Cebr

The heritage sector in England and its impact on the economy

An updated report for Historic England

August 2023

Authorship and acknowledgements

This report has been produced by Cebr, an independent economics and business research consultancy established in 1992. The views expressed herein are those of the authors only and are based upon independent research by them.

The report does not necessarily reflect the views of Historic England.

London, August 2023

Contents

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Executive Summary

This is a summary of the Centre for Economics and Business Research's study for Historic England, which seeks to assess the economic contributions and impacts of England's heritage sector in the UK. This study builds on the findings of an initial report commissioned by Historic England in 2018, with several subsequent updates since undertaken.

Scope and methodological overview

The research presented herein provides an examination of the role that England's heritage plays in the UK economy. A range of statistical data is generated to demonstrate different aspects of the value supported in the economy through heritage including:

- → **The direct contribution** made to Gross Domestic Product (GDP) and employment through all segments of the heritage sector in the UK.
- → **The indirect multiplier impacts** that arise through the activities stimulated in the supply chains of those engaged directly in the heritage sector.
- → **The induced multiplier impacts** that arise through the activities supported in the wider economy when the employees associated with the direct and indirect heritage activities spend their earnings on domestic goods and services.

In addition, the study examines the ancillary contributions made by the heritage sector in the form of spillover impacts through tourism, regeneration, community-wellbeing and the role of the heritage sector in developing skills, nurturing innovation and fostering growth in other sectors.

The study combines desk and primary research. The analysis of the direct contributions and macroeconomic impacts of the heritage sector draws upon official data provided by the Office for National Statistics (ONS). Economic indicators including revenues, costs of production and gross value-added are provided for hundreds of disaggregated industries. These are broken down according to the Standard Industrial Classification (SIC) framework which provides the underlying data collection framework for much of the economic data produced by the ONS.

However, a large share of the activities in the heritage sector either cross the boundaries of the SIC framework or are relatively niche and therefore buried within broader categories of economic activity. For this reason, we use the Standard Occupational Classification (SOC), a common classification of occupational information for the UK, to map occupations in the heritage sector to the corresponding SIC industries.

Through this SIC-SOC mapping, the economic characteristics of the heritage sector and its direct macroeconomic impacts upon the economy, at a national and regional level, are estimated. The wider multiplier impacts of the heritage sector are quantified using our in-house UK and regional input-output models which trace the sector`s economic footprint through its supply chain relationships.

The spillover impacts of England's heritage sector are captured through qualitative intelligence gleaned from a programme of primary research in which organisations in England's heritage sector were surveyed and some interviews were conducted.

Direct economic contributions of England's heritage sector

Aggregating all activities of England's heritage sector yields the following macroeconomic contributions:

- A total estimated gross value added **(GVA) contribution to the UK's GDP of £15.4 billion in 2021**, equivalent to 0.87% of England's total GVA. The heritage sector grew by 22.1% between 2020 and 2021, suggesting that the heritage industry as a whole is recovering well after the Covid-19 pandemic.

- The construction industry is the largest constituent heritage sector industry, generating 48.4% of total GVA, or £7.5 billion. This is more than double the next largest industry – Libraries, archives, museums, and other cultural activities.

- The heritage sector in London generated the largest GVA contribution of £5.9 billion in 2021, accounting for 38.0% of the total heritage sector in England. The South East accounted for the second largest GVA contribution with £2.7 billion. The heritage sector in the North East had the lowest GVA contribution of £433 million in 2021, although this was the fifth highest contribution as a percentage of regional output.

- Total estimated **employment of 207,000 in England's heritage sector in 2021**, equivalent to 0.75% of the entire workforce in England. London alone accounted for 50,800 workers in the heritage sector in 2021, followed by the South East with 38,600 workers and East of England with 22,500 workers.

