Regeneration Zone, mostly in view of its role as a tourism destination.
- Harris and Pearson Office Building – The project has played an important role in the wider regeneration of its local area, being accompanied by other environmental and infrastructural improvements.
- Lincoln Arboretum - The restoration has led to the reuse of two buildings which now support low levels of employment. It has also reduced anti-social behaviour in the area, reducing the incidence and fear of crime, and improving the local living environment. This is thought to have had a positive impact on businesses on the surrounding roads. Houses in poor condition at the back of the Arboretum have been converted into smart

one and two d dwellings. This is partly attributed to the revamped setting, reduction in crime and better image of the Arboretum.

- London Coliseum - The project enhanced the streetscape of St Martin's Lane by restoring what had become a shabby looking building, on which scaffolding had to be retained for health and safety reasons. By safeguarding the use of the building for performances, the project has helped to sustain local restaurants that benefit from visitors. A negative impact on these businesses was noted during the temporary closure of the Coliseum in 2003/04.
- Museum in Docklands - Since the opening of the Museum, there has been an increase in retail and catering businesses in the area. However, this cannot be attributed entirely to the construction of the Museum in Docklands. The regeneration impacts reflect the greater efforts to regenerate the Docklands area.
- New Devon Record Office – The development has been accompanied by a series of other local developments in the area, though it is arguable whether these have been affected by the project itself.
- St George's Hall - The project has had a key role as a symbol and statement about the economic regeneration of Liverpool, and is believed to have impacted on local pride and confidence. It has been a key part of the public sector led regeneration of the city centre which in turn has helped to bring new private sector investment into the city, a key example being Liverpool One, the new retail development.
- St George's Market - Five new retail shop spaces have been renovated, thus bringing in five new businesses to the neighbourhood. Previously, these lots were vacant and derelict, with no real prospect of being rented out. The businesses include: a café, a Spanish specialty shop, a chemist, a sandwich shop, and a coffee shop. This has brought in additional employment to the area. In addition, there has been significant redevelopment of the area after the refurbishment of the market. A business centre and a Hilton Hotel have been developed, and further construction is planned in the area. Previously, this area only comprised derelict buildings and out-of-use markets. St. George's Market was cut off from Belfast city centre because of its poor surroundings. However, the ongoing regeneration of the area has allowed Belfast city centre to expand to fill previously derelict areas.
- St Mary's Church - HLF funding has made a key contribution to the built environment by ensuring that the Church is kept open and safe for use. The area in which the Church is located is undergoing substantial regeneration and the County Council has received European Funding for renovating the townscape heritage. Project interviewees considered that the renovation of St Marys Church has helped to influence the County Council in undertaking the regeneration works.

- Time and Space - The Museum is located in the London Borough of Greenwich which is one of the Olympic host boroughs. It is thus actively engaged in the social and economic regeneration of the local area to capitalise on economic opportunities as a result of the 2012 Olympic Games.

No significant wider regeneration effect was observed from the following projects: Blean Woods; Croome Park; The Grange, Ramsgate; Herts and Middlesex Wildlife Trust Capital Works; Home Farm Marsh; Kelvingrove Museum; Lord Nelson Steam Locomotive; Rotherham Churches.

The strength of these property related effects depends to a large extent on the location of the project. Those projects located in areas in need of physical regeneration, and/or suffering from anti-social behaviour, have benefited the most. The smallest effects have been in rural areas.

6.5 Ongoing Training Effects

In some cases the employment generated following the HLF project has been accompanied by ongoing training:

- Blean Woods – the next stage of the work will fund a significant programme of training for volunteers to support woodland management and restoration work. This is likely to include training in chainsaw use, brush-cutting, first aid, leadership and pesticide use.
- Broughton House – changes to the building meant that all staff training procedures had to be revised. For example, the property manager had to be trained to use the state-of-the-art sprinkler and fire prevention system. Once new procedures were designed, permanent and seasonal staff and volunteers received training on their implementation. Topics included: customer service; collection/ conservation knowledge and skills; legal issues; health and safety; and first aid; with other training provided as required.
- Croome Park – All new staff and volunteers at the Park have received some form of training, funded through the Trust's regional training budget. All volunteers are given an induction, and shadow established volunteers who pass on their knowledge. Some volunteers have gone on to gain paid employment at Croome Park or another National Trust site. The training that the staff and volunteers receive is transferable and can be used at a number of different properties. The Trust has trained six volunteers as stewards as part of its internal training scheme, and has trained a small number of staff to allow them to ensure the statues are in an acceptable condition. Croome Park also provides work experience for students on a regular basis, some of whom have gone on to become regular volunteers. The Park is now an important place for community learning and has been involved in the Worcestershire Liveability Project. It provides exciting learning space for children and is used by Forest Schools, which is a learning initiative allowing school children to learn

about wildlife outside of the classroom. Forest Schools has also hosted a number of training weeks for teachers.

- Divided World Connected World – An IT officer and an Audio-Video technician were trained by IT companies on the use of interactive kiosks and stations.
- Herts and Middlesex Wildlife Trust - Changes in reserve management have brought in some new skills requirements. For example, all reserves managers now have a role in relation to grazing management and have had some training in livestock handling, while one Reserve Manager takes on a lead role on this across the trust. The trust has also trained volunteers as livestock checkers.
- Kelvingrove Museum - Following the restoration programme, a formal induction course was created for the benefit of new staff but was taken by all staff. The Museum has also undertaken a disability audit which included formal training of all staff as well as training with the Community Police so as to equip staff to deal with aggression, weapons or other violent behaviour. There is an established programme of training for volunteers whose knowledge of the artefacts and collections is updated through lectures. Following the restoration project, the volunteers received a 3-month programme of training and support from the expert team which included sessions to explore each gallery object by object as well as training to work with vulnerable adults. Following this training the volunteers devised new tour routes so that the new museum could be displayed fully. Furthermore, 2 volunteers trained to be trainers and have been training new volunteers.
- Lord Nelson Steam Locomotive - Volunteers have the opportunity to develop their skills in engineering through the maintenance of the engine under the supervision of volunteer professionals.
- New Devon Record Office - A Conservation Intern has recently been trained as part of the ICON scheme, which would not have been possible in the previous premises. The archive contributes to the wider learning of the public, as six computers are networked for public use. The computers enable internet based research, while staff are familiar with the online services and can teach the public how to use them. In addition, the space in the new building has been used by groups such as the Devon Family History Society, which organises its own projects and runs a helpdesk for members of the general public.
- St. Georges Hall – The Hall has a current training budget of £4,000, which is expected to increase under the new Business Plan. A wide range of skills needs have been identified: first aid, health and safety, fire safety, familiarity with Liverpool CC administrative procedures, finances and infrastructure; customer service; specialist skills cover the history and interpretation of the building.

- Time and Space - The Museum works closely with Remploy and the Shaw Trust to provide employment opportunities for people who are disadvantaged in the labour market due to disability, ill health or other social circumstances. The Time and Space project placed great emphasis on its interpretative and educational programme to highlight the importance of the building. The Museum's Education Department has a Learning Strategy and an Audience Development Plan for the Time and Space Project. The number of young people in formal education receiving a delivered educational programme at the ROG each year increased from 13,375 in 2004-05 to 14,200 in 2007-2008.

7 CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

7.1 Impact on Deprived Areas

Each of the case studies provides a socio-economic profile of the area in which the relevant project was located.

The following projects are located in areas which are ranked among the 25% most deprived in their respective countries, according to indices of multiple deprivation:

- The Grange, Ramsgate
- Harris and Pearson Office Building
- London Coliseum;
- Kelvingrove New Century Project
- Museum in Docklands
- Rotherham Churches
- St George's Hall
- St George's Market.

These eight projects together received HLF grants of £57 million, accounting for 68% of the total HLF grant awarded to the 20 projects in our sample. This indicates that the projects in our sample disproportionately benefit deprived areas of the UK.

