Economic Impact of a Scottish Borders National Park

CAMPAIGN FOR A
SCOTTISH
BORDERS
NATIONAL PARK

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CONTENTS

1. Executive summary

The economic impact of National Park (NP) designation is significant. There is a shortage of comparable statistics for the UK NPs, and the characteristics of the NPs vary, making it difficult to draw direct comparisons. However, particularly for tourism, there is a growing body of data which bears witness to the valuable economic gains associated with NP designation, both for the areas within the boundaries and also for the surrounding 'halo' areas and 'gateway towns'.

Tourism - Available recent figures for UK NPs with similar characteristics to the area proposed for designation in the south of Scotland have been focussed on in this report. Generally, areas with the NP designation enjoyed substantial and growing levels of visitor numbers, and visitor average length of stay. Their tourist seasons were longer than similar undesignated areas, and lengthening. Their tourism businesses could, and did, charge a premium. These factors added up to substantial and growing visitor spend which translated into favourable growth in job numbers, both in businesses directly employed in tourism and those providing local goods and services to them, including construction, professional services etc. The contrast with the Scottish Borders is marked.

The 'halo effect' – figures for the economic impact on the areas 'influenced' by their proximity to Yorkshire Dales NP, Northumberland NP and Welsh NPs have shown an additional 100-150% of economic impact due to the NPs encircled by these 'halo' areas.

Attraction for businesses – As well as the benefical effect which NPs can have on tourism and related services, there would be a branding boost for existing production businesses in the Scottish Borders such as the woollen/textile industry, and farming. Small business location and growth in NPs is buoyant, with a range of benefits cited in case studies of individual businesses. Growing trends towards working from home mean that greater numbers of professionals are relocating to attractive non-urban areas, including NPs.

Housing issues – Nationwide's figures show that house prices in NPs are higher than in comparable areas outwith the NP. This is good news for home owners but perhaps less appealing to house buyers. However, more jobs, and more secure and better paid jobs, mean mortgages are more available and families better able to pay. It is not clear whether the proposed Scottish Borders NP would experience housing capacity and cost problems since towns such as Hawick and Selkirk have an abundance of low cost housing and very slow housing markets. An increase in demand could be very beneficial for these areas.

Economic impact on the local authority area – designation of an area in the Scottish Borders would be likely to generate jobs, construction activity, increased revenues from domestic and business rates.

Economic impact on the Scottish Government Treasury - Now that the Scottish Government receives Scottish income tax and half of VAT, economic impact of NP designation would swell national coffers. Increased amounts of stamp duty on property transactions would also be a likely consequence. The total of these increased revenues would be likely to be far more than disbursements of grant to the NP.

2. Introduction

National Parks (NPs) in the UK and internationally make a variety of positive economic impacts at several levels. It is important to note that the economic value added is not just limited to the areas within the NP boundaries. Studies show that the surrounding areas also benefit considerably from their proximity to the designated core. In addition the national exchequer benefits from the higher levels of economic activity in areas many of which would otherwise be among the most disadvantaged.

This paper analyses several sets of available statistics relating to the economic impact of the UK's NPs, and to the wider regions around them. Appendix 1 shows the location of the UK's NPs, and Appendix 2 lists some facts about them.

Drawing general conclusions about the UK's NPs requires caution. They are quite diverse in a number of important ways. Some of these factors have a significant effect on their appeal as places to visit or places to live. This in turn affects their economic performance. Some are in remote locations while others are in close proximity to major population centres – South Downs NP is on the edge of London, Loch Lomond & Trossachs NP is on the edge of Glassgow. This impacts on the numbers and types of visitors, and of residents who travel to work outside the NP. Their importance and longterm recognition as tourist destinations, for reasons independent of their NP status is also a factor to be considered – Aviemore in Cairngorms NP and Loch Lomondside in Loch Lomond and Trossachs NP were major tourist destinations before designation, the former as a winter sports centre as well as a summer holiday destination. Consequently they were already widely recognised as attractive tourist destinations before they gained the designation. For some NPs, on the other hand, the National Park label has been a major profile-raiser.

Another factor affecting this study is that there is no Scottish Borders NP at this point, nor economic statistics for the specific area proposed for designation (see Appendix 2), there are only figures for Scottish Borders Region to include in the analysis.

For these reasons, there is more analysis in this paper of data about North York Moors NP, Yorkshire Dales NP, Northumberland NP and Snowdonia NP, than of some of the other NPs, since they are probably more meaningful comparators when considering the proposed Scottish Borders NP.

Another matter limiting this study is that there are no statistics which would allow precise comparisons to be made about the 'before' and 'after' effects of designation of an area as an NP. Although efforts have been made to evaluate the 'before' situation of the more recently designated NPs, these have been heavily criticised (e.g. the SQW, 2003 economic baseline study of Cairngorms) and so are not considered here.

