



THE NATIONAL FOREST

National Forest Company

**The National Forest -
Economic impact and
future economic potential**

Final Report

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Executive Summary

The National Forest: a growing asset

The National Forest was inaugurated in the early 1990s, covering a 200 square mile area of the East and West Midlands. In late 2012 the eight millionth tree was planted by HRH The Duke of Cambridge at the official opening of the Football Association's National Centre, St George's Park, near Burton upon Trent, its National Forest location cited as an asset by the Football Association.

The Forest's area crosses the geographies of four Local Enterprise Partnerships and six local authorities¹, and is now home to around 220,000 people and nearly 8,000 businesses. 10 million people live within a 90 minute drive of the Forest.

The maturing of the Forest, and its proximity to several important urban centres, have enabled it to play an increasingly important economic role, not only as an attractive visitor destination, but also accelerating the structural shift towards a more diversified, productive and service-led economy, assisted by its natural geography in the centre of England.

As a growing economic and environmental asset, The National Forest has helped to re-position this important area of the Midlands as an increasingly popular place to live, work, visit and invest. For the Local Enterprise Partnerships, The National Forest offers a natural focus for cross-border investment programmes to capitalise further on the area's economic growth potential. Five key 'Growth Contributions' can be linked back to the Forest.

The National Forest: growth contributions to date

1. A new national visitor destination

The National Forest is recognised by VisitEngland as an emerging tourist destination. Visitor numbers have continued to grow despite the economic downturn. Between 2003 and 2012, tourist numbers are estimated to have increased by 16%. The visitor economy is increasingly valuable for the area – accounting for c. 4,460 FTE jobs (and c. 5,800 if leisure and recreation are included) in 2012.

Importantly, there remains scope for significant additional growth in visitor numbers, duration of stays, and jobs if further private sector-led investment in attractions and accommodation can be secured. Visitor revenue per head of population in 2012 was c. £1,460, slightly ahead of comparable areas, with potential for growth to c. £2,470 by 2024.

Conservative projections indicate the potential for more than 10 million visitor days by 2024, up 2 million on 2012 figures, supporting annual visitor revenues of over £600 million (nearly double 2012 revenues), and in jobs terms the potential for an additional 1,500 FTE jobs by 2020 and c. 2,800 by 2025.

The visitor economy potential is made all the more compelling and distinctive through its link to the woodland economy; there is a great economic synergy to be exploited (see below) which will also bring low carbon and environmental benefits, a rare combination and one that adds to the unique growth contribution of the National Forest.

¹ Charnwood, East Staffordshire, Hinckley & Bosworth, Lichfield, North West Leicestershire & South Derbyshire

2. Population and housing growth trajectory ahead of regional levels

From a population of just over 196,000 people in 1991, the Forest area has seen an 11.7% increase over the past 20 years. It is showing no signs of slowing, if anything accelerating, and by 2030, the population is expected to exceed 250,000, representing a 17% increase on 2011 figures. Notably, by 2030, NW Leicestershire is projected to increase by 25%. This compares against the regional projection of 14%.

National Forest local authority areas are now the destination of choice for 1 in every 10 people relocating to the Midlands from other parts of the UK.

Population growth and associated house building have sustained development rates well beyond the rest of the country - it is estimated that 2,650 more homes were built between 2004 and 2011 than the Midlands average would have anticipated. House building in the Forest area has continued throughout the economic downturn, and this trend is projected to continue. Virtually all the major house builders have a presence and all reference The National Forest within their marketing.

3. An increasingly important business location

The National Forest is an increasingly popular business location, attracting significant inward investment in recent years - the Football Association's £105m St George's Park investment is perhaps the most high profile, but it is not alone. Business growth in the Forest is also supported through access to an improving labour market, with higher and more adaptable skills to meet the needs of higher value business sectors. Prominent global companies now have their headquarters, production and/or distribution facilities in the Forest area. Since 2001, there have been more than 30 major inward investment decisions worth more than £1 billion of investment in and around The National Forest. The Forest also supports a growing SME base adding to local economic diversity and growth contribution.

This investment picture has been matched with structural economic change, a more balanced sectoral mix, and impressive employment growth in some higher value sectors traditionally weak in the Forest area. By 2030, the total GVA of the Forest area is expected to reach £5.6 billion, up from £3.3 billion in 2011.

4. A driver of property markets

Increased private sector investment in The National Forest has improved property market fundamentals, pushing rateable values of commercial property above the average for the East and West Midlands since 2000 - retail values have increased by 40%, industrial property by 30% and offices by 25%. For house prices, from a position where prices were behind the regional averages in the mid-1990s, median average house prices have trebled over the past 15 years, and are now ahead of regional averages. Accommodating the high levels of projected population growth will require an estimated additional 18,600 dwellings. The largest four sites allocations in The National Forest have provision for an additional 9,000 new homes up to 2030.