Collectively, expenditures on these projects supported an estimated 854 job years of work and GVA of £35.9 million in their respective local economies. Ongoing operational expenditures are estimated to support further employment of 204 FTE jobs and GVA of £5.0 million annually. Visitor expenditures are estimated to support a further 202 FTE jobs and GVA of £5.5 million in these local economies.

7.2 Environmental Sustainability

The projects led to a number of significant environmental and sustainability impacts. Some of the notable ones are as follows:

- Blean Woods - The main environmental benefit of the project has been to conserve 590 hectares of ancient semi-natural woodland. The acquisition prevents this land being acquired for non conservation uses, and provides a basis for future restoration and conservation management work.

- Cromer Museum – The project helped to enhance the local urban environment. The project also improved the energy efficiency of the site by providing a new boiler and improved insulation.
- Croome Park – There has been a rise in numbers of bats and other wildlife, on an area of heavily sprayed arable land at risk of conversion to a golf course.
- Divided World Connected World - The project has led to 3 main environmental enhancements: Grey water re-cycling from within the building and part surface water collection, low energy systems for heating and lighting supported by low heat loss and use of aquifers instead of draining into the surface water drains that then go to the sewage treatment systems. The Civic Trust Special Sustainability Award in 2007 was awarded to RAF Cosford for their 'brave and novel' services strategy.
- Herts and Middlesex Wildlife Trust - The project has enhanced the condition and management of 12 reserves for the benefit of wildlife and people. The management work has benefited particular species – the purple emperor butterfly has been sighted for the first time at Danemead and otters at Broad Colney Lakes.
- Home Farm Marsh – The project has safeguarded the future of the marsh, provided scrapes for birds and allowed the sympathetic management of a large area of arable land which provides bird food.
- Kelvingrove Museum - To showcase its natural history exhibits and to enhance visitors' learning experience, Kelvingrove has offered stand space to the Royal Society for the Protection of Birds (RSPB). RSPB Information Officers on site organise special wildlife events and activities which include both the galleries within the museum but also exploration of wildlife in the surrounding park area. This is part of the 2-year project targeting Glasgow's urban population.
- New Devon Records Office – Council planners ensured that the building incorporated high environmental standards.
- St. Georges Hall - The project involved sustainable sourcing of materials, particularly timber and stone; the use of traditional construction materials, respecting the heritage of the building; and made a positive contribution to the urban environment, through enhancement of the building and its surroundings.

7.3 Social Benefits

A number of the projects were able to point to significant social benefits resulting from the development and operation of the funded asset:

- Blean Woods – The acquisition of the land has been accompanied by a programme of community engagement. A significant community

outreach and education programme is planned to accompany the next stage of the habitat restoration and management work.

- Cromer Museum – The project has transformed part of the east of Cromer which was a focus for antisocial behaviour into a central square with a seating area, council notice boards and a space used by a brass band during some summer weekends, and by stalls for a Christmas market.
- Croome Park – The Park is now a popular meeting place and recreational resource for local people.
- Divided World Connected World – The Museum is valued as providing a free information resource on an important social issue.
- Herts and Middlesex Wildlife Trust – Local people have benefited from enhanced reserves access and visitor facilities, while a major volunteer development programme has significantly increased public engagement in the Trust’s work.
- Kelvingrove Museum - The interpretation of exhibits into “stories” has allowed the Museum to build links across Glasgow communities, for example with asylum seekers, new migrants from Eastern Europe and the African communities. These stories are a deliberate political and social statement to ensure that everyone feels represented in the main museum in the city.
- Lincoln Arboretum – The project has provided Lincoln with a park that is both safe and usable. The refurbished Victorian bandstand provides a new venue for entertainment events. The implementation of a CCTV system has led to the decrease in anti-social behaviour in the park.
- Lord Nelson Steam Locomotive – The main social benefit was through the intensive engagement in the project of a large number of volunteers.
- Museum in Docklands - The Museum has been very active in encouraging community engagement and providing an educational resource for the East London boroughs.
- New Devon Records Office - The general public have benefited from better facilities, which now include a refreshment room, free car parking and a more pleasant working environment.
- Rotherham Churches – The project made significant progress in building partnerships between churches and other local organisations. There has been a positive impact in the community in creating a better camaraderie and pride in the local surroundings.
- St George’s Hall – The project is believed to have impacted on local pride and confidence, with the building seen as being close to the hearts of local people.