However there are a number of sets of figures which give a fairly good picture of the benefits currently accruing to designation. Key factors which appear to affect the economic impact of NP designation in all cases are briefly listed in this section (although not in order of the scale of impact) then the pros and cons are explored in more detail in later sections:

1. *A place to invest* - In the UK the NP Authority receives a Government grant (in England and Wales in 2013 on average 68% of total income to the Park administration), and also raises money for projects from public and private sources (in 2013 average 32%). These moneys are mainly spent within the NP on a range of administrative, conservation, educational and research activities which create a number of jobs, mainly requiring professional skills. In addition "the NP brand means an easier access to public funding for municipalities as well as public companies" (Stemberk et al, 2018). It can also mean easier access to public funding for agriculture-associated activities, including skills training, diversification, environmental projects, etc.

2. *A place to visit* – The area within the boundary of NPs attracts tourists who spend money in the NP, in the surrounding area beyond the boundary (the 'halo effect' discussed in a later section), and in the 'gateway towns' on the way into the NP. This visitor expenditure directly and indirectly creates a wide range of employment. The jobs created directly are mainly in tourist attractions, and in the retail and hospitality industries. The local growth of these industries creates work for construction trades, lawyers, accountants, etc. The taxes generated through these activities benefit both local and national treasuries.

3. *A place to live* – some of the visitors to UK NPs find them so attractive they decide to move to them. A growing number of jobs including well paid professional roles allow home working, which facilitates this trend. This brings families to live in and income to the area.

4. *A place to do business* – the healthy environment and possibility of an appealing lifestyle attract a range of small to medium-sized businesses (not just tourism-associated businesses) to UK NPs. This generates local employment and income to the area.

Tourism-associated economic impacts are regularly measured, and are the easiest to compare, of the four listed above. Consequently, they are given more consideration in this report. However, the long term effects of the other three are likely to be of great importance for the vitality and quality of life of the communities living in and around the NP. Hence they deserve very serious consideration.

NPs, in Scotland, in the UK as a whole, and internationally are selected partly for their uniqueness. For this reason and the others noted above, they are very different from one another in many respects. This challenges attempts to compare them or to predict how an undesignated area might be impacted by NP designation. In this report we will mainly use data from a subset of UK NPs which have important features in common with the southern Scottish Borders. These are Northumberland NP (NNP), North York Moors NP (NYMNP), Yorkshire Dales NP (YDNP), and Snowdonia NP (SNP). Cairngorms NP (CNP) and Loch Lomond and Trossachs NP (LL&TNP) are included as the only Scottish NPs. Short descriptions of these NPs are included in Appendix 2.

3. Economic impact of tourism in UK NPs and in Scottish Borders Local Authority Area

National Parks, including the selection considered here, attract large and growing numbers of visitors. Key data for some of the UK NPs are presented in Table 1, with data from Scottish Borders Region (highlighted in yellow). Note that the data for the NPs in Table 1 relates to visitor impacts *within the boundaries* of the NPs and does not include the considerable additional economic impact on the'halo' areas around the NPs (discussed below). While some NPs include towns and settlements with considerable populations and provide extensive facilities for accommodation and retailing within the NP, some, such as Northumberland NP (pop. 2000) have few residents, and much of the economic impact is in the Gateway Towns and settlements around them (see the 'halo effect' later in this section).

Table 1. Key data for recent years for relevant UK NPs and for Scottish Borders Region.

Area	**No. visitor days**	**Visitor nos.**	**Total Economic impact ££M**	**No FTE jobs directly supported by visitors**	**No. FTE jobs supported by visitors, direct and indirect**	**Increase in visitor nos. from previous year**	**Increase in econ. Impact from previous year**
North York Moors NP (2015)	11.8m	7.63m	£621.23				
North York Moors NP (2016)	12.31m	7.93m	£646.78	9,204	10,923	+4.1%	+4.0%
Yorkshire Dales NP 2015	4.73m	3.61m	£237.29	3,353	4,013		-0.09%
Yorkshire Dales NP 2016	4.97m	3.77	£252.22	3,583	4,271	+4.3%	6.3%
Northumberland NP (2015)	1.7m	1.5m	£74.27	928	1142	+4.6%	+5.7%
NNP (2016)	1.7m	1.5m	£77.16	940	1158	+2.2%	+2.5%
NNP (2017)	1.8m	1.6m	£84.94	997	1233	+7.3%	+7.3%
Snowdonia NP(2015)	10.25m	3.89m	£475.69	5,519	6860	+2.4%	+6.6%
Cairngorms NP (2016)	3.91m	1.77m	£251.99	5,205	6,033	+2.6%	+4.8%
Cairngorms NP(2017)	4.04m	1.87m	£249.98	5,078	5,865	+5.6%	-0.8%
Loch Lomond & Trossachs NP*							
Scottish Borders local authority area (2015)	3.59m	1.79m	£194	3,812	4,630	+2.9%	+3.6%
SB (2016)	3.8m	1.86m	£204	3,919	4,781	+3.8%	+5.1%
SB (2017)	3.8m	1.86m	£214	3,859	4,723	+0.3%	+4.5%

Source : Most recent available STEAM data (*Loch Lomond & Trossachs NP data not yet available)

Note that these figures only relate to the area *within NP boundaries* (except for Scottish Borders, where the figures are for all of the local authority area). Table 2, later in this section, does compare the nearest county with a National Park, ie Northumberland, as a whole with the Scottish Borders.

