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Assessment of the economic value of the Cotswolds AONB

Final Report for

Cotswolds Conservation Board

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Final Report prepared for

Cotswolds Conservation Board

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Executive Summary

Introduction

The Cotswolds Area of Outstanding Natural Beauty (AONB) is one of the UK's best known and most visited areas – enjoyed by millions for its peaceful countryside, picturesque towns and villages, rich heritage and opportunities for recreation and quiet enjoyment of the outdoors.

The Cotswolds AONB covers 2,038 sq km (790 sq miles) and is the largest member of the family of 46 AONBs in the UK and the second largest protected landscape in England. Two million people live within a 20-minute car journey of the Cotswolds AONB.

While it is clear that the high quality of the natural and built environment underpins the valuable Cotswolds tourism and recreation industry, the overall economic worth of the AONB is less evident. Both positive and negative effects are associated with the designation and associated policies.

In the context of the increasing need for protected landscapes to demonstrate their value to government, funding partners and the communities in which they are located, this study seeks to assess the economic value of the Cotswolds AONB and to determine how and why the AONB designation makes a difference in supporting its local economy.

The approach taken during the study included: the collation and analysis of economic and social data from public sources; a review of relevant literature; a survey of businesses in and around the Cotswolds AONB; a series of interviews with stakeholders from public sector bodies and the business community in the AONB; and the production of a number of case studies. The findings were then analysed and conclusions and recommendations developed. Feedback from the Cotswolds Conservation Board (CCB) Annual Forum held in March 2013 was also taken into account.

Current economic activity and value within the Cotswolds AONB

The Cotswolds economy comprises 9,500 businesses with around 54,000 employees. Key sectors in terms of the number of businesses include professional, scientific and technical services and agriculture, forestry and fishing. Business administration and support services, and wholesale, retail and repair of motor vehicles are the most important sectors in terms of employment. Farming and tourism, which are closely associated with the purposes of the Cotswolds AONB, together account for around 20% of employment.

The Cotswolds economy varies across the AONB, in terms of type of business, economic activity and prosperity. Differences between AONB and non-AONB areas vary from significant to non-existent depending on the location.

The Cotswolds has an economically active population of around 76,000 (70% of the total population), of which around 55,000 are employees and 17,480 are self-employed. The proportion of self-employed people in the AONB is twice the national average. There is also a higher proportion of managers, professionals, technical staff and skilled trades in the AONB compared to the national average. Anecdotal evidence suggests that a significant proportion of employees commute out of the area to work.

The total turnover of businesses in the Cotswolds AONB is estimated to be around £5,287 million. The total value of this economic activity in the AONB, measured as Gross Value Added (GVA), is estimated to be around £2,038 million (or £2 billion).

Overall, the Cotswolds economy is relatively prosperous; it has been largely resilient to the recent economic downturn.

Contribution of the Cotswolds AONB and high quality landscape to the economy of the region

The Cotswolds AONB has been established almost 50 years, during which time the Cotswolds landscape has been protected by planning and other legislation. Each year around £1.25 million is invested directly and indirectly by the CCB into the local area to conserve and enhance its natural beauty and increase people's understanding and enjoyment of its special qualities. The CCB's core activities in relation to the economy of the area include planning, sustainable tourism and rural land management.

Businesses and stakeholders have identified a range of advantages and disadvantages of being located in the Cotswolds and being in the Cotswolds AONB specifically, although it is not always easy to differentiate between the two in terms of influence.

The Cotswolds provide a high quality environment, a good quality of life, a wealthy customer base, access to tourist markets, and a strong brand and image for marketing purposes. The Cotswolds are also centrally located and easily accessible. On the negative side are higher costs, limited staff availability, low housing affordability, limited broadband and transport infrastructure, and a restrictive planning system.

The AONB is considered to protect and maintain the high quality environment in the Cotswolds, develop recreational opportunities, raise the profile of the area, attract more visitors and support specific sectors including sustainable tourism and environmental land management. Negative effects associated with the AONB include planning restrictions, increased costs, and limitations on HGV traffic and some types of renewable energy.

The businesses most likely to benefit from being located in the AONB include tourism businesses (e.g. accommodation, food and drink serving, visitor attractions), tourism-related businesses (e.g. retail, diversified farm businesses, transport), farm businesses, countryside trades (e.g. walling) and businesses which benefit from the quality of the brand or the environment (e.g. creative/new media businesses).

The businesses most likely to be disadvantaged from an AONB location include large industrial activities, haulage, and businesses which develop and grow rapidly. These will tend to be hampered more by national and local planning policies relating to the AONB, and associated development control decisions.

Many businesses, including tourism and leisure providers and those producing for or servicing niche markets, clearly value the Cotswolds brand. 48% of the businesses surveyed use their Cotswolds location 'a lot' when promoting their goods and services, and 53% use the AONB brand 'a lot'. While other feedback suggests that the generic Cotswolds brand is more widely used and recognised than the Cotswolds AONB brand, both businesses and stakeholders recognise the role of the AONB/CCB in protecting and enhancing the 'product' that is the Cotswolds.

In terms of financial impacts, over half of all businesses surveyed indicated a positive impact on turnover arising from being in the AONB. This figure increased to 62% for tourism-related businesses, including 29% which suggested an increase in turnover of more than 15%. Most businesses indicated no impact or a negative impact on costs associated with being in the AONB. On average, the larger, positive impact on turnover outweighs the smaller, negative impact on costs.

Overall, a large majority (83%) of the businesses surveyed felt that being in the AONB has a positive impact on their business; very few indicated a negative impact.

An estimate of the economic contribution of the Cotswolds AONB can be derived from a combination of economic data and feedback from businesses. The business survey showed that 33% of tourism and tourism-related businesses and 12% of other businesses felt that a deterioration in the quality of the landscape would seriously affect their business performance. Applying these percentages to accommodation and food service businesses (the main industry group for tourism and tourism-related businesses) and the rest of the economy suggests that around £260 million of GVA (13% of AONB total) and 7,500 jobs (14% of AONB total) are ‘critically dependent’ on the high quality environment and landscape of the AONB.

It can be anticipated that businesses which are critically dependent on a high quality environment and landscape will also have indirect and induced impacts on employment and GVA. Average multipliers for these wider impacts range from 1.1 (neighbourhood level) to 1.5 (regional level). If a multiplier of 1.3 is applied – reflecting the size and nature of the AONB - this would suggest that the economic contribution of the AONB, after adjustment for the multiplier, would be in the order of £337 million GVA and 9,720 jobs.

This could be regarded as a conservative estimate as it excludes the economic contribution of the significant number of businesses which are ‘to some extent’ dependent on a high quality environment and landscape and those businesses located just outside the AONB but which benefit from it in terms of quality of environment, quality of life and branding etc.

In addition to these GVA and employment benefits, the AONB is considered to have a positive impact on the local economy in terms of raising the recognition of the area, encouraging sustainability and promoting local sourcing in particular.

Looking ahead

This study shows that the economy of the Cotswolds is diverse, prosperous and resilient, and that there is a positive relationship between many businesses and the high quality landscape and environment of the area.

In the future, there are a number of opportunities and threats for the local economy and environment. Opportunities include growing more tourism, producing more local food and drink, and further developing the Cotswolds brand. Threats include not keeping pace with infrastructure required for business, limitations in the amount and type of labour available, and the high cost of living especially for those working in key sectors in the area such as agriculture and tourism.

Recommendations for the consideration of the Cotswolds Conservation Board, partner organisations and businesses to build on the current positive situation, and address future opportunities and threats, are set out below:

1. Conserve and enhance the Cotswolds by continuing planning, land management and environmental activities
2. Increase understanding and enjoyment of the Cotswolds by continuing promotion, interpretation, volunteering and community work.
3. Promote and grow sustainable tourism in the Cotswolds, and link across to the wider tourism sector.
4. Develop a Cotswolds Visitor Giving Scheme to provide financial support for managing the landscape.
5. Support the Cotswolds brand and Cotswolds branded products and services which link to a high quality environment. This could include progressing the ‘Cotswolds Choice’ brand and/or a ‘Made in the Cotswolds’ website.
6. Encourage farm-based diversification which links to good landscape management
7. Develop the supply chain between local producers and retailers of locally produced food and drink.
8. Encourage local purchasing via local sourcing policies, business networking, business directories and collaborations.

9. Identify priorities for investment in the Cotswolds economy, especially in rural areas, by working with partners through the LEPs, then implement.
10. Improve infrastructure in the Cotswolds, particularly broadband
11. Be more strategic and flexible in the approach taken to planning and economic development to enable growth, whilst continuing to protect the landscape.
12. Identify types of business and enterprise which are appropriate in the Cotswolds, and provide good examples, to promote sustainable economic development.
13. Convey positive business messages to planners, partner organisations and the public.
14. Identify opportunities for securing external funding to benefit the Cotswolds economy and environment.

Acknowledgements

We would like to thank a number of individuals and organisations for their input in helping us to assess the economic value of the Cotswolds AONB and determine how and why the AONB designation makes a difference in supporting its local economy.

We would very much like to thank all those business owners and staff who gave their time and information to contribute to the Business Survey, and to those from a range of different business membership organisations (including the Chambers of Commerce, Country Land and Business Association, Federation of Small Businesses and National Farmers Union) who signposted their members to the online survey.

Thank you also very much to the stakeholders from local authorities, Local Enterprise Partnerships, business membership organisations and individual businesses who provided feedback via the stakeholder interviews.

We would also like to thank those business owners who provided insight into their businesses and what it meant for them to be located in the Cotswolds for the purposes of the case studies.

Thank you too to Kerry Livesy at the Office for National Statistics, who helped with the provision of Annual Business Survey data, and Stephen Preston, Defra for the provision of the socio-economic profile for the AONB.

Finally, thank you to members of the Cotswolds Conservation Board Steering Group including Nicola Greaves, Simon Smith and Martin Lane and to all those who attended and provided feedback at the Annual Forum held on 1 March 2013.

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1 Introduction

1.1 Background

The Cotswolds Area of Outstanding Natural Beauty (AONB) is one of the UK's best known and most visited areas – enjoyed by millions for its peaceful countryside, picturesque towns and villages, rich heritage and opportunities for recreation and quiet enjoyment of the outdoors.

The Cotswolds AONB covers 2,038 sq km (790 sq miles). It is the largest member of the family of 46 AONBs in the UK and the second largest protected landscape in England after the Lake District National Park. The AONB covers parts of 15 local authorities in Warwickshire, Worcestershire, Gloucestershire, Oxfordshire, Wiltshire, South Gloucestershire and Bath & North East Somerset. The AONB has a population of 158,000 and lies within easy reach of large centres of population. Two million people live within a 20-minute car journey of the Cotswolds AONB.

The Cotswolds AONB has long been valued for its high quality landscape and environment along with its numerous opportunities for enjoyment and relaxation. It is the quality of the natural and built environment that underpins the Cotswolds tourism industry, estimated to have revenues of £425million[1]. The overall economic worth of the AONB is however less evident. On the one hand, the designation, landscape and associated policies are portrayed as very positive, for example: by the many estate agents who regularly refer to the AONB location within their property adverts; and the promotion of the Cotswolds brand based on the landscape and cultural qualities of the area. On the other hand, the designation and associated policies are often portrayed as having negative effects, such as stopping development and hindering business growth and expansion.

Previous research undertaken elsewhere has shown the contribution that a high quality environment can make to economic well-being in rural areas, and demonstrated how a healthy natural environment and a healthy rural economy often go hand in hand (e.g. *Prosperity and Protection*, published by the Council for National Parks in 2006). Some studies have also shown how high quality landscapes and environments such as the Cotswolds AONB attract a high proportion of entrepreneurs and give rise to start up companies and innovation.

Given the increasing need for protected landscapes to demonstrate their value to government, funding partners and the communities in which they are located, the Cotswolds Conservation Board (CCB) procured this study to assess the economic value of the Cotswolds AONB and to determine how and why the AONB designation makes a difference in supporting its local economy.

1.2 Aim and Objectives

The aim of the study was to:

- **Assess the economic value of the Cotswolds AONB and to determine how and why the AONB designation makes a difference in supporting its local economy.**

[1] *Volume & Value of Tourism in the Cotswolds AONB,* South West Tourism 2003. More recent estimates on the value of the Cotswolds tourism industry have been cited in the region of £1billion.

This was achieved through:

1. **An assessment of current economic activity and value within the AONB;** and

2. **An assessment of the contribution of the Cotswolds AONB and high quality landscape to the economy of the region,** including responses to the following questions:

   a. What evidence is there to suggest that businesses benefit from or are hindered by the AONB designation?

   b. Which business sectors benefit the most from the AONB designation? Which are hindered the most?

   c. To what extent do businesses use the AONB designation as a marketing tool?

   d. Is the AONB seen as a more positive benefit or a greater hindrance compared to experiences in adjoining areas of non-designated countryside?

   e. Is it possible to identify the value of the AONB to the private sector – does the Cotswolds AONB location lead to a series of economic benefits to the private sector? If so, how and what is the scale of values or benefits?

   f. Is it possible to identify the cost of the AONB to the private sector – does the Cotswolds AONB place additional costs on the private sector? If so, how and what is the scale of those costs?

   g. Some Cotswolds case studies and examples of the above will be required to help illustrate the impact of the AONB.

1.3 Methodology

The methodology used during the study included the following tasks:

- The collation and analysis of economic and social data from public sources; this included data specifically requested for the study;
- A review of relevant literature relating to both the Cotswolds AONB and other protected areas;
- A survey of businesses in and around the Cotswolds AONB;
- A series of interviews with stakeholders in the Cotswolds AONB including planning officers, economic development officers, business representatives and individual businesses
- The production of case studies highlighting a range of businesses with different types of interaction with the Cotswolds AONB.
- Analysis and reporting.

This report also takes account of feedback provided from the Cotswolds Conservation Board Annual Forum - '*Cotswolds AONB – benefits for business*' - held on 1 March 2013, see http://www.cotswoldsaonb.org.uk/?page=annual-forum-2013.

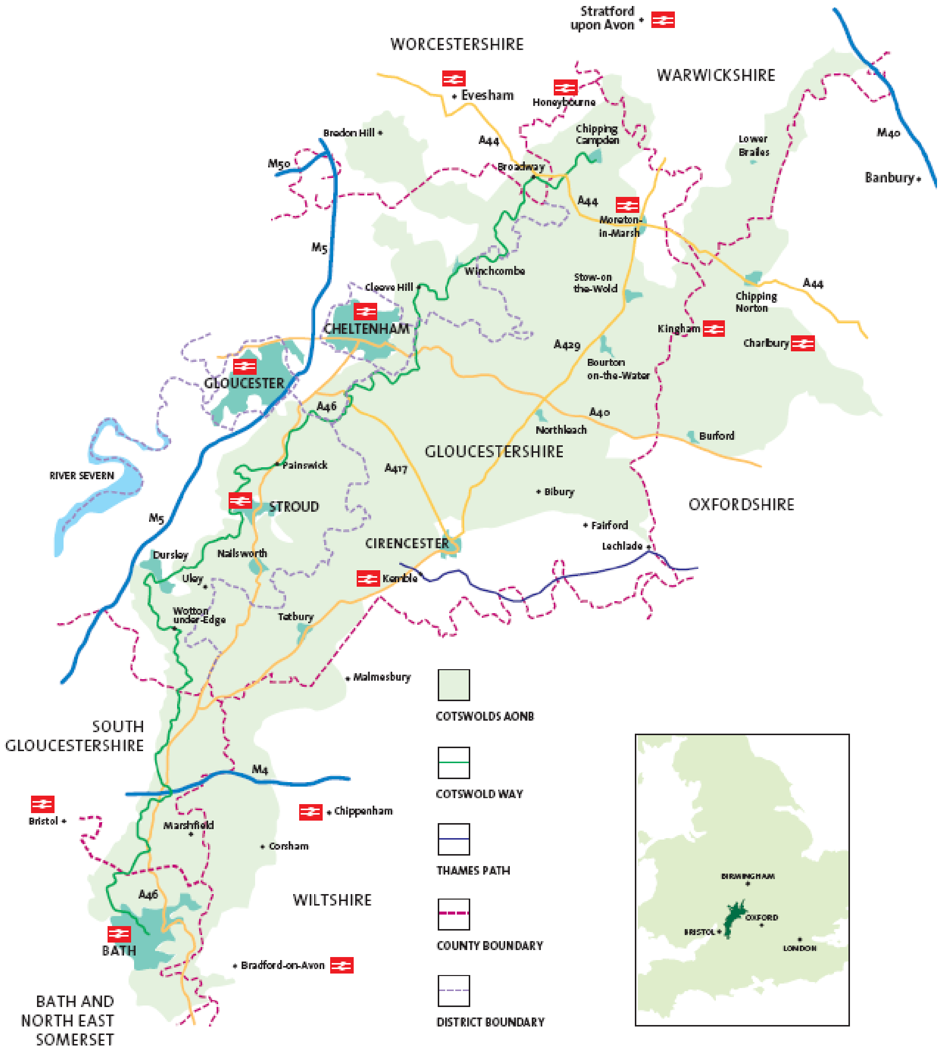
2 Overview of the local economy of the Cotswolds AONB

2.1 Introduction

This overview of the local economy has been produced using publicly available data drawn from the Office for National Statistics (ONS) Business Register and Employment Survey (BRES), ONS Annual Business Survey (ABS), CACI Ltd, Defra June Survey and the Defra Cotswolds AONB Economic Profile.

2.2 Area and governance

The Cotswolds AONB is illustrated in Figure 2-1. The AONB covers 2,038 sq km across 3 former Government regions, 15 local authorities and 282 parish or town councils; see Tables 2-1 and 2-2.



Source: CCB

Figure 2-1: Cotswolds AONB - Map

Region	sq km	% of AONB area
South West	1,651	81
South East	245	12
West Midlands	142	7
Total	**2,038**	**100**

Source: CCB, Cotswolds AONB Fact Sheet One

Table 2-1: Cotswolds AONB – Breakdown by former Government Region

Local authority	sq km	% of AONB area
County Council		
Gloucestershire	1,299	63.7
Worcestershire	49	2.4
Warwickshire	104	5.1
Oxfordshire	246	12.1
Unitary Authority		
Bath & North East Somerset	73	3.6
South Gloucestershire	128	6.3
Wiltshire	139	6.8
District Council		
Cotswold	893	43.8
Stroud	222	10.9
Tewkesbury	173	8.5
Cheltenham	10	0.5
Wychavon	49	2.4
Stratford	104	5.1
Cherwell	5	0.2
West Oxfordshire	242	11.9
Total AONB	**2,038**	**100**

Source: CCB, Cotswolds AONB Fact Sheet One

Table 2-2: Cotswolds AONB – Local Authority Breakdown

2.3 Business activity

Number of businesses

There is a total of 9,455 businesses in the AONB[2], including 8,975 in rural areas (95%) and 480 (5%) in urban areas.

The industry sectors with the most businesses include professional, scientific & technical (18%), agriculture, forestry and fishing (14%), wholesale and retail, repair of motor vehicles (14%), and construction (11%).

The AONB has a significantly higher proportion of businesses in agriculture, forestry and fishing than Great Britain as a whole and a slightly higher proportion of businesses in professional, scientific and technical services. The AONB is under-represented in a number of areas including wholesale and retail, repair of motor vehicles, and health in particular.