- St George's Market – The project has safeguarded the historic market for the benefit of the local community, as well as providing a venue for events and exhibitions.
- St Mary's Church - The church has remained open and can be used by the community and part of the Church's ongoing philosophy is to develop the community use of the building.

7.4 Financial Sustainability

Most of the larger HLF funded projects involve capital expenditures which are designed to provide a lasting asset that will provide benefits to the public over a significant period of time. As a result, HLF is concerned to ensure that the funded assets manage to sustain themselves over time, in order to ensure ongoing maintenance of the asset and keep it open to the public.

All major HLF projects are required to submit business plans at the application stage, setting out, amongst other things, projections of future costs and revenues, in order to demonstrate their ongoing financial sustainability. These business plans are an important part of the application process and are scrutinised by case officers and Trustees.

HLF is keen to ensure that its procedures for achieving the financial sustainability of the projects it supports are as robust as possible. To achieve this, it is helpful to improve understanding over time of the factors that may increase the risk of financial failure, in order to take account of these at different stages in the approval and monitoring of projects. For example, it helps to understand whether certain types of projects are riskier than others, and whether there is a tendency to forecast some aspects of financial sustainability (e.g. visitor numbers, revenues, operating costs) inaccurately.

HLF commissioned ECOTEC to examine the financial sustainability of a sample of eight of its projects. The report, published in 2006, found that:

- Three of the eight projects were in apparent financial difficulty.
- These three projects had common characteristics
 - All were essentially new developments;
 - All have suffered from substantially lower than expected visitor numbers;
 - All lack a major sponsor willing to provide core funding / underwrite financial deficits;
 - All have suffered from at least some evident weaknesses in experience and/or management capacity.
- Core funding was found to be important - the projects with problems fall in the 'gap' between national museums which receive DCMS funding and local authority funded facilities which leaves them particularly – and uncomfortably – dependent on visitor related income.

- In contrast, projects involving the development of existing attractions by established sponsors were found to have experienced far fewer problems, no doubt reflecting the inherently lower risks involved in funding such projects.
- Only one project suffered significant cost overruns in the development stage; however, delays in the project were deemed to have had a financial impact on the other two. In two of the three cases there was a failure to anticipate fairly obvious items of revenue cost.
- Forecasting visitor numbers was found to be a significant area of uncertainty, with some projects significantly overestimating and others underestimating numbers of visitors.
- The consultants concluded that improved procedures, such as better guidance to applicants and more detailed scrutiny of applications, could reduce the risk of financial failure of HLF projects.

The projects in our sample presenting greatest challenges with regard to financial sustainability are:

- London Coliseum – ENO experienced some revenue funding problems during the course of the project. While the HLF funded elements of the project were delivered within budget, the Arts Council funded elements experienced more difficulties from cost overruns and difficulties in securing match funding. At one point this appeared to threaten the viability of the project as a whole. While costs and revenues are now broadly in balance, the ability to meet the costs of operating the building remains highly dependent on grant funding from the Arts Council for England, which now provides 55% of ENO's revenues.
- Lord Nelson Steam Locomotive – The business plan anticipated that the restoration of the engine would have been completed and that it would be carrying passengers by the summer of 2008. However, the project has experienced severe technical difficulties that have delayed this. The extra costs in resolving these should be covered by insurance. However, the ongoing financial sustainability of the project has yet to be tested. Nevertheless, volunteers are expected to complete most of the work required and the ongoing operating costs will be small.
- Museum in Docklands - The Museum in Docklands has continued to operate at a financial deficit since opening. Visitor revenues have increased steadily, although the majority of income comes from grants and donations. The ongoing financial deficit has led to the consolidation of the Museum within the Museum of London Group. This is expected to make the Museum financially sustainable over time.
- St George's Hall – The huge cost of maintenance of the building was a key factor in its decline. Operating costs have spiralled since the restoration, and it is clear that they were grossly underestimated at the application stage. The original business plan is now seen as being

grossly inadequate and inaccurate. The risk of the site closing appears to be small as the owner, Liverpool City Council, is committed to funding the deficit (currently more than £1 million annually). However, there is a significant debate about the scale of the operating budget that is appropriate – the Hall’s managers argue that substantially increasing the staffing and cost base will improve financial sustainability, while this is seen as a substantial risk by the Council.