- Based on preliminary data, GVA growth was estimated at between 2.5% and 11.1% in 2022, leading to a **direct GVA contribution to UK GDP of £15.8 - £17.5 billion**. This greater uncertainty is driven by less granular data availability in 2022, and the extrapolation of wider economic trends. Utilising a similar approach, **employment was estimated to stand at between 203,000 and 227,000.**

Macroeconomic impacts of England's heritage sector

Based on our analysis of England's heritage sector within the ONS national accounting framework, specifically the supply-use tables and Cebr's input-output models, we conclude that:

- **For every £1 of GVA generated by the heritage sector in England, an additional £1.93 of GVA is supported in the wider UK economy.** For every £1 of direct GVA generated, £0.97 is supported through wider spending effects (induced impact) and £0.96 is supported in the sector's supply chains (indirect impact).

- Once these impacts are considered**, England's heritage sector supported an estimated aggregate GVA impact of £45.1 billion in 2021, across the UK.**

- For every worker directly employed in the heritage sector in 2021, a total footprint of 2.60 workers is supported in the wider UK economy.

- Accounting for these wider multiplier impacts and adding them to the direct employment contribution, **the 207,000 workers directly employed in England's heritage sector in 2021 supported an aggregate footprint of 538,000 jobs.**

- In terms of the regional breakdown, the heritage sector in London alone supported a total of £10.7 billion in GVA through direct, indirect and induced impacts. On the other

hand, the North East had the lowest 'in-region' multiplier impacts in England suggesting the region's economy is relatively less able to provide for the intermediate input needs of the heritage sector within the region. Just £1.06 billion of GVA was supported in the region in 2021.

→ The picture is similar for employment. The heritage sector in London supported the largest number of workers, 86,000, through direct, indirect and induced impacts in 2021. The North East with 19,000 workers again had the lowest aggregate impact in terms of total employment supported.

Spillover impacts of heritage though tourism

→ England's heritage sector creates additional spending through tourism in two ways. Some tourists visit the UK **primarily to visit heritage attractions**, while others take part in heritage activities during trips made for other purposes, **potentially extending trips and generating additional spending**.

→ Challenges with data collection as a result of the COVID-19 pandemic, led to significant disruption in the provision of underpinning tourism-related datasets. For this reason estimates are presented for Q2-Q4 of 2021 only, and not compared directly to pre-pandemic estimates.

→ In the case of int heritage-related trips in England, this report has found that:

- The total number of trips was in Q2-Q4 of 2021 was 15.0 million.
- Across this period, the **South West** accounted for the highest number of trips (**2.5 million)**. While the **North East** accounted for the fewest trips with **0.4 million** heritage-related domestic overnight trips.
- Tourists spent an estimated **£3.8 billion in 2021** while on domestic overnight heritage-related trips.
- The **South West** generated the highest spending from these trips (**£810 million**). This was followed by **London** (**£632 million**).
- While a large share of heritage-related activities and spending is generated domestically, England's heritage sector also draws visitors from much further afield. **The number of international trips fell significantly to 2.7 million across Q2-Q4 of 2021,** displaying the disproportionate impact of Covid-related restrictions on international tourism.
- International heritage-related tourism spend stood at £2.4 billion in 2021, a 77% fall. The majority of international heritage-related tourism occurs in London.

1 Introduction

This is a report by the Centre for Economics and Business Research (Cebr), on behalf of Historic England, detailing the economic contribution of the heritage sector to the UK economy.

1.1 Background and aims of the study

As part of the Heritage Counts publication, Historic England regularly publishes key socio-economic indicators which demonstrate the scale, scope and value of heritage. The data are collected from numerous sources and presented on the Heritage Counts website.

The research presented herein seeks to produce new estimates using the latest statistical releases. Our analysis considers the direct contribution of the heritage sector, measured by macroeconomic indicators such as gross value added (GVA) - a measure of economic output - and employment.

We also examine the indirect contributions made by the heritage sector to the wider economy through its supply chain relationships with other sectors and the additional economic activity supported through employee spending. We also consider the wider spillover impacts of heritage, through assessing it's support of tourism.

The overall aim is to provide individuals and organisations involved in England's heritage sector with a clear, robust and evidence-based understanding of the ongoing economic contributions of the heritage sector to regional and national economies alongside gathering essential insights into the nature of these contributions helping to inform policy.