Industry	AONB No.	AONB %	GB %
Agriculture, forestry & fishing	1,375	15%	6%
Mining, quarrying & utilities	30	0%	6%
Manufacturing	475	5%	
Construction	1,025	11%	12%
Wholesale & retail, repair of motor vehicles	1,305	14%	17%
Transport & storage	170	2%	3%
Accommodation & food services	480	5%	6%
Information & communication	660	7%	8%
Financial & insurance	145	2%	2%
Property	305	3%	4%
Professional, scientific & technical	1,735	18%	17%
Business administrative & support services	645	7%	7%
Public administration & defence	25	0%	0%
Education	150	2%	2%
Health	235	2%	4%
Arts, entertainment & recreation	400	4%	7%
Other services	295	3%	
Total for all industries	**9,455**	**100%**	**100%**
Urban	480	5%	
Rural	8,975	95%	

Sources: Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/11 Enterprise Level; and ONS Enterprise level, and ONS UK Business Activity, Size and Location, 2012

Table 2-3: Number of businesses

It is worth noting that this data is derived from the Inter Departmental Business Register (IDBR) which is based on VAT registered and PAYE businesses and covers 99% of all businesses. Agriculture tends to be under represented in the IDBR due to many smaller farm businesses being outside the VAT/PAYE framework; the Defra June Survey provides more accurate data for farm businesses (see Section 2.4).

[2] Cotswolds AONB is defined as Census Output Areas (COAs) where more than 50% of the population live within the AONB boundary. COAs where 50% or less of the population lives within the actual AONB boundary are considered to be outside of the AONB - Defra (2012) Cotswolds AONB: Economic Profile.

Employment in business

Total employment in the AONB was 54,400 people in 2011, including 52,035 in rural areas (96%) and 2,365 in urban areas (4%). This includes private, public and voluntary sector employment.

Key industry sectors in terms of employment in business are business administrative and support services (20%), wholesale & retail, repair of motor vehicles (12%), accommodation & food services (9%) and professional, scientific & technical (9%). Agriculture forestry & fishing, manufacturing and construction each account for 7% of employees.

The AONB has a much higher proportion of employment in business administrative and support services than Great Britain as a whole, and a higher proportion of employment in agriculture, forestry and fishing, mining, quarrying &utilities, accommodation and food services, and professional, scientific & technical. The AONB is under-represented in employment, compared to Great Britain, in a number of sectors including health, public administration and defence[3] [4], transport and storage, and wholesale and retail, repair of motor vehicles.

Industry	AONB No.	AONB %	GB %
Agriculture, forestry & fishing	3,965	7%	2%
Mining, quarrying & utilities	2,100	4%	1%
Manufacturing	3,710	7%	9%
Construction	3,625	7%	5%
Wholesale & retail, repair of motor vehicles	6,585	12%	16%
Transport & storage	745	1%	5%
Accommodation & food services	4,635	9%	7%
Information & communication	2,700	5%	4%
Financial & insurance	315	1%	4%
Property	850	2%	2%
Professional, scientific & technical	4,84	9%	7%
Business administrative & support services	11,050	20%	8%
Public administration & defence	75	0%	5%
Education	3,270	6%	9%
Health	3,010	6%	13%
Arts, entertainment & recreation	1,955	4%	5%
Other services	965	2%	
Total for all industries	**54,400**	**100%**	**100%**
Urban	2,365	4%	
Rural	52,035	96%	

Sources: Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/11 Enterprise Level; and ONS Business Register and Employment Survey 2011

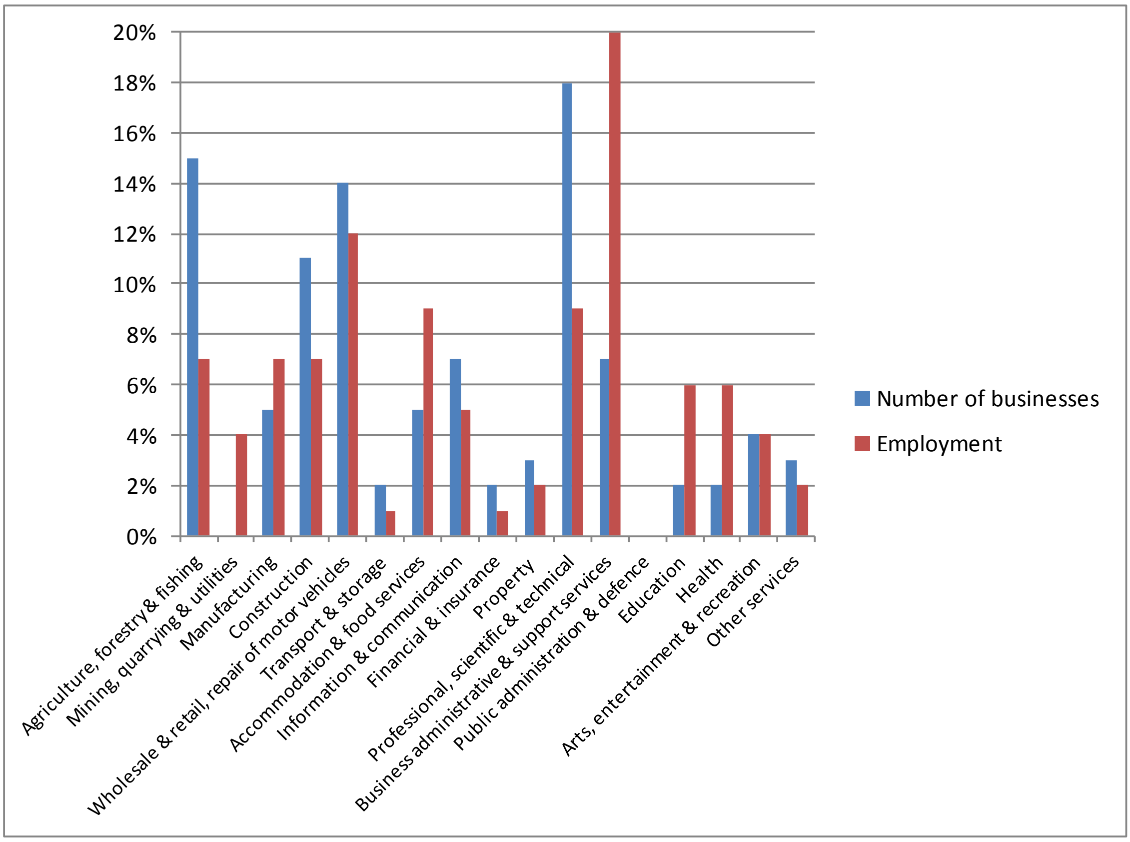
Table 2-4: Employment in business

[3] Public sector employment is distributed across several industry groups, and is not solely included in public administration and defence. Pers.Comm. Steve Hibbs, IDBR, ONS. 13.2.13.

[4] Public sector employment comprises 18-22% of total employment based on BRES 2011 regional averages for the West Midlands, South West and South East regions.

Business size

When AONB business numbers and employment by industry sector are compared alongside one another, see *Based on data from Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/11 Enterprise Level*
Figure 2-2, it is clear that professional, scientific and technical services, agriculture, forestry and fishing, and construction are dominated by relatively small businesses. Conversely, there are fewer, larger businesses in business administrative and support services and accommodation and food services.



Based on data from Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/11 Enterprise Level

Figure 2-2: Number of businesses and employment by industry

This is supported by data on micro-businesses, businesses with 1-9 employees. There are 6,535 micro-businesses[5] in the AONB, comprising 69% of all businesses. The vast majority of micro-businesses are located in rural areas (95%).

These micro-businesses employ 17,845 people in the AONB, comprising 33% of total employment in the AONB.

[5] Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/1 Enterprise Level

2.4 Business Sectors

Additional data is available for certain sectors of particular relevance to the AONB including tourism and agriculture.

Tourism businesses

There are 1,070 tourism businesses[6] in the AONB (11.3% of the total number of businesses in the AONB) employing 6,720 people (12.3% of total employment in the AONB).

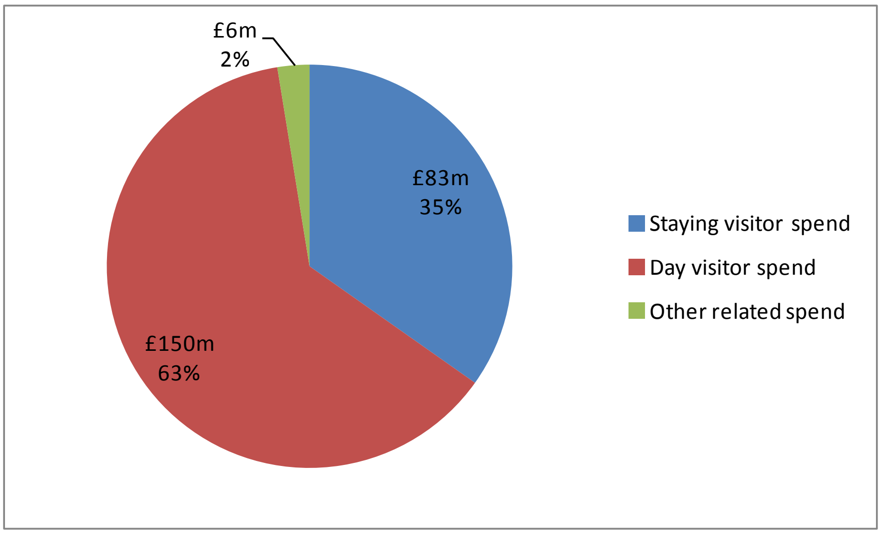
Most tourism businesses are involved with food and beverage serving, accommodation and culture sport and recreation. Most tourism employment relates to food and beverage serving, and accommodation for visitors.

	Number of businesses	%	Employment numbers	%
Accommodation for visitors	310	29%	2,450	37%
Culture, Sport and Recreation	310	29%	1,270	19%
Food and Beverage Serving	390	36%	2,700	40%
Passenger Transport and Travel	60	6%	295	4%
Total	**1,070**	**100%**	**6,720**	**100%**

Source: Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/11 Enterprise Level. Tourism industries selected using the ONS International Tourism definition

Table 2-5: Tourism businesses and employment

It is estimated that some 23 million people visit the Cotswolds AONB each year, the majority of whom are on day visits, often as part of a wider tour. Visit England's *Strategic Framework for Tourism 2010 – 2020* refers to the Cotswolds as one of England's long established and world-famous "attract" brands, which can help to attract visitors and encourage them to travel and spend more widely in the country as a whole. It is estimated that tourism in the area generates revenues of around £425 million each year[7]. An indication of the breakdown of tourism expenditure for the whole of the Cotswold District, by way of example, is shown in Figure 2-3.



Source: SWRC/SWTA (2011) Value of Tourism 2010

Figure 2-3: Breakdown of tourism expenditure – Cotswold District, 2010

[6] Defra (2012) Cotswolds AONB Economic Profile, IDBR 2010/11 with tourism industries selected using the ONS International Tourism definition

[7] CCB (2011) Cotswolds AONB Sustainable Tourism Strategy and Action Plan 2011-2016

Agriculture

There are 1,705 commercial holdings[8] in the AONB. Key farm types, by number of holdings, include grazing livestock (46% of the total), cereals (18%), general cropping (15%) and mixed (10%). See Table 2-6.

Employment on these commercial holdings totals 4,113 people, of which 62% are farmers and 32% are salaried managers or employees.

In addition to direct economic benefits in terms of income and employment arising from food and timber production, farming and forestry provide a range of environmental services in the Cotswolds which have non-market values. These include: water quality; water supply; flood risk management; landscape character; biodiversity; carbon storage; and public recreation[9].

Farming activity and associated environmental services are underpinned by public payments including the Single Payment Scheme and agri-environment scheme payments. While no accurate figures are available, it is estimated that the Single Payment Scheme could bring around £34 million[10] into the AONB, a significant amount relative to other public payments.

	Number of holdings	%		Employment numbers	%
Cereals	314	18%	Farmers	2 541	62%
General cropping	258	15%	Salaried Managers	188	5%
Horticulture	47	3%	Employees	1 112	27%
Specialist pigs	10	1%	Casual workers	271	7%
Specialist poultry	22	1%	**Total labour**	**4 113**	**100%**
Dairy	75	4%			
Grazing livestock (lowland)	784	46%			
Mixed	173	10%			
Other	22	1%			
Total number of holdings	**1 705**	**100%**			

Source: Defra (2012), June 2010 Survey

Table 2-6: Agricultural businesses and employment

2.5 Turnover, Costs and Gross Value Added

Business turnover, costs and Gross Value Added (GVA) are useful for measuring the economic contribution of an area. Gross Value Added (GVA) at basic prices comprises the income generated by businesses within their industries and sectors (turnover), less the cost of goods and services used to create that income. GVA feeds into the measure of Gross Domestic Product (GDP) for the country as a whole. Business employment costs are paid from the value of GVA, leaving an operating surplus which is a good approximation for profit.

While there are no turnover, costs and GVA data for the AONB itself, such data has been obtained from the ONS Annual Business Survey for the 11 local authorities (Unitary Authorities (UA) and District Councils (DC)) in the area. By aggregating the local authority

[8] Commercial holdings are defined as those with significant levels of farming activity, i.e. holdings with more than five hectares of agricultural land... or more than 10 cows, 50 pigs, 20 sheep, 20 goats or 1,000 poultry.
[9] Cumulus (2009) The Future of Farming and Forestry in the Cotswolds. Report for CCB.
[10] Based on the total area of 168,717ha on commercial holdings in the AONB (Defra, 2010) x £200/ha which is the estimated net SPS receipt after modulation and other deductions (ABC, 2013)

data and then applying this to the AONB in relation to total employment, an estimate of turnover, costs and GVA can be derived for the AONB. This estimate suggests that business turnover is around £5,287 million in the AONB, total purchases are around £3,255 million and GVA amounts to around £2,038 million (i.e. £2 billion). See Table 2-7.

	Number
Employment in AONB	54,400
Employment in 11 local authorities (UA, DC) within which AONB sits	788,164
Employment in AONB as % of 11 local authorities	6.902%

Sources: Defra (2012) Cotswolds AONB: Economic Profile, IDBR 2010/11 Enterprise Level; ONS Business Register and Employment Survey 2011

	Total employment costs	Total purchases of goods, materials and services	Total turnover	GVA at basic prices
	£ million	£ million	£ million	£ million
11 Local Authorities	14,271	47,157	76,601	29,532
AONB	985	3,255	5,287	2,038

Sources: ONS Annual Business Survey 2010

Table 2-7: Turnover, Costs and GVA

Note, while in theory more detailed analysis relating to the contribution of individual local authorities and/or sectors to the AONB could be undertaken, in practice this is likely to lead to a misleading figure as there is the insufficient information to weight data from different local authorities and sectors accurately. A broad-based measure looking at the area as a whole is preferred and consistent in line with the approach taken in similar studies elsewhere. Note, the GVA figures take into account subsidies such as the Single Payment Scheme and agri-environment scheme payments in the agricultural sector.

2.6 Economic Activity

The population of the Cotswolds AONB is 150,390, of which 108,745 (72.4%) are aged 16 to 74. Within this age group, 76,022 (69.9%) are defined as ‘economically active’, very similar to the average for Great Britain. These include 55,159 employees (50.7%) and 17,480 self-employed people (16.1%). The proportion of self-employed is double that for Great Britain as a whole. The total number of employees and self employed, 72,639, represents AONB residents rather than businesses i.e. it includes those who commute out of the area to work.

The proportion of unemployed in the AONB is low, just 1.6% compared to 6.2% for Great Britain. The proportion of economically active full-time students in the AONB is also low. It is worth noting that the proportion of all people aged 16-74 in employment working from home in the AONB (17.4%) is almost double that in Great Britain (8.9%).

	AONB No.	AONB %	GB %
All People aged 16 to 74	**108,745**		
Economically active	76,022	69.9%	69.8%
Employee	55,159	50.7%	52.4%
Self employed	17,480	16.1%	8.6%
Unemployed	1,744	1.6%	6.2%
Fulltime student economically active	1,639	1.5%	2.6%
Economically inactive	32,723	30.1%	30.2%
Retired	17,662	16.2%	12.3%
Other economically inactive	15,061	13.8%	17.9%

CACI Ltd (2012), Demographics

Table 2-8: Economic activity

A breakdown of the all people aged 16-74 in employment by occupation shows that there is a higher proportion of managers, professionals and associate professional/technical staff, comprising 56% of employment in the AONB compared to 45% for Great Britain as a whole. There is also a higher proportion of employment in skilled trades in the AONB. Conversely, there is a lower proportion of employment in other occupations including administrative, personal service, sales, process, plant and machine operatives and elementary occupations.

	AONB No.	AONB %	GB %
All People aged 16 to 74 in employment	**74,278**		
Managers & senior officials	16,374	22.0%	15.9%
Professional occupations	14,083	19.0%	14.2%
Associate professional & technical operations	11,236	15.1%	14.8%
Administrative & secretarial	6,473	8.7%	11.0%
Skilled trades	9,201	12.4%	10.3%
Personal service	5,730	7.7%	9.1%
Sales & customer service	2,598	3.5%	7.4%
Process, plant and machine operatives	2,618	3.5%	6.4%
Elementary occupations	5,965	8.0%	11.0%

CACI Ltd (2012), Demographics

Table 2-9: Occupation

2.7 Other

Other economic, socio-economic and demographic data relating to the AONB relevant to this study include the following:

- There is a higher proportion of people aged 45 and over (56% in the AONB compared to 43% in Great Britain) and a lower proportion aged 20-44 (23% compared to 34%)[11].
- There is a higher proportion of households with two or more cars (53% in the AONB compared to 33% in Great Britain)
- Average annual gross household income in the AONB is £37,190[12] compared to £36,000 in Great Britain.

[11] CACI Ltd (2012), Demographics
[12] Defra (2012) Cotswolds AONB: Economic Profile. CACI Paycheck data, 2010-11

- The average overall house price in the AONB was £362,200[13] in 2011 compared to £159,385 in England and Wales, see Table 2-10.
- The average House Price / Average Household Income Ratio – as a measure of housing affordability - was 9.7 in the AONB in 2011 compared to 6.9 in the SW region.

House type	AONB	England and Wales
Detached	£495,200	£251,420
Semi-detached	£285,700	£151,621
Terraced	£248,600	£120,834
Overall	**£362,200**	**£159,385**

Sources: Defra (2012) Cotswolds AONB: Economic Profile. Land Registry sales data 2011; Land Registry House Price Index (2012), 2011 data

Table 2-10: House prices

2.8 The AONB and its surrounds

It is important to note that the local economy is influenced by the cities and towns which lie beyond the AONB boundary. Cheltenham, Gloucester, Bath, Stroud and Cirencester are all located close to the AONB boundary. Stratford-upon-Avon, Banbury, Oxford, Swindon, Chippenham and Bristol are situated a little further field but are also very important.

Many AONB residents commute to these centres to work and shop. Similarly others travel from these cities and towns to the AONB for work and many more for leisure and recreation. While around 150,000 live in the AONB itself, it is estimated that around 2 million people live close by[14].