The financial sustainability of the following sites appears to have been secured or enhanced by the HLF project:

- Blean Woods – no attempt was made to demonstrate financial sustainability at the application stage. The project involved land purchase only, and there was a recognition that a further funding application would follow for restoration and management work.
- Broughton House – though the site runs at a financial deficit, partly as visitor numbers were less than anticipated, the net costs of operating the site are met by the National Trust for Scotland.
- Cromer Museum – The operating costs of the site have increased, but these have been covered by increases in visitor numbers (in line with the modest targets set), admission fees and shop revenues.
- Croome Park – The large restoration and maintenance programme was financed through an endowment fund. This has been successful, with performance on the endowment at August 2008 exceeding forecasts, enabling greater than anticipated levels of restoration activity. Visitor numbers were initially below forecasts, but have since increased to exceed forecasts, following full development of visitor facilities.
- Divided World Connected World – The Museum is free to enter but the increase in operating costs has been outstripped by an 88% increase in retail revenues. The site is deemed to be well run and also benefits from core funding from the MOD.
- The Grange, Ramsgate - The financial future seems to be assured with the continued letting to self catering holiday makers. As part of the Landmark Trust’s portfolio it benefits from central marketing and booking facilities, as well as consistently high demand from a loyal group of people who stay in various Landmark Trust properties. All of the Landmark Trust properties operate with relatively high occupancy rates, careful property selection, sympathetic yet practical restoration, and effective management. The Landmark Trust enjoys an excellent reputation from which the Grange, as its highest occupancy property, will continue to benefit.
- Harris and Pearson Office Building – The building was sold to a pension fund after completion of the restoration project, achieving a higher than expected asking price. It was rented by a financial services company between 2005 and 2008, with operating costs covered by office rents.

Though the building is currently vacant, its future appears to be secure providing a new tenant can be found.

- Herts and Middlesex Wildlife Trust - The project involved relatively small scale improvements to the funded reserves, and did not provide major new assets that would require significant resources to manage. Therefore no significant changes in operating costs were envisaged at the time of the application. Appraisal of financial sustainability therefore focused on the overall sustainability of the Trust, as evidenced by its financial accounts. Experience has confirmed this, and the project has not lumbered the Trust with any assets which are expensive to maintain or manage.
- Home Farm Marsh - The ongoing costs of maintenance of the site include tasks such as hedge cutting, and scrape and scrub clearance. These costs are currently covered by the Environmental Stewardship Scheme and many of the tasks are undertaken by volunteers who have the skills and knowledge to complete the maintenance required. Of more concern is the overall capacity of the Gaia Trust to oversee the management of the site, as evidenced by the severe difficulties that GHK experienced in engaging with the organisation.
- Kelvingrove Museum – The project has secured the future of the building and given it a strong footing for future development. There has been a large increase in operating costs and visitor numbers. Glasgow CC is committed to funding the site from its museums budget.
- Lincoln Arboretum – The ongoing revenue costs are met by Lincoln City Council.
- New Devon Record Office – There has been a substantial increase in operating costs, though these have been accompanied by much improved facilities and levels of service, with the extra costs met by Devon County Council.
- Rotherham Churches - The project was designed to be time limited and financial sustainability was therefore not an issue.
- St George’s Market, Belfast – The project is deemed a financial success, enhancing operating revenues, but continues to rely on core funding from the local authority.
- St Mary’s Church – The project has secured the future of the building and reduced annual maintenance costs.
- Time and Space – The project has added to the existing facilities at the National Maritime Museum complex, significantly increasing both operating revenues and expenditures. The net effect on the financial sustainability of the site – which operates an annual financial surplus - has yet to be assessed.