1.2 Structure of the report

The report is structured as follows:

- Section 2 explains how the heritage sector is defined and the scope of the study. It also gives an overview of our methodology.
- Section 3 assesses the direct contribution of the heritage sector to the 'business economy'. We consider this in terms of value-added contributions and employment. This covers in full the period 2011-2021, with higher-level estimates also provided for 2022.
- Section 4 sets out our findings on the macroeconomic impact of England's heritage sector. This includes indirect and induced multiplier impacts. This section first estimates the contributions to GVA, and employment in England, then the geographic distribution of these impacts across the constituent English regions.
- Section 5 presents our analysis of the spillover impacts of the heritage sector through domestic and overseas tourism.
- Appendix I provides some context for the trend in employment by the constituent occupations of England's heritage sector.
- Appendix II provides further technical detail on the methodology used in the study.

2 Scope and methodology

This study is the fifth iteration of an initial Cebr report for Heritage England in 2018, calculating the impact on the economy of England's heritage sector.[1] The scope of the study is broadly consistent with the initial study and subsequent refreshes. The direct economic impact of the heritage sector was calculated, via a SIC-SOC mapping process in which occupations are mapped to specific industries. From this, we could observe which UK industries workers in the heritage sector are classified into.

Cebr's input-output models have then been used to calculate bespoke multiplier impacts for the heritage sector. These multipliers are calculated based on a 2019 structure of the economy, per the most contemporaneous granular domestic use data, published by the ONS. This study goes further than the refresh of this report conducted in early 2022, with the multipliers being updated for the first time since 2020. This allows our analysis to reflect underlying changes in the structure of the heritage sector between 2015 and 2019; specifically as it pertains to it's supply-chain relationships with the wider English economy. Due to the lag time associated with the production of the requested domestic use datasets, this does mean that while we can adjust for the absolute size of different sectors, other structural changes in the economy since 2019 are not captured within these models.

When analysis was last conducted in early 2022[2], we added a new element to the scope of this study; a 'nowcast', for the direct economic impact of the heritage sector in 2021. This was with the aim of reducing the lag time between when analysis was conducted, and the year in which this analysis focuses on. The analysis for the economic impact of the heritage sector (explained further in Section 2.2) is contingent on granular economic data at both a national and regional level. However data at this level of detail has an increased lag time associated with its production and publication by the relevant administrative bodies. This means that historically, there has been a two-year lag between the year of analysis, and the year that this analysis focused on. For example when conducting analysis in 2018, data underpinning this was only available through to 2016, which in turn was therefore the last year that our report considered as in-scope. However, the nowcast was added with the aim of reducing this lag time from two years, to one year. As the data underpinning this is less detailed, in turn the impacts are presented with a lower level of detail and come with greater uncertainty. This is also discussed further in Section 2.2.

The spillover impacts of the heritage sector through tourism have also been updated.

Technical details related to the approach and methodology used in the study are discussed initially within this section of the report, then further within the technical notes of **Appendix II.**

2.1 Background and scope of the study

Despite its importance, isolating the added value or net impact of heritage from the activities related to it or embedded within it presents many challenges. This is largely due to the fragmented market structure of the heritage sector and its economic value stemming from a

1 https://historicengland.org.uk/content/docs/research/heritage-sector-england-impact-on-economy-2018/

2 A report which ultimately remained internal within Historic England and was not publicly released.

variety of sectors and sub-sectors, ranging from conservation and preservation of historic buildings to activities in the natural environment.

This fragmentation means that it is difficult to identify a definition for heritage within the ONS Standard Industrial Classification (SIC) system. Although some SIC sectors clearly relate to heritage (for instance SIC 91.03 which refers to the operation of historical sites and buildings), just considering heritage related SIC sectors would underestimate the impact of the heritage sector. It would fail to acknowledge the contributions made to sectors that aren't solely heritage activities, but which do contain heritage activities (e.g. Construction). Given the highly fragmented nature of the heritage sector, this is a significant problem.

In recent years, progress has been made in applying innovative ways to explore and measure the value of the historic environment. Historic England has commissioned fact sheets and reports demonstrating the interdependencies between heritage and economic activity. Some of these studies apply models of economic impacts that make distinctions between the direct (output and employment); the indirect (impacts of the heritage supply chain); and the induced impacts (employment and expenditure due to consumer spending out of staff wages). In 2016 Historic England commissioned research to produce its first Heritage Economic Impact Indicators Workbook and this has been followed by several regular updates since then.