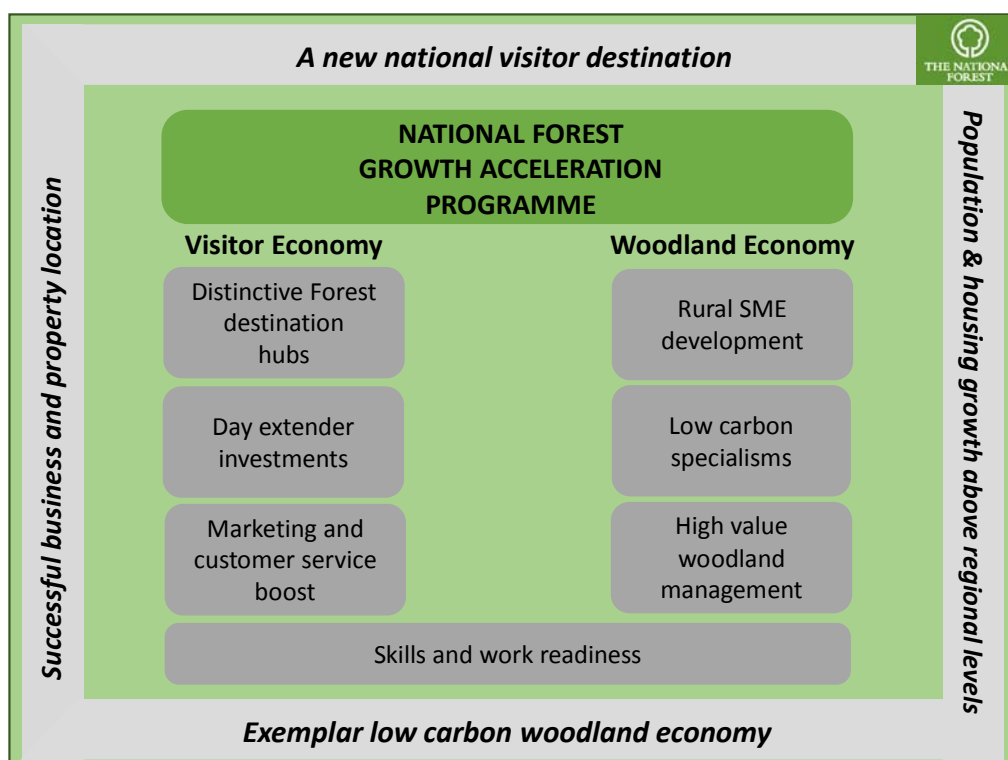
5. An exemplar low carbon woodland economy

The National Forest is a national exemplar in sustainable rural economic development. Its woodland economy contributes to employment, the value of the visitor destination (attractions and landscape), sustainable rural enterprise, GVA, energy security and development of the area's low carbon economy. Whilst woodfuel will not usually directly replace entire heating systems, it can make an important contribution to decarbonising the fuel supply. Woodfuel production from the National Forest will increase and by 2030 it is estimated that the Forest has the potential to offset the annual domestic supply of electricity to 26,900 homes (a town the size of Loughborough) and equivalent to 12.5% of homes across the six local authority areas. This will depend on the percentage that can be extracted and this requires investment in thinnings and infrastructure over the next ten years, 2014 – 2024.

Current and future growth contribution of The National Forest

National Forest Growth Acceleration Programme

The two pillars of the Forest, an emerging national visitor destination and its complementary woodland economy, can be maximised to make a significant and distinctive contribution to delivering the growth agenda. The National Forest Company and partners propose an integrated Growth Acceleration Programme over the next four years, based on these two pillars.



Current and future growth contribution of The National Forest

The Visitor Economy

A destination development plan will define the transition from a broadly mass market offer to niche markets and the profile of investments required for priority audiences. Overnight stays, which have increased faster than day visits, will be maximised through 'day extender' opportunities. 'Shoulder month' investment will extend the season.

The visitor product (existing and new) will be developed at the quality end of the market to achieve breadth and depth and there will be strategic investment in geographic hubs including Conkers. The National Forest Way, opening in 2014, will provide a further opportunity for expanding the offer. Infrastructure improvements will make the most of the woodland theme, providing low carbon facilities and forest produce. Heritage and culture will be a focus for investment especially in the Heart of the Forest (linking to a Heritage Lottery Fund programme).

Business support will improve customer service, visitor information and facilities. The product will be more vigorously marketed, regionally and nationally, making the most of VisitEngland's 'emerging destination' designation.

The Woodland Economy

The Woodland Economy is intrinsic to the Forest-based USP of the Visitor Economy. **A sustainable rural enterprise programme** will take forward the area's low carbon economy whilst providing employment and SME development and realising the biodiversity value of the woodlands.

Woodland management increases visitor spend on forest products, from food to woodland courses, and in the longer term produces a high quality forested landscape within which the visitor destination expands. There is potential for new and innovative visitor facilities such as publicly accessible sawmills demonstrating 21st century multipurpose forestry.

Active management of the woodlands at the first thinnings stage will unlock the future value of the woodlands and provides for high value specialisation in management techniques. Research has shown that, to achieve maximum economic value from woodlands, landowners need financial encouragement, incentives to collaborate and technical advice to help them see the returns that are possible from active management. An integrated exemplar programme across the Forest will deliver this. Woodland business support will enable collaboration and innovation between landowners in managing the woodlands for economic, environmental and social value.

Biomass arising from the Forest will contribute to decarbonising energy and a low carbon demand and supply chain will be developed. The Renewable Heat Initiative will be promoted. The viability of a central marketplace for quality assured wood chips and logs will be explored. Expertise in biomass will be developed in conjunction with academic partners and research funds.

Skills, work readiness and employability

The National Forest has a track record of providing a setting for skills development, especially for those needing support to enter the job market. Programmes for apprentices, work with NEETs and qualifications in land and visitor-based management will be delivered with partners.

There will be substantial opportunities for training and work readiness for young people and those who face substantial barriers to employability. This will work across both pillars but with an emphasis on woodland management. This will fulfil the Forest's values of inclusion and opportunity, linked to economic activity and skills.

Delivery

The National Forest Company and partners will design a robust, fully funded and deliverable programme across the Local Enterprise Partnership areas. It is anticipated that delivery of this unique cross-border growth programme will begin in 2015 / 2016. Depending on partner requirements, to be determined in 2014/15 and the amount of capital projects included, this is likely to be in the region of £5m - £10m. Funding will be secured from match provided by the National Forest Company and other partners, private sector investment, trusts and sponsorship, research programmes, rural development programmes, ERDF and Local Growth Fund via the Local Enterprise Partnerships.