Jobs directly supported by visitors are those generated by expenditure by visitors on goods and services. Indirect employment is supported by local businesses and residents spending tourism revenues locally (STEAM). Comparing some of the numbers in Table 1, it is interesting that while visitor numbers to Cairngorms NP are similar to the numbers visiting the whole of SB, the economic impact and employment in Cairngorms NP is significantly greater than for the whole of the Scottish Borders. A glance at the websites of accommodation providers in the two areas suggest that this may be mainly due to three factors – accommodation in Cairngorms commands much higher prices than comparable accommodation in SB, occupancy rates are significantly higher and length of average stay is greater. Better occupancy rates probably owe something to the fact that Cairngorms has a major winter sports centre, which would also explain the fluctuations in employment which appear to correspond to good and bad snow years.

Comparing Scottish Borders figures with Northumberland NP (NNP), it is notable that the small area of NNP had almost as many visitors as the very extensive whole area of the Scottish Borders. In addition, since The Sill, the NP's new Landscape Discovery Centre, opened recently, tourism figures have increased significantly (statistics not yet available).

Northumberland as a whole has a population more than 2.7 times that of the Scottish Borders so the last three rows are based on per capita figures to make comparison more valid.

Table 2. Tourism in the Scottish Borders compared to Northumberland

	economic impact of tourism	tourism supported jobs	visitor days
Scottish Borders (2015 STEAM figures)	£194m	4,000	3.5m
Northumberland (2015 STEAM figures)	£816m	11,600	14.8m
Scottish Borders per capita (of total population)	£1,697	0.034	30.62
Northumberland per capita (of total population)	£2,582	0.036	46.83
Northumberland per capita as % increase on SB per capita	+52.1%	+5.9%	+52.9%

Northumberland National Park extends to the Border with the Scottish Borders local authority area. The landscape on both sides of the Border is very similar (the Border is the watershed of a single range of hills, the Cheviots).

On the Northumberland side the most important cultural heritage sites are the remnants of Roman occupation, very well presented and well visited (Newcastle is a separate county).

On the Scottish Borders side the picture is richer and on a much greater scale, inextricably connected to the landscape which descends from wild uplands into a fertile area of two important valleys, of the Teviot and the river into which it flows, the world-famous Tweed. This is the backdrop of a long and rich Borders cultural heritage which is uniquely alive today. It boasts, among many other cultural sites from many ages, more hill-top forts than any other part of the UK, four medieval abbeys of extraordinary beauty and history, and a population whose 'pride in place' is probably unrivalled in Britain. Compared to Northumberland, and most parts of the UK, this part of the Borders has a more cohesive, more layered narrative of connection between its landscape and the history which unfolded over centuries across its hills and valleys. This is directly connected to its present life through many vibrant channels, such as the town-based common ridings and other similar festivals, as well as the farming, woollen and textile industries. As such, it is simply unsurpassed.

And yet, as shown in the table above, in proportion to their populations, tourism in Northumberland has half as much again more economic impact than it has in the Scottish Borders. Might that be partly or mainly because the difference is that Northumberland has a National Park?

See below, the discussion about the multiplier 'halo effect'.

The 'halo effect'

The low numbers of visitor nights and Total Economic Impact (TEI) of tourism within Northumberland NP is perhaps due to the lack of accommodation and retailing opportunities within NNP which has only 2000 population and no towns or large settlements within the NP. The 2013 report 'Valuing England's National Parks' stated that the settlements on its boundary contributed as much again to the regional economy as NNP itself through the 'halo effect'. ***The value of tourism in NNP increased by 150% when the bordering settlements were taken into account.*** This would equate to this relatively small area having as large a tourist economy as the whole of Scottish Borders.

The 'halo effect' of Yorkshire Dales NP for 2016 has been calculated by STEAM. The figures cover the area within the boundary plus the 'area of influence', which includes Nidderdale Area of Outstanding Natural Beauty, the small market towns just outside the NP, and the businesses in the buffer zone. These have all been calculated using the same methodology so can be directly compared with the statistics for inside the boundary. See Table 2 below.

Table 3. STEAM figures 2016 Yorkshire Dales NP, and YDNP plus its Halo area, and SB 2016 figures (in yellow).

Area	No. visitor days millions	Visitor nos.millions	Total Economic impact ££M	No. FTE jobs directly supported by visitors	No. FTE jobs supported by visitors, direct and indirect
YDNP 2016	4.97m	3.77m	£252.22	3,583	4,271
YDNP including area of influence 2016	13.06m	9.7m	£643.99	8,310	10,061
SB 2016	3.8m	1.86m	£204	3,919	4,781

These figures demonstrate the huge economic impact YDNP has on its surrounding area, as well as the area within the boundary. The contrast with the whole of Scottish Borders is striking.