Although their definition of the heritage sector is constrained to a simple SIC based definition, the Department for Culture, Media and Sport (DCMS) has also attempted to address similar problems for creative industries by introducing the concept of creative intensities. These seek to establish the proportion of a given SIC sector that involves creative occupations. If this proportion is above a given threshold, the sector is included within the definition of creative industries.

It would be possible to extend such a methodology to the Heritage sector. Doing so would involve identifying Heritage related occupations and mapping the intensities of these across the various SIC sectors in the economy. A threshold would then need to be identified, with any sectors that contain more than the threshold proportion of heritage occupations, being included in the definition of the Heritage sector.

However, such a methodology is problematic. This is highlighted well in a review conducted by the Statistical Authority on DCMS methodology for creative industries. It reasons that because the creative intensity approach considers industries above the threshold in their entirety. This means "for example, Creative Industries includes the total economic value of companies undertaking 'computer consultancy activities' (SIC 62.02) despite only around a third of those working in these companies having been identified as having creative occupations".[3]

Therefore, directly applying the DCMS creative industry methodology to the Heritage sector would suffer from two problems. Firstly, the approach would include the 'non-Heritage' parts of sectors that meet the threshold requirement and secondly it will fail to consider the Heritage parts (however small) of sectors that don't meet the threshold requirement. Furthermore, as the first problem overestimates, and the second one underestimates the economic contribution of the heritage sector, it would not be possible to know whether the final results would be over, or underestimates.

3 Assessment of compliance with the code of practice for official statistics: DCMS sectors economic estimates. Office for Statistical Regulations (December 2018) pg 12.

In light of this, Historic England commissioned the Centre for Economics and Business Research (Cebr) to estimate the economic contribution of the heritage sector in England in 2018. Our approach substantially augments the DCMS intensity approach by applying the proportion of Heritage employment to the total economic contributions of each SIC sector. Doing so removes the need for a threshold and accounts for the two challenges discussed above.

This report is the fourth update to the original 2018 Cebr report. Our examination spans the period from 2011 to 2022 (inclusive), and endeavours to capture the full economic 'footprint' of the heritage sector. As such, the study is not confined to direct ongoing contributions to GDP and employment through the heritage sector's operations and activities in England, but also considers the additional economic activity that the heritage sector supports, via the associated indirect and induced multiplier impacts.

2.2 Overview of approach and methodology

In line with the framework developed in the previous Heritage Counts and the DCMS Creative Industries Economic Estimates methodology, both embedded workers and organisational workers are considered. The economic contribution of the heritage sector is assessed through three tranches: the direct economic impact of the sector; the aggregate economic footprint and the spillover impacts of heritage.

Direct economic impacts

The overarching methodology used to estimate the economic contributions of the heritage sector in terms of employment and GVA can be summarised as follows:

- For constituent heritage industries fully captured by the relevant Standard Industrial Classification (SIC) codes, employment figures are obtained from the Office for National Statistics' (ONS) Business Register & Employment Survey (BRES).
- For some constituent industries, occupations rather than the industries are well defined, based on Standard Occupational Classification (SOC) codes. For these industries, employment estimates are derived by combining the Annual Population Survey (APS) with the BRES data. These official datasets are used to triangulate an estimate for heritage activities with no apparent industry SIC codes but with defined occupations, via the construction of bespoke SIC-SOC matrices.
- For heritage activities neither captured by the SIC nor the SOC codes, secondary data sources are used to establish estimated heritage employment figures or the employment share that could be applied to the relevant SIC or SOC codes.
- GVA figures are derived from the Regional GVA Estimates published by the ONS, by apportioning these regional estimates with employment estimates and earnings data from the Annual Survey of Hours & Earnings (ASHE).

Since standalone SIC and SOC codes are limited in their ability to define heritage, estimates of the activities of the heritage sector rely on cross extracting SIC codes through SOC codes, sometimes combined with secondary data sources or in some cases relying on secondary data sources alone. For example, since some heritage occupations in the APS or ASHE are buried within wider occupation categories, the use of secondary data sources is unavoidable.