[13] Defra (2012) Cotswolds AONB: Economic Profile. Land Registry sales data 2011
[14] CCB Cotswolds AONB Fact Sheet Ten

2.9 Summary

- There are 9,455 businesses in the AONB, and total employment is 54,400. 95% of businesses and employment is in rural areas.
- Key sectors by business number include professional, scientific & technical (18%) and agriculture, forestry and fishing (14%). Key sectors by employment include business administrative and support services (20%) and wholesale & retail, repair of motor vehicles (12%). The AONB has a higher proportion of employment in business administrative and support services, agriculture, forestry and fishing, mining, quarrying &utilities, accommodation and food services, and professional, scientific & technical services than the country as a whole.
- Professional, scientific and technical services, agriculture, forestry and fishing, and construction are dominated by relatively small businesses. There are fewer, larger businesses in business administrative and support services and accommodation and food services.
- Tourism accounts for 1,070 businesses (11% of AONB) and employs 6,720 people (12%). Most tourism employment relates to food and beverage serving, and accommodation for visitors.
- Farming comprises 1,705 commercial holdings employing 4,110 people. Key farm types include grazing livestock, cereals, general cropping and mixed.
- Business turnover in the AONB is estimated to be around £5,287 million, with total purchases of goods, materials and services (costs) accounting for around £3,255 million. Gross Value Added is estimated to be around £2,038 million (i.e. £2 billion).
- 76,000 or 70% of the total population of 150,000 is defined as economically active, including 55,000 employees and 17,480 self-employed, some of whom commute out of the area to work. The proportion of self-employed (16%) is double the national average, as is the proportion of those working from home. Unemployment is very low at 1.6%.
- A higher proportion of managers, professionals and associate professional/technical staff and skilled trades live in the AONB compared to the national average and conversely there is a lower proportion of employment in other occupations.
- More people aged 45+, and fewer people aged 20-44, live in the AONB compared to nationally. Average household income is higher and more households have one or more cars. Average house prices in the AONB are more than double that for England and Wales.
- The local economy of the AONB is heavily influenced by surrounding cities and towns. An estimated 2 million people live within 20 minutes of the AONB.

3 The influence of the Cotswolds AONB on the local economy

This section identifies the key influences of the Cotswolds AONB on the local economy including the key activities of the Cotswolds Conservation Board, to set the context for assessing the economic value of the AONB.

3.1 Introduction

The Cotswolds AONB was designated in 1966 and has therefore been in existence and an influence on the local economy and local businesses – to one degree or another - for almost 50 years.

The Cotswolds Conservation Board (CCB) was established in 2004 and has the following purposes: to conserve and enhance the natural beauty of the AONB; and to increase understanding and enjoyment of the special qualities of the AONB. Importantly, in the context of this study, the CCB also has a duty to seek to foster the economic and social well-being of the people living in the AONB. The CCB replaced the Cotswold AONB Partnership.

The policies and work of the CCB are described in the following key documents:

- The Cotswolds AONB Management Plan[15], which sets out the vision, aims, policies and actions for the AONB; and
- The Cotswolds Conservation Board Business Plan[16], which sets out the CCB work programme and budget, and converts the Management Plan policies into action and delivery.

These, together with a number of other sector or activity specific documents, highlight the different ways in which the AONB and CCB influence the local economy and local business.

3.2 Planning policy and development control

Planning policy represents a key way in which the AONB and CCB influences the local economy and local business.

Firstly, AONBs have special status in national planning law as set out in the Cotswolds AONB Planning Protocol[17], see Figure 3-1.

> AONBs are equivalent to National Parks in terms of their landscape quality, scenic beauty, and their planning status. PPS7 makes clear that nationally designated areas including National Parks and AONBs are confirmed by the Government as having the highest status of protection in relation to landscape and scenic beauty. This means that the conservation of the natural beauty of the landscape and countryside should be given great weight in planning policies and development control decisions in these areas.
>
> The Government also states that the conservation of wildlife and the cultural heritage are important considerations in all these designated areas. At the same time planning policies should also support suitably located and designed development necessary to facilitate the economic and social well-being of these designated areas and their communities, including the provision of adequate housing to meet identified local needs.

15 Cotswolds AONB Management Plan 2008-2013. The draft Cotswolds AONB Management Plan 2014-2019 is also relevant.
16 Cotswolds Conservation Board Business Plan 2012-2015. March 2012 Approved Version.
17 Cotswolds AONB Planning Protocol. July 2011

PPS7 also details national policy regarding major developments in designated areas, including AONBs. These should only be permitted in exceptional circumstances and such proposals will need to be subject to rigorous examination. PPS7 sets out issues that will need to be addressed as part of such an assessment.

Such proposals should be demonstrated to be in the public interest before being allowed to proceed. Consideration of applications should therefore include an assessment of:

- the need for the development, in terms of national considerations and the impact of permitting it, or refusing it, on the local economy;
- the cost of, and scope for, developing elsewhere outside the designated area or meeting the need for it in some other way; and
- any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that should be moderated.

Source: CCB (2011) Cotswolds AONB Planning Protocol

Figure 3-1: AONB and Planning Policy

The Planning Protocol acknowledges the ongoing changes to planning legislation including the introduction of the new National Planning Policy Framework (NPPF) and new Local Plans. AONBs are specifically mentioned in the NPPF, see Figure 3-2.

115. Great weight should be given to conserving landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to landscape and scenic beauty. The conservation of wildlife and cultural heritage are important considerations in all these areas, and should be given great weight in National Parks and the Broads.

116. Planning permission should be refused for major developments in these designated areas except in exceptional circumstances and where it can be demonstrated they are in the public interest. Consideration of such applications should include an assessment of:

- the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;
- the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way; and
- any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated.

Source: DCLG (2012) National Planning Policy Framework

Figure 3-2: AONB and the National Planning Policy Framework

Secondly, at a local level, while planning issues within the AONB are primarily dealt with by the 15 local authorities as statutory local planning authorities, the CCB advises and guides these authorities regarding particular issues within the AONB and ensures that the national, and indeed international, value of the area is consistently conserved and enhanced and interpreted to promote greater public understanding and enjoyment.

In practice, the CCB seeks to contribute in the following five areas:

1. Effective involvement at the policy making level (e.g. current development plans, future local development documents, and regional and national planning policy documents) to ensure that the right framework is in place to guide development control decisions[18];
2. The development and application of tools which help to define the character of the AONB, and what is to be conserved and enhanced, thereby providing practical help and guidance for development control decision makers;
3. Highly selective submission of representations relating to development control cases only where the proposed development would have major implications, by virtue of its size and nature, for the character of the AONB, and/or where it would set an

[18] This includes Cotswolds AONB specific policies within individual local authority plans e.g. Cherwell DC's Policy ESD12.

important precedent for future proposals that would fundamentally affect the special qualities of the AONB. These cases may be located within or outside the AONB boundary.
4. Working with all those partners in and around the AONB who are concerned with development in order to enhance their understanding of AONB objectives.
5. Providing advice on aspects of legislation and policies covering conservation and enhancement of AONBs that are relevant to planning decisions.

It is worth re-iterating that CCB's involvement with specific development proposals is limited i.e. very much the exception rather than the rule.

CCB's planning involvement is based on the Management Plan objectives "CEO5: Employment and housing is provided, particularly for those involved in the promotion and care of the landscape, as part of a buoyant rural economy and viable communities". This in turn links to a range of 'Development and Transport Policies' (DTP), see Figure 3-3.

DTP1: That all Local Development Framework documents and planning decision-making processes will use the following criteria to determine the acceptability of a proposed development in the Cotswolds AONB. Development will:
• be compatible with the distinctive character of the location as described by the relevant landscape character assessment, strategy and guidelines
• incorporate designs and landscaping consistent with the above, respecting the local settlement pattern and building style
• be designed to respect local building styles and materials
• incorporate appropriate sustainability elements and designs
• maintain or improve the existing level of tranquillity
• not have an adverse impact on the local community amenities and services and access to these
• protect, or where possible enhance, biodiversity
• be in accordance with a more sustainable pattern of development, reducing dependence on car travel
DTP2: That only development which supports the local economy, improves access to local services, and increases the opportunity for people to live and work in their local community will be promoted in Regional Spatial Strategies and Local Development Frameworks, unless required for some clearly identified national interest.
DTP3: That the special qualities of the AONB are fully respected in the planning, design, provision and management of all types of transport.
DTP4: That those involved in the care of the AONB have the opportunity to live within it.
DTP5: That the current level of local services and access to those services is maintained or enhanced where possible, to support sustainable communities.
DTP6: That issues of importance for the management of the landscape are fully reflected in community focused strategies and plans.
DTP7: That opportunities are taken to promote public transport and reduce the use of private cars.

Source: Cotswolds AONB Management Plan 2008-2013

Figure 3-3: Cotswolds AONB Development and Transport Policies

A number of CCB position statements are also relevant in this context including those on:

- Housing and development;
- Affordable housing;
- Employment;
- Transport;
- Minerals and waste planning; and
- Renewable energy projects.

It falls outside the scope of this study to go into detail on each of these statements however the key elements which are supported and not supported by AONB/CCB are summarised in Figure 3-4 below:

Support for:

- Employment which is most compatible with the character of the most rural areas of the AONB including:
  - *Tourist facilities, including accommodation for the staff.*
  - *Land based jobs including conservation and specialist environmental skills.*
  - *Food or agricultural related businesses*
  - *Micro- businesses and home based working using IT and other high tech design and communication tools*
  - *Craft based workshops*
  - *Retailing focussed on local produce or crafts*
  - *Quiet recreational facilities focussing on enjoying the countryside*
- Quarrying at an appropriate scale to provide continued supplies of local stone for local building materials provided impacts are acceptable and restoration schemes safeguard landscape, geodiversity and biodiversity
- Small scale local recycling and disposal of unavoidable waste, to reduce traffic within the AONB
- Small scale renewable energy projects which can be accommodated within the landscape without causing harm
- Affordable housing to address the housing needs of local communities and/or in association with appropriate employment opportunities, provided this respects the character of existing settlements
- Enhanced local services and access to local services to support sustainable communities
- Improved public transport (e.g., buses, trains) and associated infrastructure where appropriate

No support for:

- Employment which involves many movements by HGVs due to the damage to tranquillity
- New or significantly extended quarries
- New or expanded waste facilities
- Wind farms or large scale biomass energy generation facilities
- Market housing which leads to increased commuting and/or does not respect the character/pattern of settlements
- Major retail centres

Source: CCB Position Statements

Figure 3-4: Development supported and not supported by CCB

3.3 Duties of relevant authorities

In addition to the statutory planning authorities, the Countryside and Rights of Way Act (CROW) Act 2000, Section 85, states that <u>all</u> public bodies and statutory undertakers shall have regard to the purposes of AONBs in exercising or performing any functions in relation to, or so as to affect, land in these areas.

A guidance note "Duties on relevant authorities to have regard to the purposes of National Parks, Areas of Outstanding Natural Beauty (AONBs) and the Norfolk and Suffolk Broads", issued by Defra, provides greater clarity on these duties and to whom they apply.

This is relevant in respect of the development of infrastructure or other activities undertaken in the AONB.

3.4 Rural land management

The CCB is active in supporting rural land management which conserves and enhances the AONB. Examples of the support provided include the following:

- Influencing land management policies and funding regimes at national and regional levels (e.g. Common Agricultural Policy reform and the Rural Development Programme for England);
- Identifying and supporting opportunities for land managers to diversify their businesses in ways which are compatible with AONB objectives (e.g. via the Cotswold Farming Studies and Sustainable Development Fund (SDF) grants);
- Supporting sustainable landscape management and associated advice, grants and strategies (e.g. providing advice on Environmental Stewardship and influencing the targeting of Entry and Higher Level Stewardship (ELS and HLS));
- Encouraging and supporting actions to protect and manage specific habitats and features (e.g. guidance on limestone grassland, dry-stone walling grant scheme, hedge laying competition);
- Supporting sustainable farming systems and practices (e.g. climate change mitigation and adaptation advice);
- Encouraging and supporting the development of markets for timber, wood fuel and other woodland products;
- Encouraging suitable training provision for land managers (e.g. rural skills programme which provides training for dry stone walling, hedge laying, woodland copping, stone carving, lime mortar[19]).

In broad terms, these policies and activities are beneficial for farm and other land-based businesses in the AONB.

3.5 Sustainable tourism

Another important area for the CCB is developing and managing sustainable tourism in the AONB. Examples of the work being undertaken including the following:

- Developing a Cotswolds AONB Sustainable Tourism Strategy and Action Plan[20] in conjunction with partners. The Strategy has the following key objectives:
- Strengthening the identity and raising awareness of the Cotswolds as a sustainable destination, recognising and promoting its special qualities and designation as an AONB (e.g. via achieving the European Charter for Sustainable Tourism and the CCB website);
- Maintaining a high-quality environment and develop initiatives whereby tourism can contribute to the conservation and enhancement of the Cotswolds landscape and environment (e.g. promoting conservation holidays and short breaks and developing a visitor payback initiative);
- Encouraging a wider understanding and appreciation of the Cotswolds natural, historic and cultural heritage (e.g. via educational and awareness activities undertaken by voluntary wardens, the Escape to the Cotswolds website[21]);
- Working with tourism businesses to develop and promote new product ideas based around the special qualities of the Cotswolds AONB and aimed at encouraging longer stays throughout the year and quality visitor experiences (e.g. Cotswold Green Tourism Weekends, guided walks programme);
- Actively supporting and encouraging tourism businesses to develop and promote environmentally sound practices to improve their competitiveness and act as ambassadors for the AONB (e.g. Green Tourism Business Scheme, and Cotswolds Green Scheme);

[19] http://www.cotswoldsruralskills.org.uk/
[20] CCB (2011) Cotswolds AONB Sustainable Tourism Strategy and Action Plan 2011-2016
[21] http://www.escapetothecotswolds.org.uk/

- Improving the understanding and management of visitor flows, both geographically and seasonally, to ensure that tourism maintains the quality of life of local residents in the Cotswolds and makes a positive contribution to the local economy (e.g. promoting public transport options such as via the 'Explore the Cotswolds' guide);
- Encouraging wider access, exploration and quality provision to attract all people; and
- Managing and promoting the Cotswold Way National Trail. An outline of benefits to businesses arising from the Cotswold Way is shown in Figure 3-5.

- The Cotswold Way is of some importance to two thirds of accommodation enterprises along the route. This includes 22% of accommodation providers who believe that the Cotswold Way is very important to the profitability of their business and a further 43% who report that the Cotswold Way provides them with welcome additional income.

- The Cotswold Way is also important to service providers, albeit less so than accommodation providers. Around 6% of service providers state that the Cotswold Way is very important to the profitability of their business and 40% say that it provides them with welcome additional income.

Source: The Tourism Company (2010). Exploring the economic impacts of the Cotswold Way National Trail

Figure 3-5: Cotswold Way National Trail – Business Benefits

The Sustainable Tourism Strategy and associated activities benefit tourism and recreation businesses benefits by encouraging visitors to come to the AONB and spend money on visitor attractions, food and drink, and accommodation.

3.6 Other policies and activities

In highlighting planning, rural land management and sustainable tourism it is important not to overlook or underestimate the value to the local economy and local businesses of other CCB policies and activities. These include the following:

- Encouraging partnership working resulting in more effective and efficient delivery;
- Leveraging external funding for specific projects (e.g. £400,000 for dry stone walling in the AONB from National Grid, and HLS funding in the AONB from Natural England);
- Supporting and co-ordinating the 280 Voluntary Wardens which in 2010/11 gave 43,772 hours of their time to conserve and enhance the natural beauty of the AONB (69% of time) and increase understanding and enjoyment of the special qualities of the AONB (31%);
- Encouraging community participation and involvement in the Cotswolds; and
- Promoting the Cotswolds to residents and visitors generally (e.g. via the CCB website and publications such the Cotswolds Lion).

While these policies and activities may not appear to have a direct impact on the local economy, they do indirectly by supporting the CCB's core purposes.

3.7 Expenditure

While it has not been possible to calculate total expenditure on the AONB over its 47 year lifespan, it is worth highlighting that the current CCB budget is approximately £2.87 million over 3 years[22], which averages £957,000 per annum. £300,000 could be added to this, representing the value of the Voluntary Wardens' time. In total therefore, the CCB and its volunteers invest approximately £1.25 million into AONB activities each year. This excludes the value of any additional external funding secured by CCB activities and the value of the work of partners influenced by the CCB/AONB legislation.

[22] Cotswolds Conservation Board Business Plan 2012-2015. March 2012 Approved Version.

3.8 *Summary*

A diagrammatic and indicative summary of the key ways the AONB and CCB influences the local economy and local business is set out in Figures 3-5 and 3-6.