It is worth noting here that, quite apart from the halo effect of the YDNP, the population within its boundaries is 19,600 whereas the population of all of the Scottish Borders is 114,030, of which approximately 41,272[1] or 36% live within the proposed NP area. If the Scottish Borders National Park were to achieve the same bang for bucks as the YDNP, including the halo effect, it would have a transformational effect on the economy of the whole local authority area. (Note: the population of the proposed Scottish Borders National Park area has been calculated to equate to the aggregate of populations of both Cheviot and Teviot & Liddesdale areas, plus those of the towns of Melrose and St Boswells.)

It is well established that the economic benefits of National Park designation extend beyond the physical boundaries of the NP. This has been demonstrated for most of the UK NPs, and also internationally. Considerably greater amounts are frequently spent by tourists in the surrounding area, particularly in the 'gateway towns' which capture a high proportion of the spend on accommodation, retailing etc. The widely-reported 'halo effect' has been identified in the UK and internationally. On the website of the US National Parks Service its Director Jonathan B Jarvis stated that for every $1 spent by the Parks Service, $10 are spent in the gateway towns by visitors. He also stated that …

"National Parks are often the primary economic engines of many park gateway communities… they provide our visitors with services that support hundreds of thousands of mostly local jobs."

[1] the population of the proposed Scottish Borders National Park area has been calculated to equate to the aggregate of populations of both Cheviot and Teviot & Liddesdale areas, plus those of the towns of Melrose and St Boswells

An in-depth study of the economic value of the Welsh National Parks (WLGA, 2013) provided many case studies of the considerable added value of the NP designation to the surrounding areas. In the case of Snowdonia NP, restrictions on development within the NP may have actually widened the area of influence of the NP. The "Snowdonia mountains and coast" brand is cited as recognition of the spill-over effect of the NP on to neighbouring resorts and assets (WLGA, 2013). Aaround the Welsh NPs these 'fuzzy boundaries' can be seen in the many areas with a high density of tourism employment in close proximity to the NPs themselves. Local businesses state that tourists are vague about where the actual boundaries lie (WLGA, 2013). However, having the NP at the core is essential. The businesses included in the WLGA (2013) study stressed that the label 'National Park' confers a higher and much more visible status than is achieved by other environmental designations such as Area of Outstanding Natural Beauty (AONB). These are some of the reasons that the Campaign for a Scottish Borders National Park believe that the 'Scottish Borders' name should be used for the proposed NP, not only to be clear about its location, but to spread the benefits across the whole of the local authority area.

Scottish Borders tourism relative to the rest of Mainland Scotland

Although it is not yet possible to look at the impact of a Scottish Borders NP, it is possible to compare tourism in the Scottish Borders with other Scottish mainland regions. VisitScotland's most recent tourism figures are for 2016 (a different methodology from STEAM is employed). They show that tourist numbers and tourist spend in Scottish Borders was at a very low level compared with other mainland Scotland regions, albeit Scottish Borders has a much lower population and therefore a much lower local authority budget than all of the other VisitScotland regions.. Figures for 2016 tourist numbers and spend in geographically comparable regions (none of which currently contain national parks) are shown in Table 4, with per capita ratios in brackets to give the most meaningful comparison.

Table 4. Tourist numbers and spend in several mainly rural, mainland areas 2016
Source: VisitScotland 'Tourism in Scotland's Regions 2016'
Figures in brackets are per capita for each area.

Destination Region	Angus& Dundee	Ayrshire& Arran	Dumfries& Galloway	Fife	Lothian exc. Edinburgh	Perthshire	Scottish Borders
Total o'seas tourist trips'000s	88 (0.33)	78 (0.21)	42 (0.28)	125 (0.34)	41 (0.11)	134 (0.88)	30 (0.26)
Total Tourist trips'000s	490 (1.85)	693 (1.87)	672 (4.50)	629 (1.69)	n/a	777 (5.14)	297 (2.58)
Total GB tourist spend £M	74 (£279)	169 (£456)	123 (£824)	78 (£210)	n/a	113 (£748)	36 (£313)
Total o'seas tourist spend £M	32 (£121)	38 (£103)	13 (£87)	99 (£267)	n/a	37 (£245)	8 (£70)
Total tourist spend £M	106 (£400)	207 (£559)	136 (£911)	177 (£477)	n/a	150 (£993)	44 (£383)

The figures in Table 4 show that Scottish Borders performs poorly in tourism, particularly in relation to toiurist spend, compared with several other rural Scottish mainland areas (data from this study for the other Scottish mainland rural areas show a similar pattern). There is no obvious reason for this in terms of the landscape, cultural heritage and history which VisitScotland regularly finds to be the main attractions drawing tourist to Scotland. Scottish Borders is at least as rich in these as any other Region. However it lacks the profile of a tourist destination. Apart from SB's low profile as a tourist destination, there is no obvious explanation for its relatively poor performance. These figures suggest that there is considerable potential to increase tourism and its economic impact in the Scottish Borders if only it were to be widely and, critically also permanently, perceived as a tourist destination.