Therefore our sample does not appear to include any sites which are currently at severe financial risk. The Museum in Docklands has experienced significant financial difficulties but these appear to be in the process of being resolved through consolidation of the Museum within the Museum of London Group.

In the case of the three nature reserve projects, the consequences of any financial risk are likely to be slightly different than for built developments. The main concern is that any financial difficulties experienced by the sponsor organisation lead to under-management of the assets in question, rather than their outright closure. However, the role of volunteers in ongoing management of all three projects further reduces this risk.

We have not found within the sample a systematic tendency to overestimate visitor numbers at the project planning stage. While numbers at two sites (Broughton House, Museum in Docklands) have not met expectations, at others (Cromer Museum, Croome Park, Divided World Connected World, The Grange Ramsgate and St George's Market) they have met or exceeded forecasts.

The case studies confirm that projects with established sponsors are subject to much lower levels of financial risk. The Blean Woods, Broughton House, Cromer Museum, Croome Park, Grange Ramsgate, Herts and Middlesex Wildlife Trust, Lincoln Arboretum, Kelvingrove Museum, New Devon Record Office, St George's Hall, St George's Market and Time and Space projects all benefit from relatively strong and financially secure sponsoring organisations. While most of these projects have increased operating costs, the continued support of the sponsor organisation substantially reduces any risk to their future.

The analysis suggests that:

- While in general the projects in the sample do not currently appear to give major cause for concern, it is not difficult to imagine slightly different circumstances or scenarios in which certain sites could be at risk of financial failure;
- It is clear that the commitment of a strong sponsoring organisation substantially reduces the risk of financial failure, especially where that organisation undertakes to guarantee to fund any operating deficits over time;
- Projects without a financially secure sponsor, which must fund operating expenditures from revenues generated on site, have a much greater risk of failure and may require additional financial scrutiny at the application stage;
- There is a continuing need to scrutinise and question the assumptions on which business plans for HLF projects are based, paying particular attention to projections in operating costs, visitor numbers and revenues. Because major HLF projects take a number of years to be planned,

developed and implemented, some of the inaccurate forecasts identified above were made up to 10 years ago; it is unclear whether current financial assessment procedures would have addressed these. HLF should consider whether there is further room for improvement in its procedures to assess financial sustainability.

8 TOTAL ECONOMIC IMPACT OF HLF FUNDED PROJECTS

8.1 Total Economic Impact of HLF Projects Completed in 2007

The total economic impact of the sample projects is summarised in Tables 8.1 and 8.2.

Table 8.1: Total Economic Impact – Project Expenditures

	Employment (Job years)		GVA (£k)	
	Local	Regional	Local	Regional
Staffing	172	172	4,427	4,427
Direct Suppliers	743	1,049	33,440	47,200
Indirect and Induced Effects	183	733	7,573	30,976
Total (Sample Projects)	1,099	1,954	45,440	82,603
Total (All HLF Projects)	2,204	3,920	91,165	165,722

Collectively expenditures in implementing the 20 projects are estimated to have supported 1,099 job years of work in local and 1,954 job years in regional economies, enhancing local GVA by £45 million and regional GVA by £83 million.

The 20 sample projects received total HLF grant funding of £84 million. This is just less than 50% of the total funding of £169 million allocated to the 128 projects which completed in 2007 (and received HLF grant of more than £250,000). Therefore we would expect the total impact of HLF projects completing in 2007 to be just over twice as large as that of our sample. On this basis we estimate that HLF funded projects supported a total of 2,200 job years of work in local economies and 3,920 in regional economies during the project phase, enhancing local GVA by £91 million and regional GVA by £166 million.

Table 8.2 presents similar estimates for ongoing expenditures by the sites and their visitors. In all, the sample projects are estimated to support additional employment of 633 FTE jobs at the local level and 781 FTE jobs at the regional level. The ongoing effect on GVA is estimated at £16 million locally and £21

million regionally. Extrapolating from the sample to all larger HLF funded projects, we estimate that the large HLF projects completing in 2007 support ongoing employment of 1,277 FTE jobs locally and 1,577 FTE jobs regionally. The impact on GVA is estimated at £33 million locally and £42 million regionally.