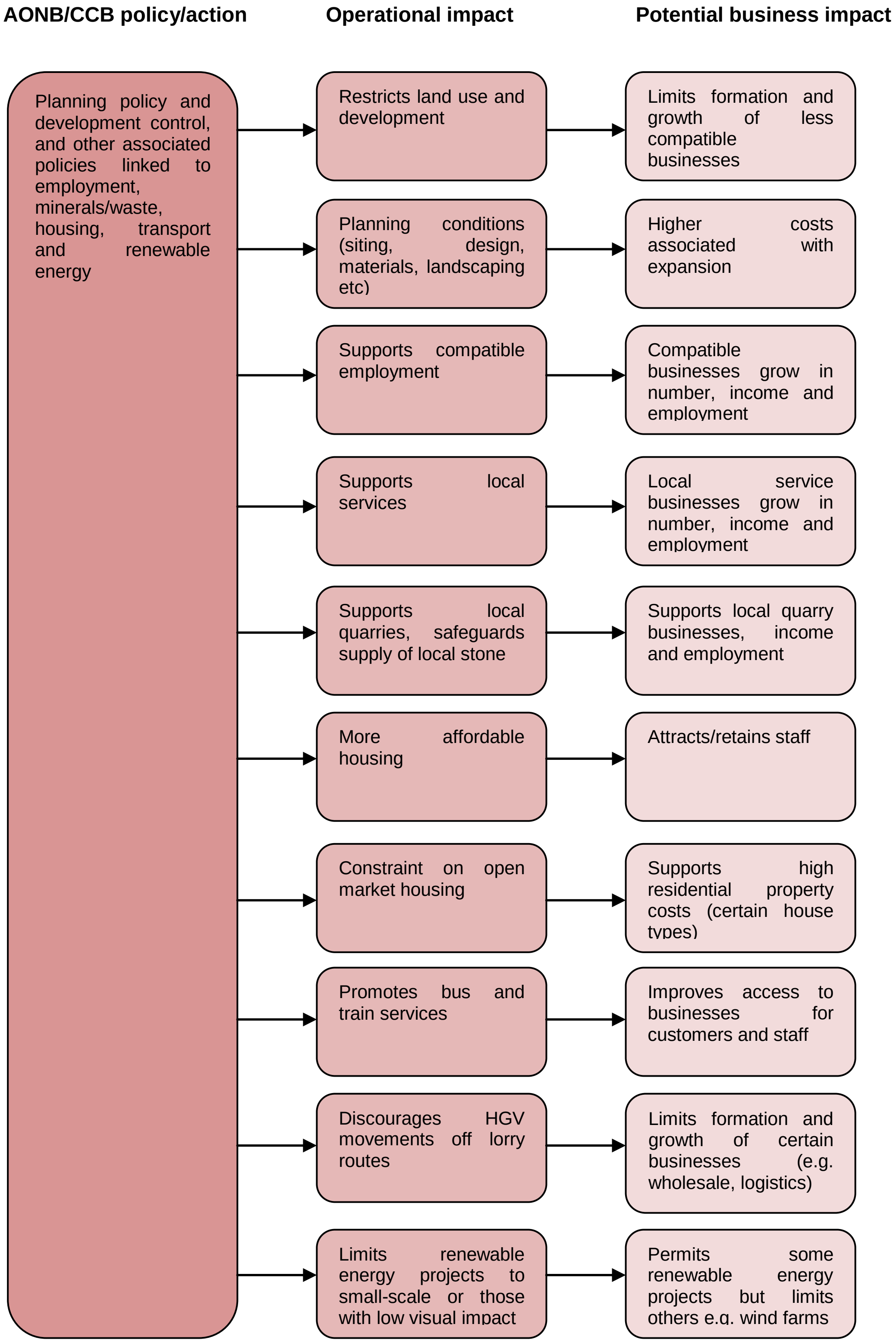


Figure 3-5: Influence of AONB/CCB planning policy

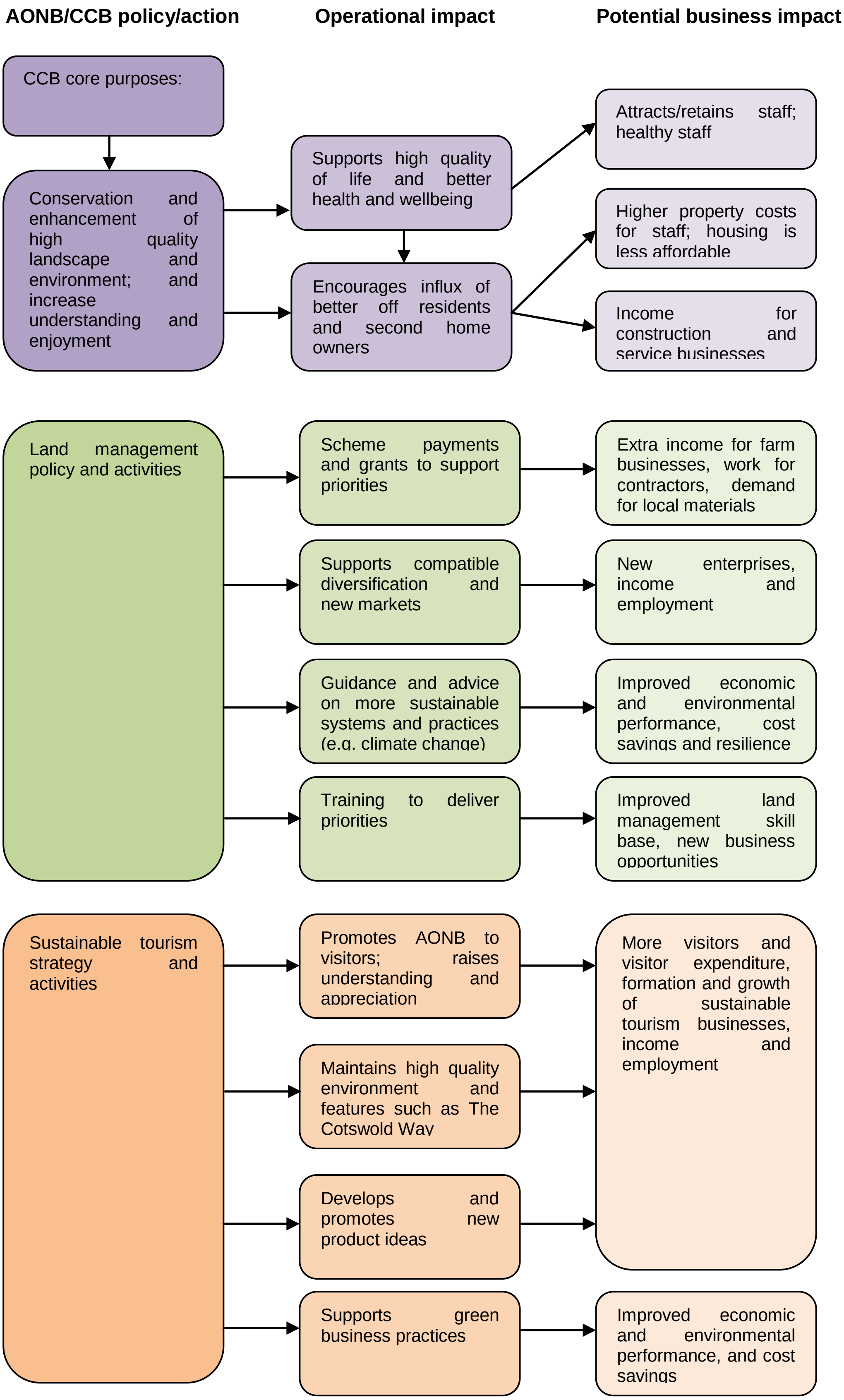


Figure 3-6: Influence of AONB/CCB core purposes, land management and tourism policies

The diagrams illustrate the complexity of the potential interactions, including the points that:

- There are both positive and negative impacts for local businesses.
- AONB/CCB policies and activities work alongside the inherent characteristics of the area which makes it difficult to determine the degree of influence of the AONB/CCB. For example, it is likely that some people would move to the area and invest in second homes as a result of the inherent beauty of the countryside and villages, and the accessibility of the area, irrespective of any AONB designation, protection and investment. Similarly it might also be argued that the rural nature of the area means that the planning system would be expected to manage/limit development pressure even in the absence of the AONB.

- The Cotswolds AONB has been protecting the Cotswolds landscape for almost 50 years. The Cotswolds Conservation Board purposes are to conserve and enhance the natural beauty of the AONB and to increase understanding and enjoyment of the special qualities of the AONB. It also has a duty to foster the economic and social well being of the people living in the AONB.

- The AONB has special status in national planning policy, including the recent National Planning Policy Framework. This includes: giving great weight to conserving landscape and scenic beauty in the AONB, conserving wildlife and cultural heritage; and refusing planning permission for major developments except in exceptional circumstances and where it is in the public interest.

- CCB guides and advises local planning authorities regarding the AONB and ensures that the right framework is in place to guide development control decisions. It advises on development control cases which would have major implications. CCB's planning guidance and advice draws on the statutory AONB Management Plan and its position statements.

- Relevant public authorities, more generally, have a duty under the CROW Act 2000 to have regard to the purposes of AONBs in exercising or performing any functions which may affect land in the AONB.

- Rural land management which conserves and enhances the AONB is supported by CCB through influencing policy, promoting diversification opportunities, supporting the development of markets, guidance and advice, grants and training.

- Sustainable tourism in the AONB is supported by the CCB through raising awareness of the Cotswolds as a sustainable destination, managing a high quality environment and developing opportunities to access it, and working with tourism businesses to develop new product ideas and environmentally friendly practices.

- CCB/AONB encourages partnership working, leverages external funding, supports and co-ordinates volunteers, encourages community participation, and undertakes promotion of the Cotswolds to residents and visitors.

- The CCB invests on average around £1.25 million in the local area each year, including £957,000 direct expenditure and £300,000 through volunteer wardens.

- A range of operational impacts and potential business impacts arise from these policies and actions. There are both positive and negative impacts, and these vary by sector and situation. It is difficult to differentiate between the influence of the AONB/CCB and the influence of the inherent characteristics of the area, with any accuracy.

4 The contribution of protected areas to local economies

This section summarises the evidence available from recent studies elsewhere in the UK relating to the contribution of protected areas, including AONBs, to local economies and local businesses.

4.1 Impact of AONBs on the local economy

There is very limited evidence specifically relating to the impact of AONBs on local economies. The three reports set out below consider different aspects which are relevant to this study.

AONB Designation in Wales

A key study is *Pathfinder – Testing the Appropriateness of Designation*[23]*,* 2009, which sought to understand the effectiveness of designated AONBs to help shape future policy in Wales.

In relation to specific costs and benefits, the study found that:

- It was difficult to isolate the economic value of AONB designation *per se* from the overall value of a high-quality environment.
- The quality of the environment makes a strongly positive net contribution towards economic well-being of the study area (Dee Valley, Upper Dee, Ceiriog Valley and Upper Alyn comprising 48,584ha).
- Comparable studies reviewed from around the UK indicated a narrow range of estimates for economic activity attributable to the values for which AONBs are designated: 9-11% of GDP. A working figure of 10% of GDP was suggested for the study area.
- The GDP for the study area was estimated to be £900m, which gives a GDP contribution of £90m for activities relating to the environment (10%) and £9m for the highest quality environment (1%).
- The initial costs of designation – for the study area – were estimated at £300,000, equivalent to £10,500 annually, together with £60,000 for subsequent years.
- The benefits of AONB designation, over and above the GDP contribution arising from a high quality environment, can be attributed to designation, policy changes, management plans and management actions linked to the designation.
- An estimated 10-20% of the GDP contribution could be preserved and enhanced following designation, compared to leaving the area with current levels of protection and management. This means that the value of the socio-economic impact on GDP of designation, and all that goes with it, could be around £10m to £20m p.a.
- There may be winners and losers arising from AONB designation. For example, primary sector businesses (agriculture, forestry) will benefit from preservation of these land uses and stimulation of demand for products from these businesses and a high quality environment. On the other hand, there will be opportunity costs for society arising from additional planning constraints including the potential output from competing uses which are ruled out.

The study also recognised the value of AONBs in: helping to form partnerships, integrating a range of different stakeholders and agencies; winning external funding;

[23] Europarc Consulting (2009) Pathfinder – Testing the Appropriateness of Designation. Report for CCW. CCW Research Contract NW3-054 080 EPG 08

tackling economic and social issues in an environmentally friendly way and providing a clear opportunity to grow "green jobs" and a sustainable economy. Other benefits identified included: significant emerging brand value derived from the operation and added value of AONB units; and flexibility of local governance arrangements for AONBs including community engagement.

"The stakeholders ...could not envisage this package of benefits being delivered without the driver of AONB designation"

Protected areas (including two AONBs) in North East England

The economic value of protected areas in the North East[24], 2004, explored the economic contribution of five different protected areas in the region including the Northumberland National Park (NP), Northumberland Coast AONB, the North Pennines AONB, the Durham Heritage Coast, and the North Yorkshire and Cleveland Heritage Coast. The study found that:

- Total turnover generated by businesses in the protected areas (including the knock-on effects of supply-chain purchases and employee spend) was just over £700m. The GVA contribution was £323m and total employment supported was 14,000.
- £22m of turnover (10% of total) and 1,187 FTE jobs (26%) are supported by businesses that started or relocated to one of the areas because of the quality of the landscape and environment in the area. 10% of businesses located in designated areas specifically because of the high quality environment.
- £107m (52%) and 3,141 FTE jobs (69%) are supported by businesses which, directly or indirectly, are positively affected by the quality of the landscape and environment.
- The five protected landscapes considered here represent an important asset to the North East region, accounting for 11% of all tourism activity in terms of turnover and employment.
- Specific data for the two AONBs and by comparison the NP are set out below:

Percentage of businesses in the protected area agreeing that	North Pennines AONB	Northumberland Coast AONB	Northumberland NP
The quality of the landscape and environment impacts on the performance of the business	77%	76%	60%
The effect of a deterioration of the landscape and environment would have a serious or some impact on the business	80%	72%	65%
The designation of the area is crucial, important or of some importance to the business	71%	65%	53%

Table 4-1: Views of businesses in protected areas in North East England

AONB contribution to economic growth

Areas of Outstanding Natural Beauty (AONB) Working together to support the rural economy[25], 2011, the submission by the National Association of AONBs (NAAONB) to the Rural Economy Growth Review, summarised a number of ways in which AONBs contribute to growth (now and in the future), see Table 4-2.

[24] SQW (2004) The economic value of protected areas in the North East. Report to ONE North East
[25] NAAONB (2011) Areas of Outstanding Natural Beauty (AONB) Working together to support the rural economy. Submission in support of Defra input to the Rural Economy Growth Review

By continuing to add value The AONB designation has helped to conserve and enhance some of England's finest landscapes. These landscapes are highly valued by wealth creating businesses as economic assets in their own right and as valuable settings which add value to business. **By providing a wealth of natural assets** Well managed landscapes offer a wealth of natural assets that serve as the foundations of rural business, including agricultural land and woodland. Many of these, however, are currently underutilised. A programme of well-focused business support for low income land based businesses harvesting and utilising raw materials from the landscape including access to research and development funding, shared and low cost workspace, and opportunities to forge business to business networks will help support innovation and growth in products and services which, whilst currently limited, has the potential to grow significantly and support many high value micro-businesses. **By remaining big business for tourism** High quality landscapes offer a wealth of opportunities for tourism related businesses. **By accommodating sensitive growth** AONBs have a varying capacity for new built development dependent on their character. Understanding landscape character and capacity for change can help guide the location and design of growth related development so that it contributes positively to character.

Table 4-2: AONB contribution to economic growth

4.2 Impact of other protected areas on the local economy

A number of other reports have explored the economic impact or contribution of National Parks which provide useful additional context for this research.

National Parks in Yorkshire and Humber

The economic impact of National Parks in the Yorkshire and Humber regions[26], 2006, considered the North Yorkshire Moors, Yorkshire Dales and Peak District National Parks. The study provided robust evidence that businesses in the NPs and gateway towns benefit both from the quality of the protected landscapes and from the Park designation itself. Key findings include the following:

- Businesses in the NPs and gateway towns generated £1.8 billion in sales annually and support over 34,000 jobs. £576 million of GVA is estimated to be supported by these businesses (based on the Yorkshire and Humberside regional average of 32% of turnover).
- 69% of NP businesses believed that high landscape quality had a positive impact on their performance, based on the results of a survey of businesses. This compares to 48% for businesses in the Yorkshire Wolds which is not designated as a NP or AONB but is nonetheless a recognised landscape area.
- 65% of this NP business activity depended either directly or indirectly on the quality of the environment. This compares to 61% in the Yorkshire Wolds.
- 58% of NP businesses stated that a deterioration in landscape quality would have an impact on their business. This compares to 48% for businesses in the Yorkshire Wolds.
- 65% of NP businesses did not identify NP designation with any negative impacts on business. 51% felt that the NP designation had a positive impact on their business,

[26] SQW (2006). Prosperity and Protection – The economic impact of National Parks in the Yorkshire and Humber regions. Report for the Council for National Parks

including 24% of businesses (supporting 8,000 jobs) which cited the NP designation as having a major positive impact.
- A total of 23.7 million visitor days per annum are spent in the NPs in Yorkshire and Humber. The £660 million total visitor spend (£400 million in the NP and £220 million outside) is likely to support 12,000 jobs in the region.
- The knock-on effects of direct tourism expenditure are typically around 40-50% of the initial expenditure, meaning that NP visitors could be responsible for almost £1 billion total output annually within the region.

Peak District National Park

Contribution of the Peak District to the Economy of the East Midlands[27], 2008, focused in more detail on one NP. Key findings included the following:

- 2,800 business units in the Peak District NP generate a turnover of £784 million and employ 14,000 people. £298 million of GVA is estimated to be supported by these businesses (based on the East Midlands regional average of 38% of turnover).
- 56% of businesses felt that the quality of the landscape and environment had either a major positive impact (31%) or a minor positive impact (25%) on business performance. A high proportion of hotels (89%) and retail (69%) mentioned a positive impact. 35% felt their business performance was not directly affected by landscape and environment.
- 64% of businesses said that they were directly dependent (32%) or indirectly (32%) dependent on landscape and environment; with 35% not dependent.
- 60% of businesses stated that they would be seriously (40%) or to some extent (20%) affected by a deterioration in the quality of the landscape.
- 48% of businesses felt there were no negative impacts of being located in a NP. Where negative impacts were mentioned, the main impact was planning and development restrictions, with poor infrastructure and access also mentioned.
- Positive impacts of being located in a NP included it attracts visitors and tourists (28%) and effect on business productivity (25%).
- The positive relationship is especially important for tourism business and retail businesses which benefit from tourism spend. The East Midlands attracts about 12.8 million visitors because of the National Park, resulting in a net additional income to the region from visitor spend of around £135m.
- The 40% of businesses which would be seriously affected by a deterioration of the landscape account for £314m of turnover and £119m of GVA. When a multiplier of 1.3 is applied, this equates to a contribution of £408m to regional turnover and £155m to regional GVA, which supports 7,000 jobs in the region. This highlights the economic importance of the National Park's role in maintaining a high quality environment.

National Parks in Wales

Valuing our environment – Economic impact of the National Parks in Wales[28], 2006, focused on the Brecon Beacons, Pembrokeshire Coast and Snowdonia National Parks. It concluded that the NPs make a significant contribution to their regional economies, and indeed to the whole economy of Wales. The iconic qualities of the environment in the three National Parks are major attractions to visitors and their economic value benefits the whole of Wales. Key findings included the following:

- The environment of the three NPs in Wales supports nearly 12,000 jobs, produces total income of £177 million and generates £205 million GDP.

[27] SQW Consulting (2008) Contribution of the Peak District to the economy of the East Midlands. Report for East Midlands Development Agency

[28] SERS and University of Wales (2006) Valuing our environment – Economic impact of the National Parks in Wales. Report for the Valuing our Environment Partnership

- The NPs' environment directly supports 10,200 jobs, £146 million income to businesses and contributes £176 million to the economy of Wales.
- These direct jobs and outputs generate further indirect economic activity in Wales through their impacts on suppliers and wages spent in Wales. The majority of this indirect employment (83%) and indirect income (90%) occurs outside the NPs.
- Activities dependent on the quality of the environment such as tourism and recreation, and intensive users of the environment, such as agriculture and fishing are the most important sectors.
- The NPs are icons for tourism inside and outside the boundaries.
- The NPs provide a strong brand image for Welsh goods and services.

Loch Lomond and the Trossachs National Park

Loch Lomond and the Trossachs National Park – Valuing the Park[29] found that the National Park generates an estimated value of £866m per year, of which only about half goes through the market. The balance is made up of public enjoyment of the natural assets and resources, of values in excess of what consumers actually pay, and of ecosystem services rendered to the world at large. Other findings included the following:

- The Park's value is realised through four channels:
    i. Export services (32% of total annual value of the NP) which consist of products that are primarily sold outside the Park. In two cases, electricity and water, the "price" at which they are sold appear substantially lower than the value of the product.
    ii. Visitor goods and services (24%) including the accommodation and food supplied by the hospitality industry, leisure and entertainment services such as pleasure boating and sports clubs (especially golf), retail outlets oriented to visitors, and also near-free activities such as hill walking, sightseeing, bird watching and water activities.
    iii. Local goods and services (31%) which are the output produced in the Park chiefly for the consumption of locals or the development of the Park. Most important of these is housing, but also significant are public services such as health and education, retailing and hospitality predominantly used by locals, and construction.
    iv. Global services (13%) which relate to non-market activities with no clearly identifiable consumers other than the people of Scotland and the world at large.
- When the different elements are broken down, four particular streams of value dominate the National Park's economy,
    - Water services (24% of the total annual value of the National Park)
    - Public health derived mainly from exercise (11%)
    - Visitor accommodation & catering services (13%)
    - Public and community services (17%)

  These reflect the importance of the non-market value produced by the National Park
- The value stream from housing is considerably enhanced by the high value of homes in the NP. Prices on average are significantly above Scottish average levels. The difference is estimated to be 30% which currently equates to £50,000 per property, meaning that the 'Park price premium' on the NP's 6,500 houses amounts to around £325m in capital terms
- The £866m value of the services the Park provides is akin to a 'sales' figure. Costs need to be subtracted to reach GVA at £632m, and labour cost in the Park's production and the deprecation in the capital assets need to be deducted to arrive at the Net Economic Value (NEV) at £452m.