There are good facilities and plenty of spare capacity in SB, and so there is every reason to conclude that improving the national and international image of SB as a visitor destination by designating an appropriate area as a NP would lead to a substantial increase in visitor numbers and visitor spend.

The statistics presented above suggest that designation of a Scottish Borders NP could be expected to at least double the tourism-related economic impact within a few years. In other words designation could quite quickly add £214m of total economic impact and several hundred if not thousands of jobs to the local authority area.

4 Non-tourism impact on local business and community

Economic impact of the NP Authority

NP designation does not only impact on the local economy through tourism. The NP budget (funded by a combination of public and private monies) also supports high quality jobs through the projects they fund fully or in part. NP Authorities are also active in providing training opportunities (see Europarc.org 'Tools and training') in, for example, rural skills, peat restoration, and building competences in conservation, communication and community-based engagement.

NPs as places to work and do business

NPs are attractive places to live and, with current trends towards working from home, increasing numbers of people are choosing to relocate away from conurbations to enjoy a better quality of life. NPs are seeing a growing number of residents in this category.

NPs, because of the opportunities they create, particularly for existing service and production industries, also attract 'new to the area' small businesses, and facilitate some types of business creation apart from purely tourism businesses. NPs are perceived as having a high level of environmental purity. This can add considerably to the economic value of locally produced food and drink. There are numerous reports from food and drink industry firms trading on their location within NPs. A few of these are briefly described below :

> Capestone Organic Poultry in Pembrokeshire Coast NP notes that their key selling point is their location - "Without a doubt, the majority of our customers make a specific reference to our location. We are extremely proud of our location and promote it wherever possible. It gives our story and product provenance" (WLGA, 2013).
>
> Penderyn Whisky, in Brecon Beacons NP uses the NP brand to market nationally and internationally –"nestled in the foothills of Brecon Beacons and produced with our very own Brecon spring water" (WLGA, 2013).

> The Cairngorms Business Monitor 2017 (visitcairngorms.com) reported that 6 out of 10 businesses feel that the NP designation has a high influence in attracting first time customers.

The emerging new food and drink businesses in the Scottish Borders could be given a significant boost by National Park branding. And it is not only food and drink businesses which choose to locate in NPs. Most NP websites carry case studies of a wide range of small businesses which have set up in or near the NP because of the quality of life and the cachet of the NP brand.

Housing – property prices, affordable housing, second homes, mortgage availability

House prices in and around National Parks

House prices in and around NPs are higher than the price of comparable properties distant from NPs.

Over the last 50 years there have been a large number of studies evaluating the price impacts of a wide range of environmental amenities such as designated areas, including National Parks.

One study using 1996-2008 data from Nationwide Building Society related to about 1 million housing transactions (Gibbons et al, 2014) and was controlled for a wide range of variables including transportation, proximity to schools etc. It found that properties within English NPs commanded a 4.8% premium over comparable houses just outside the NP. Increasing distance from the NP was associated with a fall in price – each 1km increase in distance from an NP was associated with a 0.24% fall in prices.

Nationwide Building Society's House Price Index 2013 (Nationwide, 2013) found an 18% price premium for otherwise identical properties situated within UK NPs, including Cairngorms and Loch Lomond and Trossachs, and an 8% premium for a property within 5km of a NP (see table 5).

Table 5. Nationwide House Price Index Special Report December 2013

National Park	Land area sq km	Pop served[2] (millions)	Average house price	Indicative premium
New Forest	570	1.3	£336,000	£60,500
South Downs	1624	3.3	£318,000	£57,200
Lake District	2292	0.6	£253,000	£45,500
Peak District	1437	5.9	£213,000	£38,300
Dartmoor	953	1.0	£204,000	£36,700
Cairngorms	4528	1.0	£187,000	£33,700
N York Moors	1434	1.0	£182,200	£32,800
Brecon Beacons	1344	1.8	£179,000	£32,200
Loch Lomond and Trossachs	1865	1.1	£157,000	£28,300
Snowdonia	2176	0.4	£119,000	£21,400

Would this pattern be repeated in the Scottish Borders?

Given the abundance of low cost property in and around towns such as Hawick and Selkirk, and the number of 'For Sale' signs which sometimes remain for years, it is unlikely that the demand for properties in the area would produce a significant price increase in the short to medium term. It has been calculated that the five Scottish councils with the greatest proportion of empty homes are rural: Western Isles, Orkney, Shetland, Borders, Argyll & Bute[3]. A gradual increase in demand, and price would in fact be good news for house owners within and near the NP.

How would NP designation affect those who do not own a property? Since Park designation is associated with an increase in employment, better quality jobs and higher household incomes, any increase in house prices should be offset by the increased ability to obtain and service a mortgage.

Hence it is reasonable to surmise that, in the context of the Scottish Borders, the impact on house prices of NP designation would be generally positive. Perhaps indeed there would

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[2] "Population served" refers to the number of people living in the NP plus those living within 25km of its boundary.

[3] 'A Review of Empty and Second Homes in Scotland, Ciaran McDonald and Andy Wightman MSP, Scottish Green Party, June 2018.

eventually be an opportunity to convert some of the fine old remaining mills into luxury flats.