To isolate specific activities in the heritage sector, coefficients are calculated from secondary data sources and applied to apportion the data. In cases where the data sources relate wholly to heritage, the data are not refined at all.

The methodology for estimating 2021 heritage impacts is the same as those for 2020, with the exception of the fact that during the project analysis period, 2021 APS data was in the process of being updated following a miscoding issue for certain occupations.[4]

Initially, it was anticipated that revised data would be published in spring of 2023, however, this was postponed several times. As of July 2023, partial revised data now has been published, with the exception (of the datasets required for this research) of 2021 regional employment occupation distributions. Therefore for four-digit SOC-based derivations of regional impacts, 2020 regional distributions (which are not affected by the miscoding issue) are utilised to apportion impacts regionally, anchored to the absolute level of 2021 employment as provided by the corrected and published 2021 APS data.

2022 direct impact nowcasts

In this version of the report Cebr has also provided estimates for the direct impacts that the heritage sector had on the English economy in 2022, in terms of employment and GVA. For this a bespoke methodology is utilised, as data at the level of granularity required for methodological consistency with 2011-2021 figures is not yet available.

To calculate GVA, the distribution of heritage sector GVA by SIC defined industries for each region in England has been calculated using the aforementioned SIC-SOC matrix. After significant backtesting of various approach to assess historical accuracy, Cebr has used a combination of two measures to calculate GVA data in 2022. The first involved estimating year-on-year UK GVA growth by SIC for 2022 using an ONS produced GVA index, and applying this to the regional distribution of heritage GVA by SIC.

The second involved calculating a measure of employee productivity by SIC, combining this with the number of employees in each SIC, and applying this to the regional distribution of heritage GVA by SIC industry. The final GVA nowcasts for 2022 are a weighted combination of these two approaches, with weights calculated to minimise any possible forecast error. These approaches were modelled based on growth observed from 2021 to 2022 in the aforementioned variables, as well as growth observed from 2019 to 2022. Both approaches were considered to account for trends including and excluding the pandemic period.

Employment nowcasts for 2022 also required utilising the SIC-SOC matrix to calculate the regional distributions of employment by SIC industry, and employment by SOC occupation. A combination of three measures were used to calculate employment data for 2022.

Firstly, APS data on employment by SOC was applied to the heritage employment by SOC distribution, with the remaining occupations extrapolated per jointly published ONS and HMRC earnings and employment data from Pay As You Earn Real Time Information (PAYE RTI) data on employment by SIC.

A second measure involved utilising PAYE RTI employment data and applying it to the distribution of heritage employment by SIC, while the third method calculated a proxy for employment by SIC, using ONS data to estimate productivity by SIC and stripping this from 2022 GVA by SIC. Similar to the GVA nowcast, a weighted combination of these three approaches was utilised to produce the final estimates.

4 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/theimpactofmiscodingofoccupationaldatainofficefornationalstatisticssocialsurveysuk/2022-09-26

Aggregate economic footprint

This report also estimates the aggregate economic footprint of the Heritage sector. These multiplier impacts are estimated using Cebr`s input-output models, which draw on the ONS' national accounting framework. Per the scope of this refresh, these multipliers have been updated.

To embed heritage activities within our macroeconomic impacts modelling framework, we adopt the framework provided by the ONS supply-use tables. Using this framework to analyse the heritage sector is one of the best means of ensuring consistency with the national accounting framework.

The process of embedding a specific subset of productive activities within the framework involves assigning the heritage sector an explicit role within the supply-use tables and Cebr's input-output models. In so doing, we provide the foundation for establishing the economic size (direct impact) of heritage, and the wider economic footprint supported in the national and regional economies. We then use the multipliers along with the calculated direct impacts to produce estimates for the total footprint of the sector, inclusive of the supply chain response (indirect impacts) and the income from employment supported and spent in the wider economy (induced impacts).

As the ONS only produces supply-use tables for the UK as a whole, strictly these multipliers represent the contribution of England's heritage sector to the UK economy. However, as the direct impacts only consider England's heritage sector, we would expect the majority of the economic footprint to be experienced in England.