Table 8.2: Total Economic Impact – Ongoing Expenditures

	Employment (FTE)		GVA (£k)	
	Local	Regional	Local	Regional
Operating Expenditures:				
Staffing	227	227	4,666	4,666
Direct Suppliers	31	58	1,374	2,612
Indirect and Induced Effects	52	171	1,204	4,354
<i>Subtotal</i>	<i>309</i>	<i>457</i>	<i>7,244</i>	<i>11,632</i>
Visitor Expenditures	323	325	8,892	9,095
Total (Sample Projects)	633	781	16,135	20,727
Total (All HLF Projects)	1,277	1,577	32,559	41,825

Therefore we estimate that each year HLF project expenditures support a total of 3,900 jobs in regional economies and help to establish capital assets which support 1,600 jobs on an ongoing basis; the latter effects are cumulative with the impacts from each site continuing in future years.

In comparison the Annual Business Inquiry identifies a total of 2,200 jobs in fish farming, 1,800 in mining of clays and kaolin, 1,800 in manufacture of fruit and vegetable juice, 3,050 in manufacture of ice cream, 3,300 in publishing of sound recordings, 1,800 in the manufacture of agricultural tractors and 1250 in the manufacture of musical instruments in Great Britain in 2007.

Using these figures, and based on HLF grants of £84 million to the sample projects, it is possible to calculate the HLF expenditure per job supported at the local and regional level (Table 8.3).

Table 8.3: Ratio between HLF Grant and Employment Supported at Local and Regional Level

	Local	Regional
Project Expenditure (£ per job year)	£76,150	£42,812
Ongoing Effects (£ per FTE)	£132,216	£107,066

The figures suggest that the effects of project expenditures are to support one job year of employment at the regional level per £43,000 expenditure by HLF and one job year of employment at the local level per £76,000 expenditure by HLF.

In total, and taking account of both operating and visitor expenditures, one ongoing FTE job is supported at the regional level per £107,000 of HLF expenditure and one FTE job at the local level per £132,000 of HLF expenditure.

It is important to note that, while these ratios are calculated in terms of HLF grant, the impacts are dependent on further additional resources. Project expenditures require co-funding from other sources as well as HLF grant, while ongoing impacts depend on ongoing revenue funding and visitor expenditures.

8.2 Comparison with Previous Years' Research

HLF has commissioned studies to examine the economic, employment and training impacts of its projects since 2005. This has provided HLF with a total of 80 case studies examining the impacts of its projects (Table 8.4).

Table 8.4: Studies Commissioned by HLF on Economic, Employment and Training Impacts

Year of Research/ Publication	Contractor	HLF Grant Level of Projects Examined	Number of Case Studies
2005/06	Ecotec	£2,000,000+	10
2006/07	GHK	£250,000 to £2,000,000	20

2006/07	Ecotec	£2,000,000+	10
2007/08	GHK	£250,000 to £2,000,000	10
2007/08	Ecotec	£2,000,000+	10
2008/09	GHK	£250,000+	20
Total		£250,000+	80

Table 8.5 presents estimates of the aggregate economic impacts of these 80 case study projects. The figures indicate that:

- The projects involved total expenditure of £605 million, and received HLF grants of £340 million, some 56% of the total
- Project expenditures were estimated to support an estimated 6,400 job years of work in local and regional economies, through a combination of direct, indirect and induced effects
- The projects were estimated to support ongoing employment totalling 3,632 FTE jobs, through a combination of direct employment, operational spend, visitor spend, and associated indirect and induced effects.