[29] Moffat Centre et al. (2011) Loch Lomond and the Trossachs National Park – Valuing the Park. Report for Loch Lomond and The Trossachs National Park Authority

4.3 Summary

Key findings from comparable studies around the UK which have explored the impact of protected landscapes on the local economy include the following:

- The quality of the environment makes a strongly positive net contribution towards economic well-being. It is difficult to isolate the economic value of AONB designation *per se* from the overall value of a high-quality environment. Comparable studies indicate a narrow range of estimates for economic activity attributable to the values for which AONBs are designated, 9-11% of GDP. Of this, an estimated 10-20% could be preserved and enhanced following designation, compared to leaving the area with current levels of protection and management
- AONBs have value in helping to form partnerships, integrating stakeholders, winning external funding, tackling economic and social issues in an environmentally friendly way, and providing a clear opportunity to grow “green jobs” and a sustainable economy. Other benefits include significant emerging brand value and community engagement.
- A survey of businesses in two AONBs in the North East region indicated that over 70% agreed that the quality of the landscape and environment positively impacts on the performance of the business and that a deterioration of the landscape and environment would have a serious or some impact on the business. Over 60% of businesses agreed that the designation of the area is important in some way to the business
- A survey of businesses in National Parks in Yorkshire & Humber, and a subsequent survey of businesses in the Peak District, showed that over 55% of businesses believe that the quality of the landscape and environment has a positive impact on business performance, over 60% of businesses state they are directly or indirectly dependent on the landscape and environment, and around 60% of businesses state that they would be seriously or to some extent affected by a deterioration in the quality of the landscape quality. Around half the businesses felt there were no negative impacts of being located in a NP.
- Positive impacts of being located in a NP included: it attracts visitors and tourists and the effect on business productivity. This positive relationship is especially important for tourism business and retail businesses which benefit from tourism spend
- Of the total economic activity dependent on the environment in the three NPs in Wales, 85% of this arises from directly and 15% is indirect. Most of the indirect income and employment – linked to suppliers and wages spent in Wales - occurs outside the NPs.
- The non-market value produced by protected areas, for example in the form of water services, can be significant. In addition, the value stream from housing is considerably enhanced by the high value of homes in protected areas.

5 Survey of businesses

This section provides an analysis of responses to the Cotswolds AONB Business Survey. The survey was conducted during the period January to April 2013, predominantly as an online survey, but with additional responses collected via telephone towards the end of the survey period in order to address under-represented sectors. The purpose of the survey was to determine the impact of the Cotswolds AONB on businesses in the area, including those located both inside the AONB and those located just outside.

5.1 Sample

Responses were received from a total of 166 different businesses. In fact, 167 responses were received in total but included two responses from the same business, so one of these was omitted from the final analysis[30] to prevent any bias in the results.

Figure 5-1 shows that the majority of responses (73%) were received from businesses located within the Cotswolds AONB, while 18% of respondents were located just outside. It also shows that awareness of the Cotswolds as a designated AONB, and protected landscape, was very high with 97% of respondents confirming that they were aware of this. Only five businesses were either not aware of the AONB status or did not provide a response.

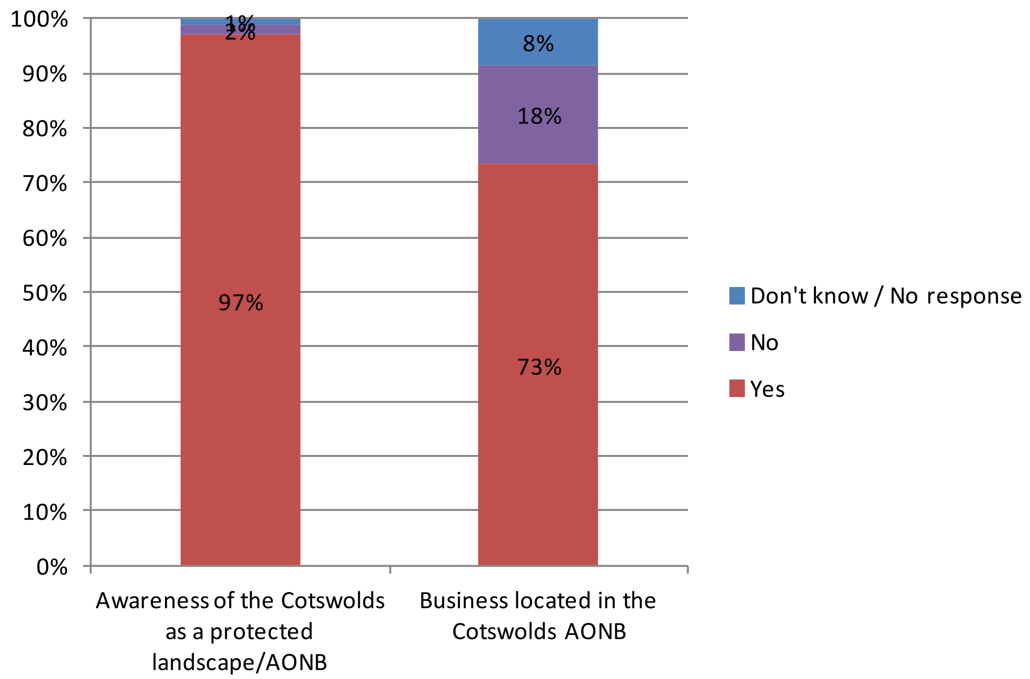


Figure 5-1: Location and awareness of AONB status

The sectoral distribution of the sample of businesses is presented in Table 5-1 and shows a strong focus on tourism businesses with approximately half of businesses operating in the accommodation, food and beverage, retail and culture, sport & recreation sectors. In total, 83 businesses (50% of the total) were closely related to tourism.

30 The more comprehensive response submitted by the managing director of the business was included in the analysis.

Other sectors represented in the sample included agriculture (comprising 13% of responding businesses) and professional, scientific and technical services (comprising 11% of respondents). Responses were also received from businesses across a range of other service sectors; relatively few businesses were involved in manufacturing and production activities.

Compared to the sectoral distribution of businesses outlined in Table 2-3, there is under-representation in the survey in a number of sectors including construction, manufacturing, retail and administrative services. This relates partly to the availability of business contacts in these sectors and partly to the self-selecting nature of the online survey.

Sector	Number of businesses	% of total
Accommodation	41	24.7%
Agriculture	21	12.7%
Professional, scientific & technical services	18	10.8%
Culture, sport & recreation	18	10.8%
Retail	14	8.4%
Property	12	7.2%
Information & communication	9	5.4%
Construction	8	4.8%
Food & beverage services	6	3.6%
Administrative & support services	5	3.0%
Manufacturing/production	4	2.4%
Education	3	1.8%
Finance & insurance	3	1.8%
Transport & storage	2	1.2%
Mining & quarrying	1	0.6%
Other	1	0.6%
Total	**166**	**100.0%**

Table 5-1: Sectoral distribution of survey respondents

The size of businesses was also recorded by the survey, in terms of numbers of employees and turnover. Figure 5-2 shows that the majority of responses (59%) were received from small businesses employing up to five employees. This is representative of the wider UK population of businesses, where more than 60% have fewer than five employees. However the sample also included a number of larger businesses, including two with more than 100 employees. In total, 1,712 people were employed across the sample with an average of 10.3 employees per business. The majority of these were permanent employees (72%), while the remaining 28% were employed temporarily or seasonally.

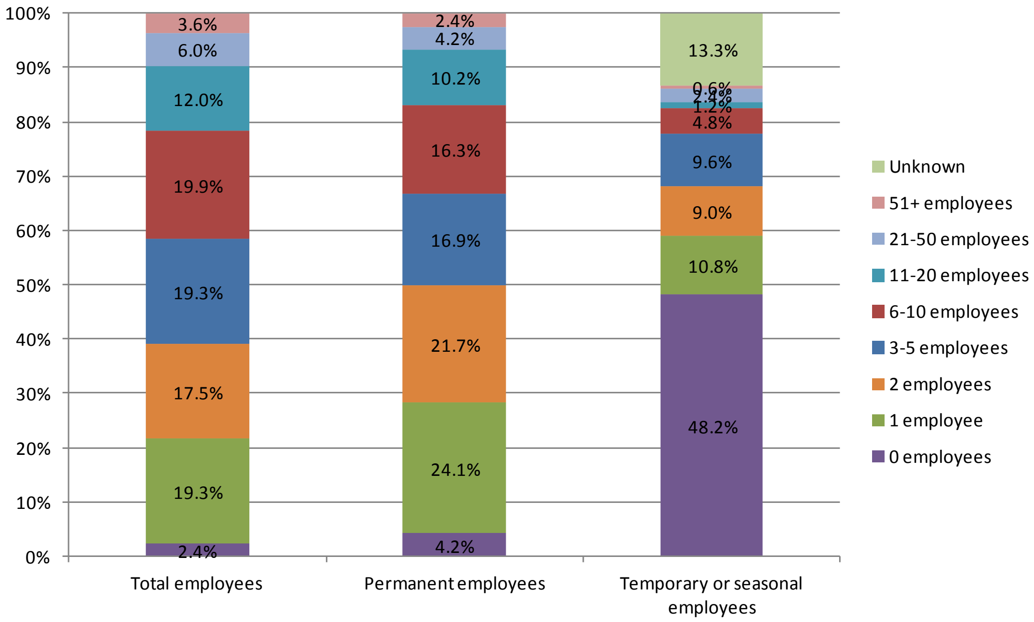


Figure 5-2: Number of employees of survey respondents

70% of businesses provided information about their turnover as part of the survey. Figure 5-3 shows that responses were received from businesses of all sizes, ranging from small bed and breakfast businesses with a turnover of less than £10,000 to two much larger businesses with turnover in excess of £10 million.

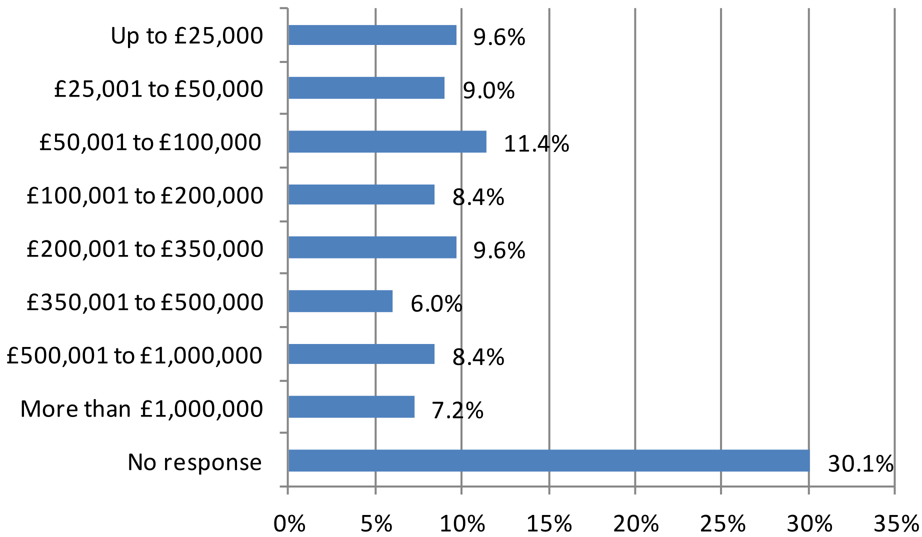


Figure 5-3: Turnover of survey respondents

Figure 5-4 shows that the businesses responding to the survey tended to be well established businesses, more than half of which were more than ten years old. In fact, 21 businesses in the sample had been established more than 50 years ago, and comprised businesses across a range of different sectors.

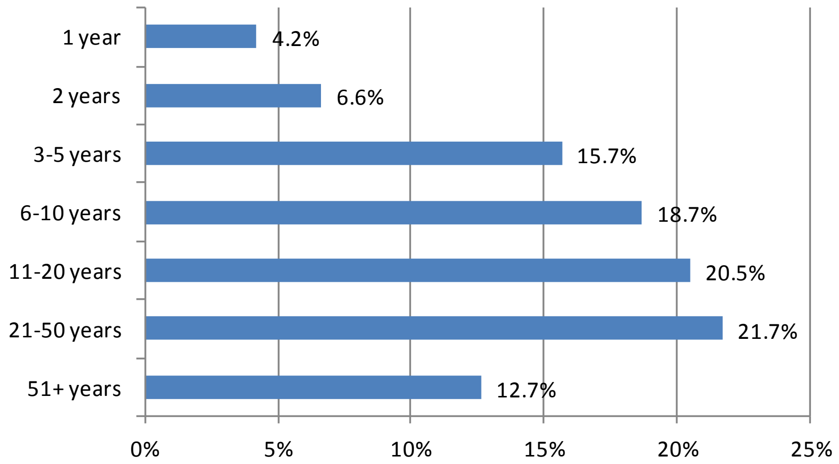


Figure 5-4: Age of business for survey respondents

5.2 Relocating businesses

The business survey asked whether businesses had always been located in the Cotswolds or whether they had chosen to relocate there. The results suggest that the vast majority of businesses in the sample had always been located in the Cotswolds. Only ten businesses (6% of the total sample) had relocated to the Cotswolds from elsewhere, as shown in Figure 5-5.

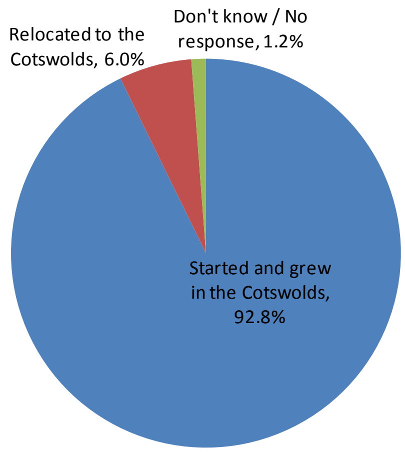


Figure 5-5: Business relocation

The most common reason for the ten businesses relocating to the Cotswolds was for family or personal reasons, although other reasons included moving to larger premises, moving closer to potential clients, better travel conditions, and expanding the businesses into a new area. Seven of the ten relocating businesses were in the professional services sector, two were in retail and the final one was an accommodation provider. Figure 5-6 shows that:

- three of the ten relocating businesses suggested that the 'Cotswolds' brand/name had influenced their decision to locate in the Cotswolds (the accommodation provider, a retailer and a professional services business); and
- three businesses suggested that the AONB designation was an important factor in their decision to relocate (all were providers of professional services).

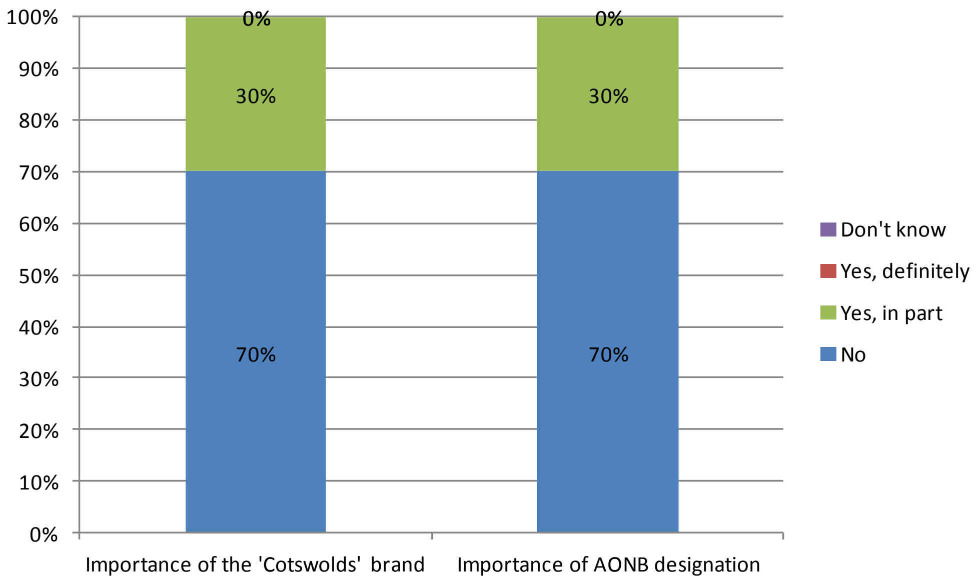


Figure 5-6: Reason for relocating

5.3 Positive effects of a Cotswolds and AONB location

The survey asked businesses whether being located in the Cotswolds had any positive effects on the business and the results are presented in Figure 5-7. The results show that over 60% of respondents stated that the quality of the environment had a positive effect on their business. This was the most common positive effect cited by the businesses and was most commonly mentioned by tourism-related businesses and larger businesses with more than ten employees. The next most common positive effects of being located in the Cotswolds included: being centrally located; having access to tourist markets; and helping the image and marketing of products and services. Again, these were particularly common factors amongst tourism-related businesses and businesses with more than ten employees.

Non-tourism businesses were more likely to have selected other positive benefits, such as good infrastructure and having good business and entrepreneurial networks. Very few businesses (only thirteen businesses, or 8% of the total) suggested that there were no positive benefits of being located in the Cotswolds.

Figure 5-7: Positive effects of being located in the Cotswolds

The survey asked a similar question about the benefits of being located in the AONB. The results are presented in Figure 5-8 and show that two effects were particularly common amongst the sample. These effects were the ability to use their location when branding products and services and to attract more visitors, and were mentioned by almost half of the sample.

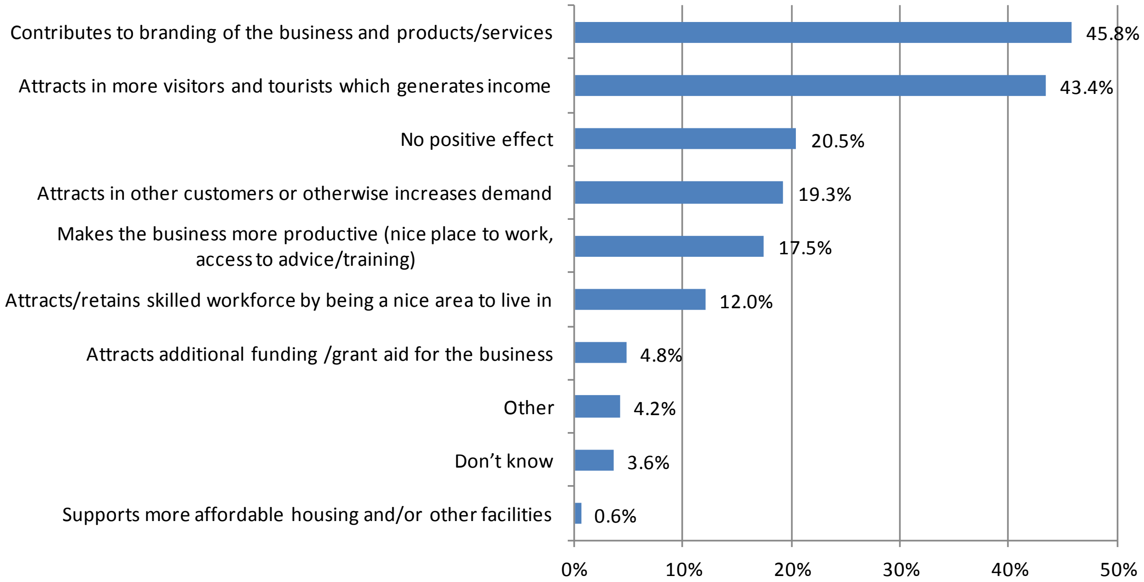


Figure 5-8: Positive effects of being located in the AONB

I think the major contribution to the economy of the Cotswolds AONB is the 'Cotswold Brand'. It is universally known and admired, attracting visitors from all over the world (B&B business)

A larger proportion of businesses reported that there were no positive effects associated with being located in the AONB, compared to a Cotswolds location. 34 businesses (20% of the total) suggested that there was no positive effect of being located in the Cotswolds AONB. Most of these businesses were providers of professional and IT services, or farmers, and relatively few were related to tourism.

5.4 Negative effects of a Cotswolds and AONB location

The business survey also asked businesses to select any negative effects of being located in the Cotswolds; the results are presented in Figure 5-9. The most common negative effect was increased costs, cited by 37% of businesses, followed by a lack of affordable housing. 28% stated that there were no negative effects of being located in the Cotswolds. Other common issues, selected by between 20% and 25% of businesses included:

- Difficulties in recruiting the right staff;
- A restrictive planning system; and
- Limited infrastructure.

Tourism-related businesses were more likely to state difficulties in recruiting the right staff and less likely to state a restrictive planning system than non-tourism businesses. Negative effects were more likely to be cited by larger businesses (both in terms of number of employees and turnover) than smaller businesses. A number of businesses commented on the lack of broadband, or poor broadband speeds, in the area.