What about affordable housing?

Given the expected improvement in economic status of households, and the abundance of low price housing in the area, there is no reason to predict additional need for affordable housing.

Second home issues

Some rural areas including NPs report an undesirably high proportion of second homes. Given the situation in the Southern Borders as noted above, it is unlikely that such a problem would arise in the short to medium term. Indeed, conversion to holiday homes would be a highly attractive solution to the problem of the large number of beautiful but crumbling old farm buildings which are no longer suitable for their original purpose, thus not only expanding the housing market but also contributing to sustained increase in the economy.

Other aspects

Access to funds – public and private sector "The NP brand means an easier access to public funding for municipalities as well as public companies" (Stemberk et al, 2018)

Roads – road congestion is not a problem in the NPs covered in this report, with the exception of a few major roads in high season. The Lake District NP is not covered here, but anecdotally it has very high visitor numbers and severe high season congestion. It is suggested that, however successful a Scottish Borders National Park might be it cannot be anticipated that it would ever match the visitor numbers in the Lake District. This could also provide further diverse income streams for some farmers and land managers.

It is also worth noting that the Scottish Borders is never likely to experience the kind of congestion as has the Isle of Skye because of recent tourism growth there. This is because there are only 47.3 miles of A-road in Skye, while the three main north-south routes in the Borders total more than twice that alone, regardless of the hundreds of miles of other A-class and B-class roads (unlike on Skye) - a network across 1,827 square miles compared to the 639 square miles of Skye.

Parking – NPs and private tourism businesses have substantial income from parking charges. Local residents can be provided with free or cheap seasonal passes.

Facilities – Yorkshire Dales NP has 11 public conveniences. Other NPs also highlight importance of adequate toilet provision for visitor satisfaction (and presumably for public health).

5 Possible direct returns to the Scottish Government

The economic returns of designation would not be confined to local impacts. The Scottish Government as of now receives 50% of VAT receipts and all of income tax generated in Scotland (Currently the amount due to Scotland is not calculated as a direct percentage of actual local receipts but this could readily be changed and no doubt will be as questions arise as to what precisely the amount should be).

SBC's estimate of the total economic impact of tourism in the Scottish Borders in 2017 using STEAM methodology (STEAM 2014) is £214m. The UK Tourism Alliance estimates that 17% of visitor spend is VAT (tourismalliance.com). This is because not all tourism expenditure is on items subject to VAT. Hence the current tourist spend in Scottish Borders now yields approximately £18m/year VAT to the Scottish Government.

It should be useful first to consider the scenario predicted in the earlier review on 'Tourism and the National Park' posted on the www.borders-national-park.scot website. There it was argued that, as has been shown in other areas of the UK, ***tourism in a Borders NP and in the wider area around would be significantly enhanced by designation of a NP.*** Such designation in the Southern Borders, it was argued, could reasonably be predicted to lead over a number of years to a doubling of the very low figure for Borders tourism. Here some of the financial implications of that prediction are considered, then also some more pessimistic scenarios. In Table 6 the increased revenue to the Scottish Government which would accrue as a function of three possible levels of increased tourism in Scottish Borders is shown.

According to the Tourism Alliance (tourismalliance.com) every £54,000 of tourism revenue creates 1 FTE job. SBC's 2017 figures estimate that tourism directly supports 3859 FTE jobs, and 4572 if indirect impact is included. Doubling tourism would not necessarily double jobs, because many facilities are underused or staffed at fixed levels regardless of visitor numbers, such as Hermitage Castle, museums, etc. Two thousand additional jobs is perhaps the most optimistic estimate for a doubling of tourist numbers. The average UK wage outside London in 2018 is £25,880 (monster.co.uk), of which in Scotland on average £2805 is paid as income tax (incometaxcalculator.org.uk). Accordingly, if 2000 additional jobs were created that would, on average, equate to £52m in wages and £5.6m/year **additional** income tax to the Scottish treasury. The increased income tax revenues to the Scottish Government which would accrue as a function of three possible levels of increased tourism in Scottish Borders is shown in Table 5. Note that these figures do not include an estimated increase in stamp duty revenues, which would be likely.

Table 6 . Increase in VAT and income tax revenues to Scottish Government from increased tourism in the Scottish Borders

Increase in tourism %	**Increased Scottish VAT** revenue (8.5%) ££m	**Increased Income Tax ££m**	**Total ££m**
100	18	5.6	23.6
50	9	2.8	11.8
10	1.8	0.56	2.36

An interesting point made in an international study was that visitor numbers were not obviously related to size of budget, Stemberk et al (2018)

6 Discussion

Not all people look for the same things in a holiday destination. Some want sun, sea and sand. The latter group would not necessarily put 'National Park' as their main search term for a holiday destination. So what is it that attracts the large numbers of visitors to UK NPs? Surveys are regularly carried out by public and private organisations to find out what UK and international visitors rate most highly about NPs. Landscape and cultural heritage are the main factors.