Table 8.5: Aggregate Impacts of 80 Case Study Projects, 2005/06 to 2008/09

	Total for 80 projects
Value of Project Expenditure (£)	£605,154,680
Value of HLF Grant (£)	£339,937,396
% HLF Grant to Project Expenditure	56%
Employment impact of project expenditures in sub-regional and regional economies (job years)	6,400
HLF grant per job year of employment at sub-regional/regional level	£53,111
Ongoing employment impact at	3,610

regional/sub-regional level (FTE)	
HLF grant per FTE employment at sub-regional/regional level	£94,157

It is important to note that there were some differences in methodology between projects:

- The two earlier GHK studies (2006/07 and 2007/08) did not estimate visitor expenditure effects;
- The GHK and Ecotec studies used slightly different economic modelling approaches and multipliers;
- There were slight differences in the geographical scale at which impacts were estimated. The Ecotec studies estimated effects at the sub-regional level while the GHK studies used a definition of the “regional” level based on a 50 mile radius of the sites;
- The figures are for different years. No adjustment has been made for changes in prices. However, this (2008/09) GHK study has updated the multipliers employed in order to take account of changes in economic circumstances and statistics.

The figures suggest the following overall ratios for levels of HLF grant per job supported at the regional/sub-regional level:

- Project expenditures support 1 job year of employment per **£53,000** of HLF grant;
- One FTE of ongoing employment is supported per **£94,000** of HLF grant.

These figures are broadly comparable with the ratios estimated in the current study and presented in Section 8.1 above. However, the 20 HLF projects examined in the current study are found to have a relatively strong impact from project expenditures (£43,000 vs. £53,000 per job year) and a slightly weaker ongoing impact (£107,000 vs. £94,000 per FTE) when compared to the average derived from the combined impacts over the 2005/06 to 2008/09 work programme.

These slight differences are likely to be explained by slight differences in economic modelling methodology between the GHK and Ecotec, and in particular the geographical boundaries used and specification of economic multipliers.

8.3 Economic Impacts - Comparison with Other Programmes

When making comparisons with other programmes, it is important to recognise that economic impacts are a welcome by-product of HLF projects rather than a core objective. Expenditure on capital works is designed to meet heritage

objectives but in doing so supports economic activity in local and regional economies and provides assets which may support further impacts through their operation and by attracting visitors. If HLF targeted its funding in a way that was designed to maximise these impacts – in the same way that economic development agencies do – we would expect the projects supported to look very different and to have greater economic impacts.

As a result of this, we would expect the impacts of HLF funding to be less, per £ spent, than those of dedicated economic development programmes. Available evidence suggests that this is indeed the case.

One measure that can be used to compare the economic impacts of different programmes is the cost per job supported. This is easily calculated by dividing the resources expended by the measured employment impact. Cost per job ratios were quite widely used in the 1970s and 1980s when job creation was a leading objective of economic development policy. They have been less relevant in recent years when other goals such as productivity and GVA growth have taken precedence over job creation. Though easily calculated and compared they have limitations in that they fail to take account of differences in the value of different jobs supported by different programmes. Nevertheless, they are still used as a readily measured indicator, and have featured in recent performance evaluations of English RDAs as a simple metric for value for money from RDA investments.

Recent RDA evaluation work suggests that cost per job ratios are highly variable depending on the type of investment and the estimation methodologies used. Some projects with readily measured employment effects (e.g. provision of workspace) may claim cost per job ratios of below £10,000 while others with different objectives or difficult to measure impacts (e.g. R&D or skills projects) may have cost per job ratios of well over £100,000. The degree to which the measured employment effect is truly additional and attributable to the intervention being assessed is a key element in these calculations.

A simple examination of RDA annual reviews suggests that the ratio between their total expenditures and the total numbers of jobs they claim to have created or safeguarded typically falls between £17,500 and £35,000 in recent years. While there are undoubtedly variations in the measurement approaches adopted and the degree of additionality involved in these calculations, they suggest that, unsurprisingly, these RDA activities have a lower overall cost per job ratio than HLF projects, on an ongoing basis.

The ongoing cost per job of £94,000 estimated for HLF projects in recent years needs to be seen in context. It is important to remember that many of the projects supported focus solely on the restoration of the heritage asset and have no ongoing economic impact. The cost per ongoing job varies widely between projects, depending on whether they give rise to a step change in ongoing activity and whether they attract significant numbers of visitors. It is

likely that many of the projects supported by HLF would be of little or no interest to economic development agencies, while others would compare favourably in their impacts with dedicated economic development projects.