Broadband speed is dreadful and considering the number of home businesses in villages proper speed Broadband (>3mbs) is an absolute priority. I will have to move out of the area if the situation is not improved immediately (home-based business).

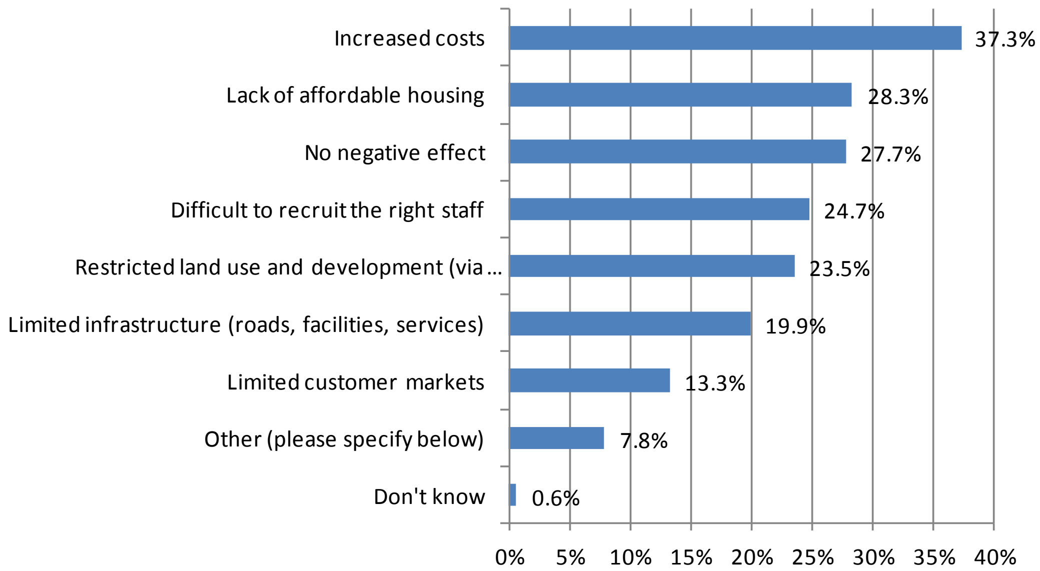


Figure 5-9: Negative effects of being located in the Cotswolds

As before, a similar question was also asked about the negative effects of being located in the AONB. The results are presented in Figure 5-10, which shows that nearly 40% of businesses in the sample stated that there were no negative effects of being located in the AONB. The main issues identified by the survey were again associated with increased costs, restrictive planning system and limits on infrastructure development, which was consistent with the negative effects of being located in the Cotswolds. Tourism businesses were more likely to cite increased costs and difficulties in recruiting staff than non-tourism businesses. Negative effects were more likely to be stated by larger businesses than smaller businesses.

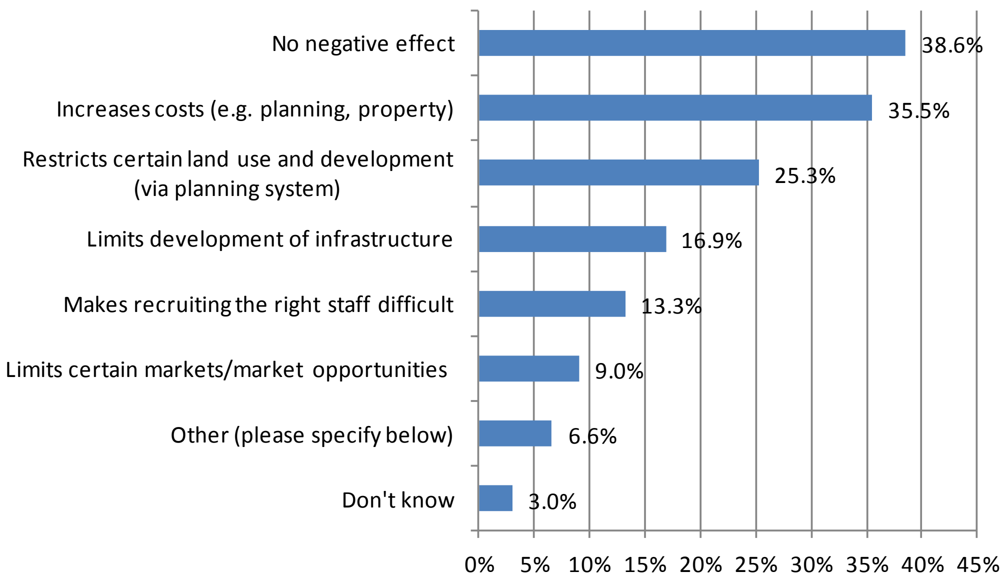


Figure 5-10: Negative effects of being located in the AONB

Case Study 1 below illustrates the positive and negative effects of being located in the Cotswolds for one tourism business.

Painswick Rococo Garden

Painswick Rococo Garden is a restored 18th C garden situated on the western edge of the AONB near Stroud. It is a popular visitor attraction in the area, with around 30,000 visitors per year. The Garden is a registered charity, employing around 17 staff and relying on volunteers to help maintain the garden and develop educational activities.

The Garden generates income by attracting both visitors to the Cotswolds and local people with a wide ranging programme of events including walks and talks, art exhibitions and installations, performances and educational courses. The Garden also provides a distinctive Cotswolds venue for weddings and civil ceremonies, and the on-site restaurant caters for special occasions and functions as well as day-to-day visitors. The use of home-grown and locally sourced produce is a key selling point in the restaurant and the surrounding Cotswold countryside is also promoted with a bike hire scheme. The gift shop and plant sales area is open to both garden visitors and passing trade to maximise sales potential.

The Garden uses the Cotswolds brand and the Cotswolds Conservation Board to publicise its events and attract visitors and tourists. The charity is keen to work with others in the tourism and recreation sector, promoting the Cotswolds brand and recommending visitors to other attractions in and around the AONB, for example by offering a joint ticket scheme, working in conjunction with other gardens or signposting them via their website.

Planning restrictions within the AONB and poor public transport links in the rural area can negatively impact development, but generally the Garden sees its positioning within the Cotswolds as being positive, with the strong brand of the Cotswolds attracting visitors to the area; and the Cotswolds Conservation Board offering good opportunities for networking and developing sustainable tourism.


Painswick Rococo Gardens


Painswick Rococo Gardens

Case Study 1: Painswick Rococo Gardens

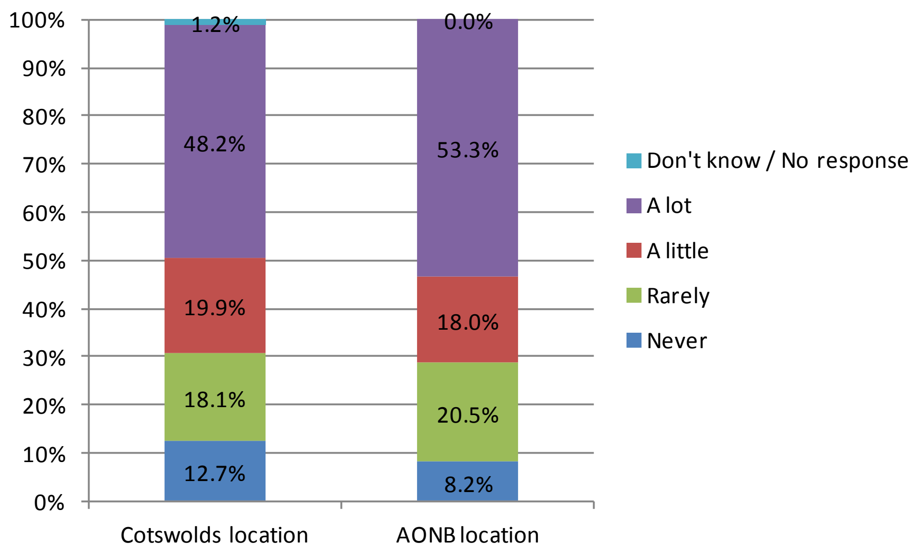
5.5 *Impacts of being located in the Cotswolds and AONB*

The final group of questions in the survey asked businesses about the perceived impacts of being located in the Cotswolds and the AONB.

Use of location to promote goods and services

As described above, one of the main positive benefits of being located in the Cotswolds and AONB was being able to use this to enhance the image, branding and marketing of products and services. Figure 5-11 shows that almost half of the businesses in the sample use their Cotswolds location 'a lot' when promoting their goods and services to customers, and around 30% of businesses 'never' or only 'rarely' use their Cotswolds location for marketing purposes. The businesses 'never' using their Cotswolds location in their marketing were almost exclusively farmers and providers of professional services.

The businesses located in the AONB were found to be even more likely to use their AONB location in marketing their products and services to customers. 53% of businesses in the sample use their AONB location 'a lot' for marketing purposes, while only 8% 'never' do so. Those not using their AONB location for marketing products and services were again found to be in non-tourism sectors and were also relatively likely to be larger businesses.



Note: Results for Cotswolds location are based on all survey responses. Results for the AONB location are based only on those businesses located in the AONB

Figure 5-11: Use of location to promote goods and services

Impact on business turnover and costs

The survey asked businesses to quantify the approximate impact on their turnover and costs of being located in the Cotswolds and the AONB. The results presented in Figure 5-12 suggest that being located in the Cotswolds and the AONB has a positive impact on turnover for over half, 55%, of all businesses. This impact is particularly high amongst tourism-related businesses; 62% of tourism-related businesses in the sample suggested that their location has a positive impact on their turnover, with 29% suggesting that this impact is in excess of 15%. For businesses in other sectors, the impact on turnover is much less marked with 54% of non-tourism businesses reporting that their location has no impact on their turnover.

A Cotswolds and AONB location was also reported to be more likely to have a negative rather than a positive impact on business costs. Only around 9% of businesses suggested that their location has a positive impact on costs, compared to 47% suggesting a negative impact. Larger businesses in the sample (those with more than ten employees and a turnover of more than £200,000) were more likely to report significant negative impacts on costs.

However, across the sample as a whole, the average negative impact on costs was found to have been more than offset by a larger, positive impact on turnover.

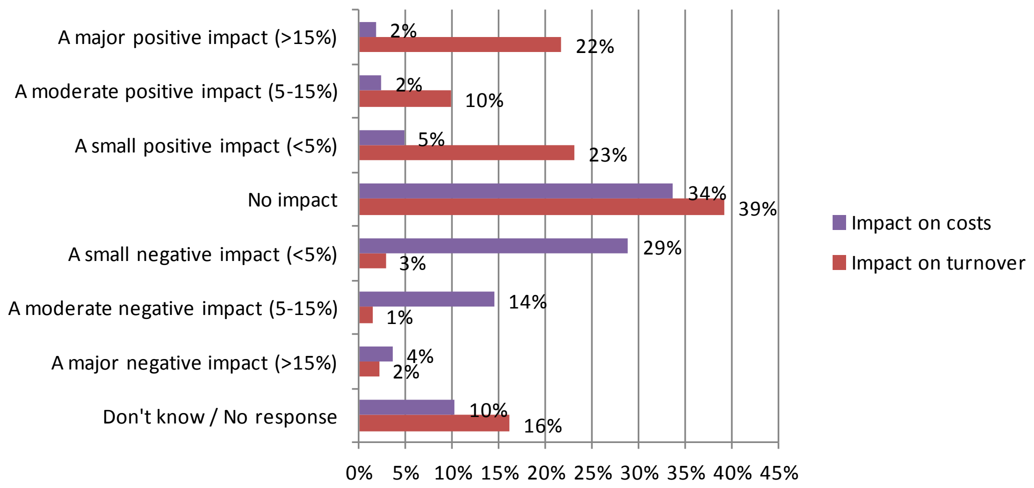
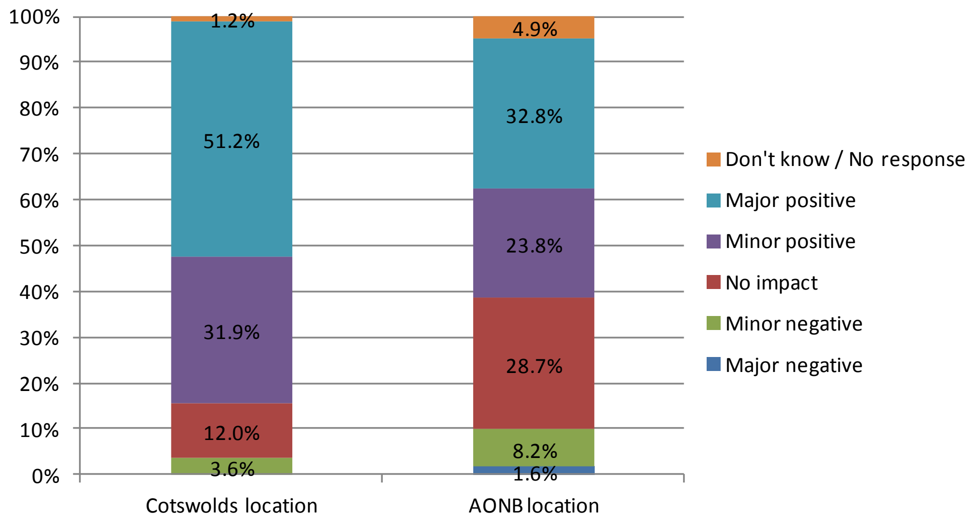


Figure 5-12: Impact of being in the Cotswolds and AONB on turnover and costs

Overall impact on business

The survey asked respondents about the overall direction and significance of the impact on their businesses of being located in the Cotswolds and the AONB. Figure 5-13 shows that the large majority of the sample (83%) stated that their location had an overall positive impact on their business. This was lower for the sub-group located in the AONB (57%), which is perhaps because of the (perceived) restrictions placed on development and other activities. However, very few businesses suggested that there was an overall negative impact of being located in either the Cotswolds or the AONB.

The survey findings also suggest that major positive impacts were most commonly associated with tourism businesses and, in respect of the Cotswolds location, businesses with more than ten employees.



Note: Results for Cotswolds location are based on all survey responses. Results for the AONB location are based only on those businesses located in the AONB

Figure 5-13: Impact on the business of being located in the Cotswolds and AONB

To test the counterfactual, the survey also asked about the perceived impact on business performance if the quality of the local landscape was to deteriorate, see Figure 5-14. Almost three-quarters of the sample suggested that this would affect the performance of their business with 22% reporting that this would have a 'serious' impact on their business. This was highest amongst tourism and tourism-related businesses where 33% of businesses reported that the deterioration of the local landscape would have a 'serious' impact on business performance; the figure for non-tourism businesses was 12%.

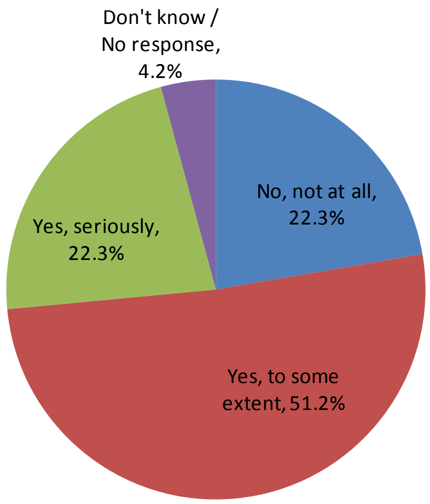


Figure 5-14: Expected impact of a deterioration in the quality of the landscape

The importance of the landscape for one recreation and tourism business is described in Case Study 2 below.

Colour in the Cotswolds

Colour in the Cotswolds offers specialist art courses and painting holidays to guests who come to relax in the beautiful surroundings, enjoy excellent hospitality and develop their drawing and painting skills with an experienced art college tutor and reputed colourist. Run by a husband and wife team, this small company has been trading for 16 years from their home in the thriving Cotswold village of Siddington, near Cirencester.

Colour in the Cotswolds attracts a wide range of individuals from professionals to amateur enthusiasts, with visitors coming from both the UK and overseas, as far as Japan and Mauritius. The quality of the natural environment in the Cotswolds is a key attraction for artists, offering endless inspiration from ancient buildings and beautiful scenery to wonderful wildlife and rural life in this quintessentially English landscape.


CCB


CCB

Being situated in the Cotswolds has some additional benefits aside from the natural environment, including the central location making it easily accessible for visitors; and the Cotswolds being a well-known area for tourists and visitors which enables the business to use the Cotswolds 'brand' in promoting their location and courses as the ideal spot for relaxing and painting. Although the Cotswolds is already well known, the owners feel there is a continuing role for local councils and the CCB in promoting the area to visitors, helping to market local businesses.

For this business to continue to use and promote the natural beauty of the area, the business owners feel that the AONB designation of the Cotswolds needs to carry more weight by restricting unsightly development in rural areas and on picturesque horizons. This includes preventing towns encroaching into nearby villages and keeping a tight rein on agricultural developments which detract from the local character of the countryside. Sustainable and sympathetic development is the key in preserving and protecting the beauty of the natural environment to be enjoyed by local residents and tourists alike for generations to come.

Case Study 2: Colour in the Cotswolds

5.6 Summary

Key findings from the survey of businesses (166) in the Cotswolds include the following:

- There is a very high awareness that the Cotswold is a designated AONB and a protected landscape (97% of businesses).
- Of the ten businesses (6%) which had relocated to the Cotswolds, three suggested that Cotswolds' brand/name had influenced their decision to locate in the Cotswolds and three suggested that the AONB designation was an important factor in their decision.
- The positive effects of being located in the Cotswolds most commonly mentioned by businesses were: quality of environment (63%); centrally/conveniently located; having access to tourist markets; and helping the image and marketing of products and services. Tourism businesses mentioned these factors in particular. Non-tourism businesses highlighted good infrastructure and good business networks.
- The positive effects of being located in the AONB most commonly mentioned were ability to use their location when branding products and services and to attract more visitors. 20% of businesses highlighted no positive effect associated with being in the AONB; 8% of businesses stated no positive effect associated with being in the Cotswolds more generally.
- The most common negative effects of being located in the Cotswolds mentioned by businesses included: increased costs (30%); lack of affordable housing; difficulties in recruiting the right staff; a restrictive planning system; and limited infrastructure. Negative effects were more likely to be cited by larger businesses.
- The negative effects of being located in the AONB included increased costs and restrictive planning and development. Almost 40% of businesses indicated no negative effect of being located in the AONB.
- 48% of businesses use the Cotswolds location 'a lot' when promoting goods and services; and 53% use their AONB location 'a lot' for marketing purposes. Around 30% of businesses never or rarely use their Cotswolds or AONB location; these were mainly farmers or providers or professional services.
- Over half of businesses indicated that being located in the Cotswolds and the AONB has a positive impact on turnover; this was higher amongst tourism-related businesses. Being in the Cotswolds and AONB is more likely to have a negative rather than a positive impact on business costs. Overall, however, the average negative impact on costs was found to have been more than offset by a larger, positive impact on turnover.
- A large majority (83%) stated that their location had an overall positive impact on their business. Very few businesses suggested that there was an overall negative impact of being located in either the Cotswolds or the AONB.
- 74% of businesses suggested that a deterioration in the quality of the landscape would affect business performance, with 22% reporting it would have a 'serious' impact on their business. This included 33% of tourism and tourism-related businesses and 12% of other businesses.

6 Stakeholder feedback

6.1 Introduction

This section summarises the feedback from a series of interviews with a range of stakeholders including planning officers, economic development officers, business representatives and individual businesses. The purpose of the interviews was to get different perspectives on the Cotswolds economy, the influence of the AONB designation and CCB, and future opportunities, threats and priorities. A list of those interviewed is shown in Appendix 1. Feedback from the CCB Annual Forum is also incorporated into this section.