The regular surveys carried out by VisitScotland indicate that landscape, history and cultural heritage are the main factors attracting visitors to Scotland. Landscapes and cultural heritage are not found exclusively in NPs. However, National Parks have very high visibility – they are marked on the maps, they are listed in the tourist guides, they are publicised, at no cost to them, in the media. They are an internationally understood and valued brand. For the variety of national parks in the UK see https://www.fodors.com/news/photos/great-britain-only-has-15-national-parks-and-theyre-all-gorgeous?anf=DEFAULT, also Appendix 1 of this report for their locations and Appendix 2 for some basic facts about a selection of them.

The surveys indicate that 'the National Park label', nationally and internationally, is associated with a reliably high quality of visitor experience of landscape, cultural heritage, and good facilities. They also show a very high level of public awareness of these qualities as characteristic of NPs. ***'National Park' is a very valuable and prized brand.***

The higher house prices observed in NPs might have negative impacts. However, in the southern Scottish Borders there is an abundance of low cost housing and 'For Sale' signs often remain for long periods. Hence increased demand would be welcome to sellers. Since employment, including stable and well-paid employment, would tend to increase, any uplift in house prices would be countered by greater ability to get mortgages and greater ability to pay.

The experience of other NPs strongly confirms the proposition that designation of a Scottish Borders NP would have a considerable and positive economic impact on the area designated, on the wider area around it, on the local authority area as a whole, and on the Scottish public purse.

Note - this paper only considers measureable economic contributions of the NPs which can be relatively easily obtained from available statistics. It does not look at the significant but hard to quantify contribution made by NPs to health and wellbeing, socio-cultural values and additional value from the natural environment.

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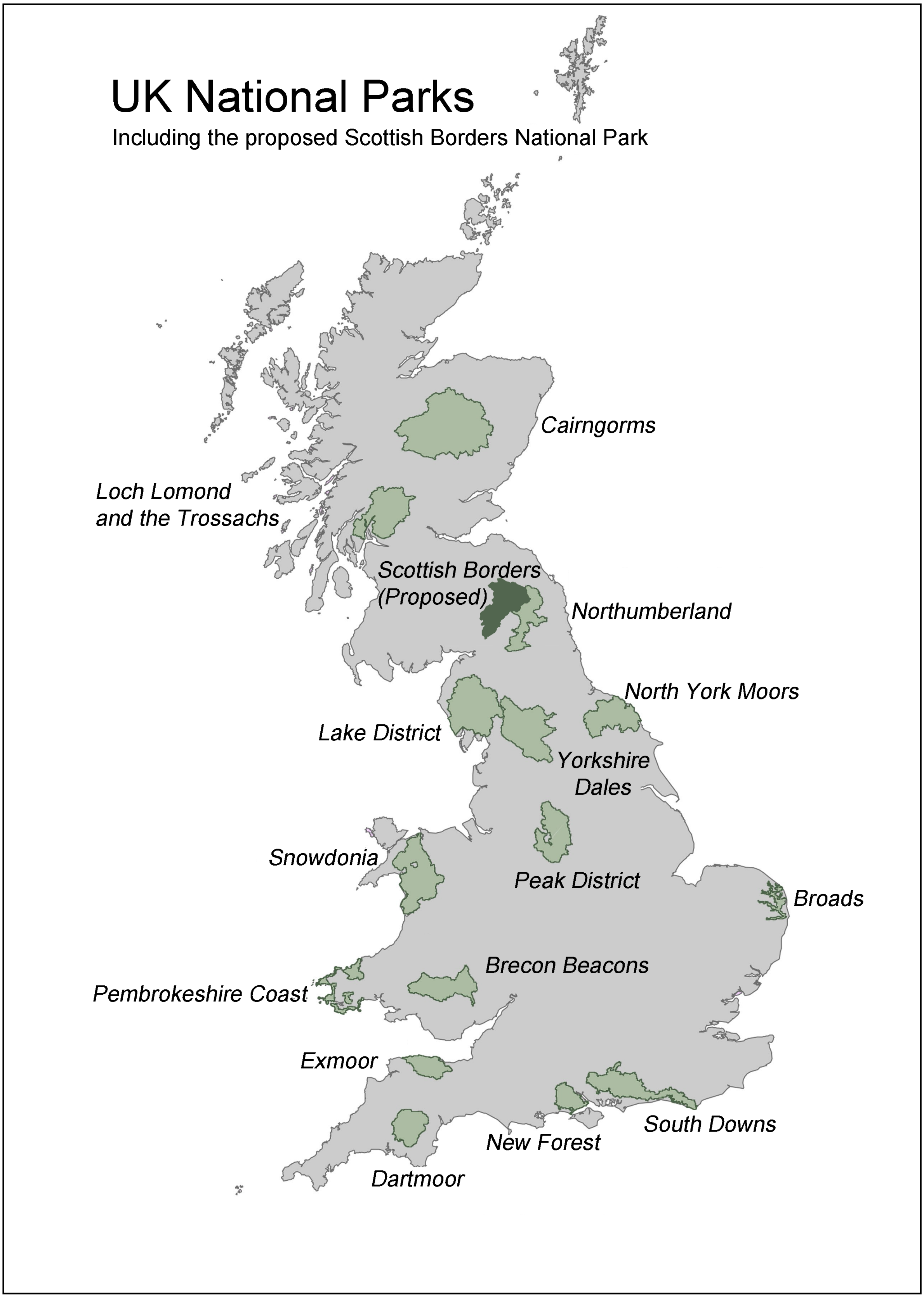
Appendix 1 **Map of UK showing NPs**



<u>Appendix 2</u> Thumbnail sketches of selected UK NPs (with population and area mid-2012)

North York Moors NP northyorkmoors.org.uk

Area 1436 square km

Population 23,400 (of which 17,500 economically active - no large towns within NP. Employment within the NP grew by 1% between the censuses of 2001 and 2011 and 7% increase in households in the same period (census data).

Budget 2017/18 - £5.2m of which £4.2m UK Govt grant

70% of the employed work outside the NP, 19% residents are self-employed. Agriculture, forestry and fishing (NP includes some sea coast) are 40% of businesses in the NP.

Tourism and recreation support 4000 fte jobs in the NP and 7800 in the wider area. Higher rate of business creation and higher survival rate of businesses in the NP and its halo than national and regional average. Qualifications are higher than in surrounding area. 6% of housing stock is second homes. Housing is an issue - £250,000 is average price. (Amec Foster Wheeler, 2015).

Northumberland National Park northumberlandnationalpark.org.uk

Area 1,050 sq.km.

Population 2,000

Budget for 2017/18 - £5.5m of which Government grant £2.6m

The Sill National Landscape Centre, a £15.3m project funded from a range of non-governmental sources, was opened on 29th July 2017 and by end March 2018 had welcomed 110,300 visitors.

Northumberland NP has planning powers. In 2016-17 it determined 99% of planning applications within their statutory time frame of 8 week and 13 week periods, significantly exceeding national and local targets of 80%. Approval rate was 94%, above the national average of 88% and 90% for other NP authorities (NP Annual Report 2016-17).

Northumberland NP is the most sparsely populated of all English NPs and has the highest concentration of agricultural businesses. It has a working population of only 1600 people but its rate of economic activity (76%) is higher than English NP and national averages. Its business community is dominated by land management and tourism businesses.

Yorkshire Dales NP yorkshiredales.org.uk

Area 1,770 sq.km.

Population 19,600

Budget 2017/18 £7m of which Government grant £5m

Only around 1% of the working population of the NP is claiming benefits, compared to the regional average of 5%. There are an estimated 2,430 businesses employing over 11,000 people. Over 90% employ less than 10 people. 66% of the land area is “utilisable agricultural area”, mainly hill farms. 2700 people are employed directly in farming.

Wales’ National Parks

Wales’ NPs cover 20% of the land surface of Wales, have a resident population of 80,000 and in 2013 accounted for £500m of GVA, 1.2% of the Welsh economy. The NPs received over 12M visitors per year spending an estimated £1bn in total on goods and services. On top of their Government grant t0o

The NP authorities lever in 35% of their total income and expenditure (WLGA.gov.uk)

Details for the largest – Snowdonia – below.

Snowdonia National Park

Area 2,110 sq.km.

Population 25,600

Budget 2016/17 £5.8m of which £3.7m Government grant

When Snowdonia NP was created in 1951 there was concern that the town of Blaenau ffestiniog, population 4,875, a historic slate mining town, was right in the middle of the beautiful rural mountainous area of the proposed NP. The view at that time was that an NP should not include industrial towns. So they drew a boundary around the town, excluding it from the NP. Today it is a thriving tourist town.

Cairngorms National Park **cairngorms.co.uk**

Area 4,528 sq.km.

Population 24,822

Budget 2016/17 £5m of which Government grant £4.5m

The NP supports catchment management collaboration to reduce flooding, improve water quality and improve wetland and river habitats (Annual Report 2016-17). It works to develop a sustainable economy supporting thriving businesses and communities. The NP has planning powers and in 2014 approved a controversial plan for a new village of 1500 houses next to Aviemore, which has a population of 2800.

Loch Lomond and Trossachs National Park **lochlomond-trossachs.org**

Area 1,865 sq.km.

Population 15,168

Budget 2016/17 £9.5m of which Scottish Government and SG agencies grant(s) £9.5m

In 2017 LL&T NP introduced camping byelaws – four Camping Management Zones to manage camping pressures on popular lochshores (Annual Report 2016-17). NPs have the power and the responsibility to manage tourism pressures on sensitive areas.

The NP supports Saving Scotland's Red Squirrels Project with funding from the Heritage Lottery Fund. Red squirrel populations are growing and greys are being effectively removed. It is supporting community-based projects to remove invasive plant species. It works with land managers around the NP to facilitate integrated landmanagement planning, helping to promote and deliver the aims of individual businesses as well as the wider public benefits of sustainable land use. It promotes events around the NP and works with local businesses, communities and partner organisations to attract new events to the area.

Appendix 3 Map of proposed Scottish Borders National Park area