At the outset, stakeholders were asked how they would describe where they lived and worked. The majority referred to their counties, cities or towns, which is indicative of their business or other focus, although those involved in tourism also referred to the Cotswolds.

6.2 Local economy

The stakeholders confirmed the importance of key sectors in the Cotswolds economy including tourism, agriculture, quarrying, construction, manufacturing, retail and professional, scientific and technical services. Other important sectors highlighted included engineering, creative industries and education.

The large numbers of small businesses in the Cotswolds was identified (e.g. micro-businesses account for 90% of all businesses in the Gloucestershire part of the AONB). This includes farm and tourism businesses, but also the many small office/home office (SOHO) businesses run by owners with laptops from home, choosing to live and work in a beautiful area.

The importance of larger businesses was also mentioned particularly in relation to towns such as Cirencester close to the AONB boundary (e.g. Colt Cars, St James's Place). One planner mentioned that there was a high level of 'B-space' (business space) jobs in the area; the attractive image of Cotswolds and locational advantages of Cirencester had helped attract 'B space' employers.

The Cotswolds economy is considered to have performed well in recent years, having been resilient to national and global trends; this is reflected in continued low levels of unemployment. The quality of the environment is considered to be an important attribute of the economy, supporting quality of life and influencing business decisions.

Looking ahead, knowledge based economy sectors were identified as key drivers of productivity and economic growth, these include education, research and new media businesses (e.g. Neon Play). Tourism will also continue to be important.

Variations across the AONB, and between AONB and non-AONB areas

Several stakeholders mentioned that the Cotswolds economy was not homogeneous and varied from one area to another. Examples include: the importance of motor sports and engineering in West Oxfordshire; retail in the market towns just outside the AONB; variations in tourism with some more expensive areas (e.g. Broadway) and other less expensive places; and very rural areas where land-based and tourism businesses predominate (e.g. the North Wiltshire part of the AONB).

There were different views regarding the economy inside and outside the AONB. In West Oxfordshire, where there is a significant part of the Cotswolds outside the AONB, no real differences were identified. However along the scarp, the difference between the AONB and non-AONB economy was considered more noticeable (e.g. more industrial, larger businesses in the non-AONB Severn Vale, and more commercial/urban in non-AONB Bath). The pull or influence of cities and towns outside the AONB was noted (e.g. Oxford, Cheltenham, Gloucester and Bath).

Start-ups and relocations

Stakeholders varied in their opinion of business start-ups in the Cotswolds. The large number of small businesses (e.g. SOHO businesses) was considered to be indicative of good start-up rates. However data also shows a relatively stable business market with the average age of businesses being higher in the Cotswolds than nationally, which would suggest limited rates of start-up and limited potential for growth.

Key factors influencing relocation included the Cotswolds being a good place to live and work, the good brand and image of the area, and accessibility. One stakeholder mentioned the link between ownership of weekend homes and, over time, the relocation of individual businesses to the Cotswolds, as an attractive place to work.

6.3 Positive effects on businesses located in the Cotswolds and Cotswolds AONB

The stakeholders were asked about the positive effects for businesses of being located in the Cotswolds and the Cotswolds AONB.

The following points were mentioned in relation to the Cotswolds in general:

- A high quality environment to live and work. The Cotswolds is a '*lovely place to live'* and 'a *lovely environment to work which motivates people'*. '*Customers like it*'.
- The perception of space and low crime, together with good schools in the area, also contributed to a high quality of life which attracts business owners and staff.
- A wealthy customer base is important for certain businesses and one factor behind the resilience of certain sectors including building, farming and diversified businesses. More mature residents and visitors can contribute to this customer base.
- The prestige and upmarket image of the Cotswolds (linked to successful people – royals, celebrities, and business people) can influence businesses to have a presence in the area.
- The strong brand and image of the Cotswolds - which is derived in part from the quality of the natural landscape - is also very important for tourism and related businesses. It attracts in visitors, including those from overseas. Those visitors spend money on accommodation (hotels, B&Bs, cottage lets) and local (diversified and premium) products, including local food and drink.
- The central location and accessibility of the Cotswolds is attractive to both visitors and businesses.
- Primary businesses benefit from the natural resources of the Cotswolds including its stone, farmland and woodland.
- Other businesses benefit from a stock of good office accommodation.

In relation to being in the Cotswolds AONB, the stakeholders identified the following positive effects for businesses:

- Protects and reinforces the high quality environment. '*It sits alongside what we're trying to promote...it's key to us that the environment is protected ...the AONB polices and maintains this'*

- Raises profile and recognition for the area. CCB '*do a lot of good work – help maintain brand through their work*'. This links into helping certain types of business e.g. tourism and those selling local products more widely (e.g. Cotswolds Gold – see Case Study 3 below).
- CCB helps build up sustainable tourism, as a positive delivery agent. Although one stakeholder noted that if Cotswolds Tourism (the Destination Management Organisation) was better, then CCB may be less important.
- Supports local demand for natural stone for building and walling, and reconstituted stone (and helps counter negative public perceptions of quarrying).
- Enables access to agri-environment support (e.g. HLS) and grants (e.g. dry stone walling) for land-based businesses.
- Good opportunities for networking, meetings and contacts.

Cotswold Gold

Established in 2010 by young entrepreneur Charlie Beldam, Cotswold Gold produces Extra Virgin Cold Pressed Rapeseed Oil from home grown oil seed rape grown on the 4,500 acre family farm near Broadway in the North of the Cotswolds AONB. Around 1,200 acres of oil seed rape (OSR) is grown on the farm as part of a sustainable rotation and adding value by producing artisan rapeseed oil products is a natural conclusion to growing OSR on the farm.

From a concept put forward as part of a farm diversification business plan during his degree at the Royal Agricultural College, the business has grown from strength to strength over the past few years and now supplies around 100,000 bottles per year to delicatessens, farm shops and restaurants including some high end establishments. Cotswold Gold has been supported by many celebrity chefs and the business has won lots of awards for both the rapeseed oil products including Gold in the Great Taste Awards and also for the business itself such as Entrepreneur of the Year in the West Midlands Business Awards.

Now in its third year of trading the business is looking to increase the workforce to assist in expanding the business, however business development has not been without its difficulties. The rural location means a lack of broadband infrastructure and poor telephone signal. Improving the connection has so far been prohibitively expensive for a relatively small and new business.

However Charlie sees that the benefits of a rural Cotswolds location far outweigh the negatives. The Cotswold brand is well known and the area has a reputation for high quality artisan produce, with local, sustainable and British food and drink being produced in the area. In 2012 Cotswold Gold branched out of the UK to sell their products in Jersey and Japan with other international links being developed. The business understands the strong brand of the Cotswolds outside of the UK and hopes that Cotswold Gold can benefit from this. To that effect Cotswold Gold has joined up with a Japanese tour operator to offer farm tours from field to bottle and allowing visitors to take photos of the yellow fields in the picturesque Cotswolds countryside.


Cotswold Gold

Case Study 3: Cotswold Gold

One stakeholder felt that there was no particular benefit of being located in the AONB. Another commented that '*most people/businesses have no idea the AONB exists so it's difficult to assess the impact*'.

In response to a separate question, the natural environment of the Cotswolds and the recreational opportunities it offers were considered by several stakeholders to provide significant benefits to tourism, leisure and diversified businesses. It attracts people into the area, to visit and to live. One stakeholder commented '*sell it at every opportunity'*. Another highlighted the fact that while some people '*won't have been to Gloucester they might have been to the Cotswolds*' and this can provide an entry point to future business investment in the county.

6.4 Negative effects on businesses located in the Cotswolds and Cotswolds AONB

The Stakeholders were also asked about the negative effects for businesses of being located in the Cotswolds and the Cotswolds AONB.

The following points were mentioned in relation to the Cotswolds in general:

- Broadband was highlighted as a key issue by the majority of stakeholders, in terms of both lack of access to super-fast broadband and, in some areas, its unavailability. Service sector businesses '*can be anywhere but broadband is an issue. Connectivity has to be the most important thing'*.
- Poor transport infrastructure in terms of road and rail links, and poor public transport, limits access to both markets and staff.
- Limited availability or access to staff. One business owner cited low unemployment levels which makes recruitment difficult. Another stakeholder highlighted the limited number of younger workers in the area which can affect the ability for businesses to grow and expand. Another identified particular skill shortages, for example the professions, accountancy and software development. '*I know one IT company which is struggling to get programmers to work in the Cotswolds; they prefer to live in Cheltenham not the Cotswolds'.* This links to the higher salaries available in urban centres.
- High unaffordability of housing. House prices and rents are high, making it difficult for staff to live in the area. This affects both younger staff and others. The lack of starter home accommodation for young people to rent or buy was also mentioned. High unaffordability does not equate to undersupply of affordable housing, however one stakeholder stated that more affordable housing could be provided if local planning authorities imposed more reasonable conditions.
- Expensive land and property, and high business rates. Although stakeholders also noted the high quality of land and property in the area.
- Planning policy and/or restrictions which can add to costs or limit the availability of good quality employment land. One stakeholder commented on the need to overcome perceptions and that '*development is not always a bad thing'*
- The image of the Cotswolds (chocolate box, quaint villages) which does not say 'high tech businesses' to external investors. The Cotswolds is also perceived as wealthy which limits access to funding (e.g. Regional Growth Fund, European Programmes).

In relation to being in the Cotswolds AONB, the following negative effects for businesses were identified:

- 'Planning restrictions' was the main negative effect for businesses located in the AONB, mentioned by stakeholders. This can constrain property use and development, and add to costs, particularly for businesses wishing to expand. It was acknowledged by some that this can be a perception and it may make more of a difference to some sectors (e.g. manufacturing, larger tourism businesses) than others (e.g. small scale professional, technical and service companies).

- Discouragement of HGVs in the Cotswolds can adversely affect some businesses (e.g. via negative feedback from public)
- Renewable energy policy limits potential for what is otherwise a 'good thing'.

6.5 Types of business advantaged and disadvantaged by being in the AONB

Stakeholders mentioned that the following types of businesses benefit from being in the AONB:

- Tourism and leisure businesses - accommodation, restaurants, shops, outdoor activities;
- Tourism-related businesses, including diversified farm enterprises - local food and drink, craft, lifestyle, taxis;
- Other businesses which benefit from the quality of the brand and/or a high quality environment e.g. creative/new media businesses and the services businesses;
- Farming businesses and traditional countryside trades (linked to stewardship of landscape, and restoration/maintenance of landscape features);
- Small family businesses as opposed to corporate businesses. Families can choose to locate and stay here, and family businesses generally do not require purpose built buildings.

Businesses disadvantaged from being in the AONB identified by stakeholders included:

- Industries with an impact on the landscape or need access to good road communications e.g. large industrial activities, haulage and quarrying (with the exception of existing businesses supplying local stone, see Case Study 4);
- Wind farms;
- International and national businesses which change, develop and grow (e.g. G4S which is relocating away from Broadway to Banbury);
- Large businesses;
- High tech, technology based businesses due to inadequate infrastructure and skill set;
- Home-based businesses - '*if broadband doesn't improve'.*

[It is acknowledged that the difference between an AONB and non-AONB location may be limited in respect of some of the above points i.e. some are generic to a rural location].

Huntsmans Quarries Ltd

Huntsmans Quarries Ltd supplies stone and aggregates to agricultural, commercial and property customers from its base near Stow-on-the-Wold, where it's been operating since 1918. The vast majority (90%) of its customers are local, within 25 miles of the quarry, however there are national and international sales as far abroad as Japan. Cotswold stone is supplied for building and walling, and for natural stone slates, and is well recognised as a quality brand and for its place in the Cotswolds landscape. However, building and walling stone and stone slates only account for around 10% of stone sales within the business. Other products which comprise the bulk of the business depend less on the Cotswolds brand – such as decorative stone and chippings and reconstituted stone and slates – or not all – such as lime, concrete, aggregate, clay and the recycling of construction waste.

Huntsmans Quarries Ltd


Huntsmans Quarries Ltd


Huntsmans Quarries Ltd

Community integration and sustainability are important factors in operating a quarry responsibly. The company works hard to be part of the Cotswolds community (holding dry stone walling courses, hosting school visits and supporting local projects) and minimise any negative impacts on the landscape and environment. Local employment is a key benefit with the business employing 55 people and a number of apprentices, most of whom stay on with the company. However being located in the Cotswolds can affect the availability of operations staff due to the high cost of living and availability of affordable housing.

Public perception of quarrying within the AONB can be negative but the company works with the Cotswolds Conservation Board, local authorities and conservation bodies to undertake good environmental practice during quarrying and to counter any negative impact by restoring and creating habitats which contribute to the rich biodiversity of the Cotswolds.

Case Study 4: Huntsmans Quarries Ltd

6.6 The Cotswolds and Cotswolds AONB brands

Most stakeholders considered the Cotswolds brand to be very important for tourism and leisure based businesses, and for businesses producing for niche markets (e.g. Cotswolds food and drink products). It was also considered helpful for businesses setting-up or relocating. The brand provides recognition and kudos. The Cotswolds is the 3rd best known visitor destination in the country[31]. For other types of business, and for businesses seeking to grow, the Cotswolds brand was regarded as less important.

In comparison, the Cotswolds AONB brand was generally felt to be less important or unimportant for businesses. Some stakeholders felt that the AONB brand was important for tourism and leisure businesses, but still less important than the generic Cotswolds brand.

[31] Arkenford Ltd (2012). Cotswolds Perception and Awareness Research

6.7 *The influence of the Cotswolds AONB on other aspects of the local economy*

Stakeholders were asked to score the impacts of the AONB on a number of other aspects of the local economy. The results shown in Figure 6-1, indicate that all respondents to the question agreed that regional/area recognition was positively impacted by the AONB, 82% agreed that the AONB had positive impacts on sustainability and 77% agreed that the AONB had positive impacts on local sourcing (with 27% citing a major positive impact). 65% of respondents stated that the AONB had a positive impact on investment and half cited a positive impact on innovation and local services. 25% indicated a minor negative impact on local services (e.g. rural transport).

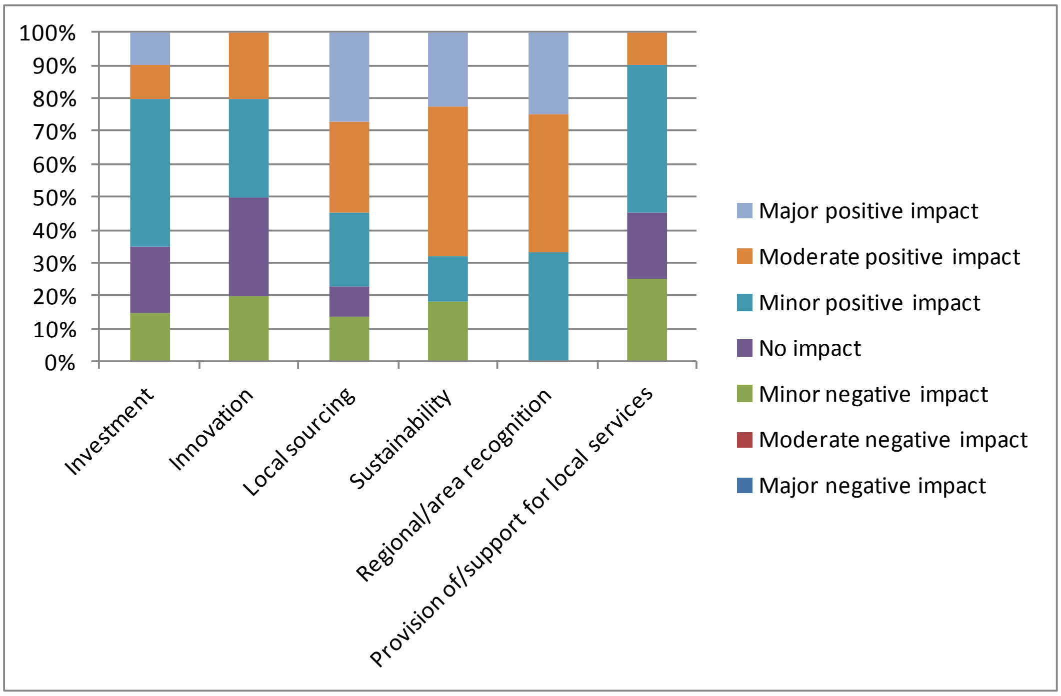


Figure 6-1: Impact of being located in the Cotswolds AONB on other aspects of the local economy

Stakeholders also mentioned a number of other positive impacts. Two stated that the quality of education in the area had a major positive impact on the local economy. A virtuous circle of "high quality environment – people – schools – property" was mentioned.

6.8 *AONB/CCB policies and initiatives with most influence on local economy and business*

Stakeholders highlighted several AONB/CCB policies and initiatives which they felt have most influence on the local economy and local businesses.

Planning policy and development control linked to the AONB was recognised as a key area of influence, both positively and negatively. It was acknowledged that it is a means of '*ensuring key values are protected and maintained and enhancing the characteristics of the area'*. As one planner put it, the AONB is '*one of the few areas for most planners where maintenance and recognition of landscape is given higher weighting than business and employment growth'*. Another planner stated that '*the designation means that finding new employment sites is difficult but gives strength to the policy for safeguarding existing* *employment sites in the AONB*'. Minerals and waste policy was regarded as neutral to positive by another stakeholder.

Sustainable tourism was highlighted as another key area of influence of CCB. It is promotes and expands the tourism sector and enables a focus on sustainable tourism, ensuring it is appropriate to the high quality landscape.

Conserving and enhancing the landscape is important for tourism and non-tourism businesses e.g. '*company directors are attracted to the image and lifestyle offered in the Cotswolds and bring their businesses here and / or work at home*'. However, as one stakeholder put it the area's '*special characteristics which are a pull factor can also reinforce the perception in terms of potential constraints and difficulties to expand and diversify'*.

Rural land management activities were regarded as positive, but less significant than planning for land-based businesses. The role of CCB in boosting traditional countryside and environmental skills, and supporting associated local businesses, in order to maintain the traditional characteristics of the AONB (e.g. dry stone walls) was recognised.

6.9 Interaction of the AONB designation with other designations

The stakeholders indicated that the AONB designation reinforces other planning designations which are more locally focused and detailed. These include the Green Belt (which is the primary influence around Bath, for example), listed buildings and conservation areas. The AONB designation also links into local authority specific policies such as the Cotswold District Design Code[32]. In general, it was felt that there was no conflict between the designations. However the different and complementary role of the AONB designation in maintaining a high quality landscape was recognised.

No specific comments were received relating to the linkage between the AONB and nature conservation or heritage designations such as Site of Special Scientific Interest, Special Area of Conservation and Scheduled Ancient Monument, however it is likely that the AONB designation is similarly complementary (coming from a landscape perspective) and not conflicting as far as its impact on the local economy and local business.

[32] Policy 42. Cotswold District Design Code: Development should be environmentally sustainable and designed in a manner that respects the character, appearance and local distinctiveness of Cotswold District with regard to style, setting, harmony, street scene, proportion, simplicity, materials and craftsmanship.

6.10 Looking ahead

The Stakeholders identified the following opportunities and threats for the local economy of the Cotswolds AONB:

Opportunities	Threats
• Growing more tourism and sustainable tourism, in particular increasing accommodation and encouraging visitors to stay. Also improving public transport for visitors. • Developing a visitor giving scheme to encourage tourists to contribute to the conservation of the area. • Increasing demand for locally sourced food and drink, for domestic and export markets • Developing more Cotswold branded products • Further farm-based diversification which links to good landscape management • Providing small scale, workspace for business start-up and incubation in the market towns and main villages. • Rolling out more superfast broadband to enable economic development appropriate to the AONB[33] • Harnessing renewable energy where this can be done without adversely affecting the AONB[34] • Building on the perception of the Cotswolds – by giving good examples of businesses that have started and grown in the area, in all sectors not just tourism.	• The changing nature of business requirements and ability of infrastructure in the area to compete (e.g. transport, broadband). This could affect large and small businesses alike. • Lack of public transport for visitors and residents • Not rolling out superfast broadband, and resulting poor connectivity • Aging population, and declining economically active population, with few job opportunities (with potential) for young people • Low affordability and availability of housing; high cost of living in AONB, but low wages in certain key industries e.g. agriculture, tourism. • Care sector expansion, attracting in more elderly population to the AONB and targeting existing employment sites • Restrictions on future quarrying • Not sorting out the Cotswolds as a tourism brand[35] and not acting together. • Long term unsustainability of the current reliance on cars and fossil fuels for travel. • Rising energy costs.

Table 6-1: Opportunities and threats for the Cotswolds AONB local economy

When asked what the priorities should be in the future in terms of strengthening the linkages between the AONB and the local economy and local businesses, the stakeholders made the following points:

- The key thing for the CCB is to focus on its core role as custodian of the product that is the Cotswolds. CCB should '*continue doing what it's doing*' and '*keep the Cotswolds the Cotswolds*' i.e. conserve and enhance the high quality landscape.
- The CCB's role in raising awareness of the Cotswolds, maintaining and enhancing the brand ('Brand Cotswolds') and providing cohesion across the Cotswolds was also highlighted as very important to continue.

[33] For example, facilitating increased home working, and supporting start-up and growth of high tech/ high value small businesses

[34] For example, solar photovoltaics (PV) on buildings. Natural screening can help to reduce potential adverse landscape impacts of renewable energy developments.

[35] It is understood that Gloucestershire County Council claim to own the Cotswolds brand, but it is not promoted/available more widely across the Cotswolds for the benefit of businesses in other counties.

- At the same time, CCB perhaps needs to be more flexible in its approach to encouraging sustainable economic development. This might include supporting infrastructure improvements and identifying good examples of appropriate development, alongside its core purposes. It means promoting a functioning working economy and getting this across this to planners and the public.
- CCB can contribute to the Local Economic Partnerships (LEPs) which tend not to be rural focused. CCB is well connected to landowners and rural businesses, and can develop evidence and put forward examples of economic development linked to the quality of the environment. This would feed into the growth agenda and sustainable development.
- Continuing to support sustainable tourism is important, but there is potential to link across to the wider tourism sector to encourage this. While the prime focus is ensuring the quality of the landscape, '*do it in a way that doesn't dissuade tourism'*.
- There is an opportunity for CCB to help develop the supply chain between local producers and food and drink retailers. This might include progressing the 'Cotswold Choice' brand and/or a 'Made in the Cotswolds' website.
- There could be a wider promotion of linkages between the protected landscape and local economy/local business by CCB and partners.
- CCB was also encouraged to make 'business positive' actions in relation to the Cotswolds brand to support the economy and make it more resilient.

Additional feedback from the Annual Forum relating to future priorities included the following:

- Do more to encourage visitors to buy and try local produce.
- Consider developing a new approach to tourism in the Cotswolds to strengthen the brand as the current picture is quite fragmented.
- *'What can businesses do to support the AONB? Visitor giving is a good way for businesses to give something back to the landscape'.*
- *'We should look for a way of promoting and rewarding best practice (by businesses)'.*
- *'There are lots of short term, good initiatives that aren't joined together. We must try for a strategic vision across the area. We need businesses to be able to grow. Think about the economic framework and the whole context of planning'.*
- *'There is a need for a permanent business forum for the Cotswolds and a more co-ordinated, cohesive approach – not a short-term, fragmented one'.*

Final comments from the stakeholders included the following:

'*It's not the designation that matters, but the wider Cotswolds and how it functions'*

'The AONB can be the catalyst for external funding, European action etc.'

Case Study 5 provides an example of a successful diversified business, which uses and processes local produce from the Cotswolds, for local, national and international markets.

Marshfield Farm Ice Cream

Marshfield Farm Ice Cream Ltd is situated on the Southern tip of the Cotswolds AONB, a few miles north of Bath. Produced on the family farm, the award-winning premium dairy ice creams and sorbets include no less than 25 real dairy ice cream flavours and 6 sorbets using fresh organic milk and natural ingredients. Established in 1988 by Will Hawking, Marshfield Farm Ice Cream is a family run business with Will and his father farming around 1,000 acres of land organically and milking 200 cows. The production of ice cream brings them closer to the customer, adding value to their produce and enabling an organic dairy business to thrive. They now produce over 1,500 litres of ice cream per hour, with every process 'from cow through to cone' carried out on the farm itself – a unique selling point for the ice cream. The high quality of the ice cream has been recognised by numerous wins at 'The Great Taste' awards.

As a relatively small brand rooted on the edge of the escarpment, Marshfield Farm values its rural location in the Cotswolds and demonstrates the important link between sustainable agriculture, the environment and food. There is a strong sense that Marshfield Farm is a 'proper' working farm, they have high environmental credentials helping to conserve and protect the environment but demonstrate that rural businesses can evolve and grow contributing to a thriving rural economy in the Cotswolds. From modest beginnings in a disused dairy, the company now employs more than 20 staff to help run the company, with roles in production, management, marketing and HR attracting skilled people to the area. The rural location of the business can help to attract and retain good people but the affluence of the area can sometimes be more difficult for production level employees to find affordable housing. The farm's location means that it does not suffer from the usual lack of rural infrastructure as it is well situated near the motorway and other main routes for distribution.

The farm-based business also demonstrates how rural businesses can be successful when they have the means to evolve. Where opportunities exist to diversify or develop old or existing buildings it is important to encourage rural enterprises to grow without an overbearing burden of red tape. Specifically opportunities for the younger generation should be actively encouraged to ensure the long-term sustainability of the rural economy.

Marshfield Farm


Marshfield Farm

Marshfield Farm has many stockists across Britain and Ireland but is particularly strong in the Cotswolds, around Bath and further afield into the West Country. The ice cream is supplied to a wide range of outlets from cinemas, theatres and pubs to farm shops and delis and tearooms. In addition to high profile tourist sites such as The Tower of London, Hampton Court Palace, Bristol Zoo and Kew Gardens, ice creams and sorbets are also sold at visitor attractions within the Cotswolds, highlighting the importance of tourism in the area for local businesses.

Case Study 5: Marshfield Farm Ice Cream

6.11 Summary

The stakeholder feedback can be summarised as follows:

- The local economy has performed well in recent years, having been resilient to national and global trends.
- The Cotswolds economy is not homogeneous and varies from one area to another. Some parts have clusters of particular types of business (e.g. motor sports and engineering in West Oxfordshire).
- The extent to which economy varies inside and outside the AONB depends on the location. There appears to be most difference where the AONB boundary reflects a more significant change in topography and/or the edge of an urban area (e.g. at the bottom of the scarp, or the edge of Bath).
- Positive effects for businesses of being located in the Cotswolds include: a high quality environment to live and work; a high quality of life more generally, including good schools, and a perception of space and low crime; a wealthy customer base; the prestige and strong brand/ image of the Cotswolds; and the area's central location and accessibility.
- The AONB protects and reinforces the high quality environment, raises the profile and recognition of the area, and supports specific sectors including farming, quarrying for local stone and sustainable tourism. The natural environment of the Cotswolds and recreational opportunities has significant benefits for tourism and leisure businesses.
- Negative effects for businesses of being located in the Cotswolds include: broadband access and speed; poor transport infrastructure; limited availability or access to staff; high unaffordability of housing; and planning policies and restrictions. The AONB is associated with the latter, as well as limiting HGV traffic and certain types of renewable energy.
- Businesses benefiting from being in the AONB include tourism and tourism-related businesses, farming and countryside businesses, and those which benefit from the quality of the brand or environment. Businesses disadvantaged by being in the AONB include large industrial activities, high tech businesses, and businesses which change and grow rapidly.
- The Cotswolds brand is very important for tourism and leisure businesses and those producing for niche markets. The AONB brand is also important for tourism and leisure businesses but less so than the generic Cotswolds brand.
- The AONB has a positive impact on other aspects of the local economy including regional/area recognition, sustainability and local sourcing in particular.
- AONB/CCB policies and initiatives with most influence on the local economy are: planning policy/development control (positively and negatively); sustainable tourism; conservation and enhancement of the landscape; and rural land management.
- The AONB designation reinforces and complements other more locally focused and detailed planning and other designations.
- Stakeholders highlighted a range of opportunities and threats for the local economy, and identified a number of possible priorities for the CCB. These are reviewed and considered in the Conclusions.

7 Conclusions

This section draws together the findings from the previous sections to address the key questions set out in the aim and objectives, and suggests recommendations for consideration in the future.

7.1 Current economic activity and value within the AONB

The Cotswolds economy comprises 9,500 businesses with around 54,000 employees. Key sectors in terms of the number of businesses include professional, scientific and technical services and agriculture, forestry and fishing. Business administration and support services, and wholesale, retail and repair of motor vehicles are the most important sectors in terms of employment. Farming and tourism, which are closely associated with the purposes of the Cotswolds AONB, together account for around 20% of employment.

The Cotswolds economy varies across the AONB, in terms of type of business, economic activity and prosperity. Differences between AONB and non-AONB areas vary from significant to non-existent depending on the location.

The Cotswolds has an economically active population of around 76,000 (70% of the population), of which around 55,000 are employees and 17,480 are self-employed. The proportion of self-employed people in the AONB is twice the national average. There is also a higher proportion of managers, professionals, technical staff and skilled trades in the AONB compared to the national average. Anecdotal evidence suggests that a significant proportion of employees commute out of the area to work.

The total turnover of businesses in the Cotswolds AONB is estimated to be around £5,287 million. The total value of this economic activity in the AONB, measured as Gross Value Added, is estimated to be around £2,038 million (or £2 billion).

Overall, the Cotswolds economy is relatively prosperous; it has been largely resilient to the recent economic downturn.

7.2 Contribution of the Cotswolds AONB and high quality landscape to the economy of the region

The Cotswolds AONB has been established almost 50 years, during which time the Cotswolds landscape has been protected by planning and other legislation. Each year around £1.25 million is invested directly and indirectly by the CCB into the local area to conserve and enhance its natural beauty and increase people’s understanding and enjoyment of its special qualities. The CCB’s core activities in relation to the economy of the area include planning, sustainable tourism and rural land management.

Businesses and stakeholders have identified a range of advantages and disadvantages of being located in the Cotswolds and being in the Cotswolds AONB specifically, although it is not always easy to differentiate between the two in terms of influence.

The Cotswolds provide a high quality environment, a good quality of life, a wealthy customer base, access to tourist markets, and a strong brand and image for marketing purposes. The Cotswolds are also centrally located and easily accessible. On the negative side are higher costs, limited staff availability, low housing affordability, limited broadband and transport infrastructure, and a restrictive planning system.

The AONB is considered to protect and maintain the high quality environment in the Cotswolds, develop recreational opportunities, raise the profile of the area, attract more visitors and support specific sectors including sustainable tourism and environmental land management. Negative effects associated with the AONB include planning restrictions, increased costs, and limitations on HGV traffic and some types of renewable energy.

The businesses most likely to benefit from being located in the AONB include tourism businesses (e.g. accommodation, food and drink serving, visitor attractions), tourism-related businesses (e.g. retail, diversified farm businesses, transport), farm businesses, countryside trades (e.g. walling) and businesses which benefit from the quality of the brand or the environment (e.g. creative/new media businesses).

The businesses most likely to be disadvantaged from an AONB location include large industrial activities, haulage, and businesses which develop and grow rapidly. These will tend to be hampered more by national and local planning policies relating to the AONB, and associated development control decisions.

Many businesses, including tourism and leisure providers and those producing for or servicing niche markets, clearly value the Cotswolds brand. 48% of the businesses surveyed use their Cotswolds location ‘a lot’ when promoting their goods and services, and 53% use the AONB brand ‘a lot’. While other feedback suggests that the generic Cotswolds brand is more widely used and recognised than the Cotswolds AONB brand, both businesses and stakeholders recognise the role of the AONB/CCB in protecting and enhancing the ‘product’ that is the Cotswolds.

In terms of financial impacts, over half of all businesses surveyed indicated a positive impact on turnover arising from being in the AONB. This figure increased to 62% for tourism-related businesses, including 29% which suggested an increase in turnover of more than 15%. Most businesses indicated no impact or a negative impact on costs associated with being in the AONB. On average, the larger, positive impact on turnover outweighs the smaller, negative impact on costs.

Overall, a large majority (83%) of the businesses surveyed felt that being in the AONB has a positive impact on their business; very few indicated a negative impact.

An estimate of the economic contribution of the Cotswolds AONB can be derived from a combination of economic data and feedback from businesses. The business survey showed that 33% of tourism and tourism-related businesses and 12% of other businesses felt that a deterioration in the quality of the landscape would seriously affect their business performance. Applying these percentages to accommodation and food service businesses (the main industry group for tourism and tourism-related businesses) and the rest of the economy suggests that around £260 million of GVA (13% of AONB total) and 7,500 jobs (14% of AONB total) are ‘critically dependent’ on the high quality environment and landscape of the AONB, see Table 7-1.

	Total	% seriously affected by a deterioration in landscape quality	GVA critically dependent on the high quality environment and landscape of the AONB
GVA for Accommodation & Food Services	£ 71.7 m	32.5%	£23.4 m
GVA for rest of economy	£1,966.7 m	12.0%	£236.0 m
Total	**£2,038.4 m**		**£259.4 m**
	Total	**% seriously affected by a deterioration in landscape quality**	**Employment critically dependent on the high quality environment and landscape of the AONB**
Employment in Accommodation & Food Services	4,635	32.5%	1,506
Employment in rest of economy	49,765	12.0%	5,972
Total	**54,400**		**7,478**

Based on data from the ONS Business Register and Employment Survey 2011, ONS Annual Business Survey 2010 and Cotswolds AONB Business Survey

Table 7-1: Estimate of economic contribution of AONB

It can be anticipated that businesses which are critically dependent on a high quality environment and landscape will also have indirect and induced impacts[36] on employment and GVA. Average multipliers for these wider impacts range from 1.1 (neighbourhood level) to 1.5 (regional level)[37]. If a multiplier of 1.3 is applied – reflecting the size and nature of the AONB - this would suggest that the economic contribution of the AONB, after adjustment for the multiplier, would be in the order of £337 million GVA and 9,720 jobs.

This could be regarded as a conservative estimate as it excludes the economic contribution of the significant number of businesses which are 'to some extent' dependent on a high quality environment and landscape and those businesses located just outside the AONB but which benefit from it in terms of quality of environment, quality of life and branding etc.

In addition to these GVA and employment benefits, the AONB is considered to have a positive impact on the local economy in terms of raising the recognition of the area, encouraging sustainability and promoting local sourcing in particular.

7.3 Looking ahead

This study shows that the economy of the Cotswolds is diverse, prosperous and resilient, and that there is a positive relationship between many businesses and the high quality landscape and environment of the area.

In the future, there are a number of opportunities and threats for the local economy and environment. Opportunities include growing more tourism, producing more local food and drink, and further developing the Cotswolds brand. Threats include not keeping pace with infrastructure required for business, limitations in the amount and type of labour available, and the high cost of living especially for those working in key sectors in the area such as agriculture and tourism.

Recommendations for the consideration of the Cotswolds Conservation Board, partner organisations and businesses to build on the current positive situation, and address future opportunities and threats, are set out below:

[36] Indirect – supply chain jobs and GVA. Induced – jobs and GVA supported by employee expenditure
[37] English Partnerships Additionality Guide. Third Edition. 2007

No.	Recommendation	CCB	Partner Orgs.	Businesses
1	Conserve and enhance the Cotswolds by continuing planning, land management and environmental activities.	✓	✓	✓
2	Increase understanding and enjoyment of the Cotswolds by continuing promotion, interpretation, volunteering and community work.	✓	✓	✓
3	Promote and grow sustainable tourism in the Cotswolds, and link across to the wider tourism sector.	✓	✓	✓
4	Develop a Cotswolds Visitor Giving Scheme to provide financial support for managing the landscape.	✓		✓
5	Support the Cotswolds brand and Cotswolds branded products and services which link to a high quality environment. This could include progressing the 'Cotswolds Choice' brand and/or a 'Made in the Cotswolds' website.	✓	✓	✓
6	Encourage farm-based diversification which links to good landscape management	✓		✓
7	Develop the supply chain between local producers and retailers of locally produced food and drink.	✓		✓
8	Encourage local purchasing via local sourcing policies, business networking, business directories and collaborations.	✓	✓	✓
9	Identify priorities for investment in the Cotswolds economy, especially in rural areas, by working with partners through the LEPs, then implement.	✓	✓	✓
10	Improve infrastructure in the Cotswolds, particularly broadband	✓	✓	✓
11	Be more strategic and more flexible in the approach taken to planning and economic development to enable growth, whilst continuing to protect the landscape.	✓	✓	
12	Identify types of business and enterprise which are appropriate in the Cotswolds, and provide good examples, to promote sustainable economic development.	✓	✓	
13	Convey positive business messages to planners, partner organisations and the public.	✓	✓	✓
14	Identify opportunities for securing external funding to benefit the Cotswolds economy and environment.	✓	✓	

Key: ✓ = lead; ✓ = partner

Table 7-2: Recommendations

Appendix 1: Stakeholders consulted

Organisation	Name	Position
Bath & North East Somerset Council	Richard Daone	Principal Planning Officer
Cirencester Town Council	Johan Newman	Executive Officer
Cotswold Conference Centre	Nick Akerman	Head of Sales
Cotswold District Council	Chris Vickery	Forward Planning Manager
Cotswolds Conservation Board	Malcolm Watt	Planning Officer
Country Land and Business Association (South West)	Graham Clark	Regional Surveyor
Federation of Small Businesses (Worcestershire)	Ken Wigfield	Regional Chairman
Gfirst (Gloucestershire LEP)	David Owen	Chief Executive
Gloucestershire Chamber of Commerce	Suzanne Hall-Gibbons	Director
Gloucestershire County Council	Robin Drake	Senior Planning Officer (Strategic)
Huntsmans Quarries Ltd	David Glenn	Managing Director
National Farmers Union (Gloucestershire)	Colin Downey	County Adviser
Painswick Rococo Gardens	Paul Moir	Chief Executive
Parliament	Geoffrey Clifton-Brown	MP for The Cotswolds
West Oxfordshire District Council	Dene Robson	Community Development Manager
Wiltshire County Council (Swindon & Wiltshire LEP)	Caroline Lightfoot	Economic Development Officer

Appendix 2: Glossary

ABS	Annual Business Survey
AONB	Area of Outstanding Natural Beauty
BRES	Business Register of Employment Survey
CCB	Cotswolds Conservation Board
COA	Census Output Area
CROW	Countryside and Rights of Way (Act)
DC	District Council
DEFRA	Department for Environment Food and Rural Affairs
DTP	Development and Transport Policies
ELS	Entry Level Stewardship
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GVA	Gross Value Added
HLS	Higher Level Stewardship
IDBR	Inter-Departmental Business Register
LEP	Local Enterprise Partnership
NAAONB	National Association of AONBs
NP	National Park
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PAYE	Pay As You Earn
PPS	Planning Policy Statement
SDF	Sustainable Development Fund
SOHO	Small Office - Home Office
UA	Unitary Authority
VAT	Value Added Tax