Spillover impacts

Section 5 considers the spillover impacts of the heritage sector through tourism and is largely driven by tourism data from VisitBritain and the International Passenger Survey (IPS). For 2021, this data only covered the last three quarters of the year, and due to Covid-driven disruption, interpolating Q1 impacts was not deemed robust. Therefore, we present and label the figures as Q2-Q4 2021.

Alongside the pandemic-driven disruption, substantial changes were introduced by Visit Britain as part of these surveys, which provide the underpinning data for analysis on heritage-related tourism. Specifically, a new combined online survey is now operated, collecting data on both domestic overnight and domestic day trips. Therefore, while we present figures from previous years, consistent with recommendations from Visit Britain, these are not directly comparable with new 2021 figures.

3 Direct economic contributions of England's heritage sector

This section assesses the importance of heritage to the economy in terms of GVA and employment, over the period 2011–21.

We first outline the estimated contributions made by the heritage sector to GVA using national accounting data. We then consider the contributions made to employment using the Business Register and Employment Survey (BRES) and other data sources, examining the impacts first for England and then across the English regions.

3.1 Direct national economic impact through Gross Value Added

It is estimated that in 2021, England's heritage sector directly generated a GVA contribution of £15.4 billion to UK GDP.

This GVA contribution can also be broken down by the constituent industries of the heritage sector. The results of this are shown in Table 1.

Table 1: GVA generated by constituent industries of the heritage sector, 2021

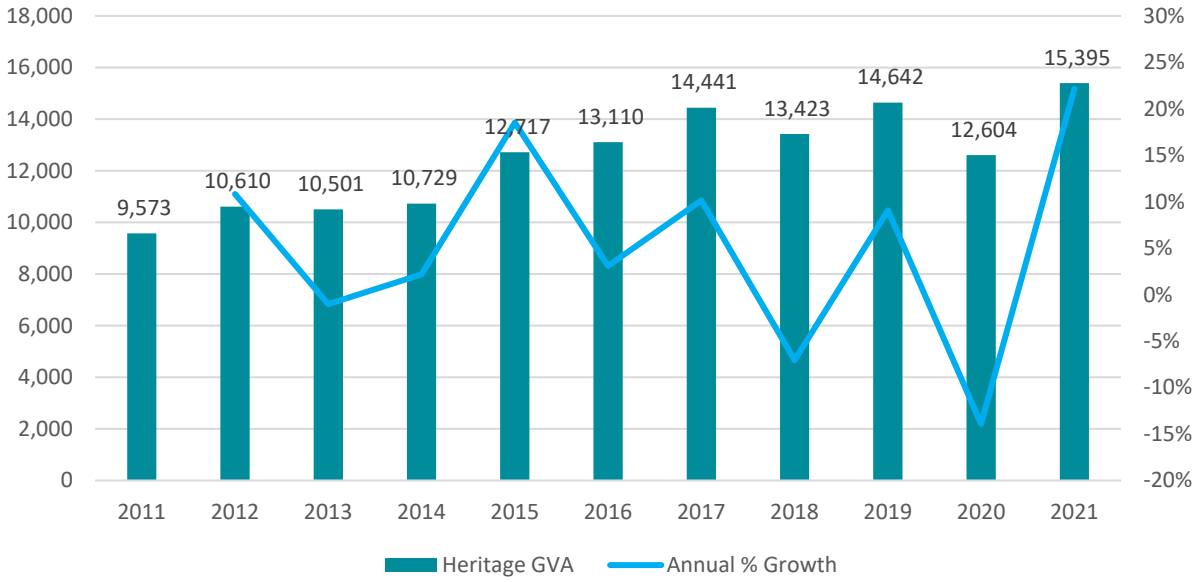
Constituent industries of the heritage sector	GVA (£m)	% of total heritage GVA
Construction	7,459	48.4%
Libraries, archives, museums and other cultural services	3,195	20.8%
Architectural and engineering services; technical testing and analysis services	1,978	12.8%
Public administration and defence services; compulsory social security services	744	4.8%
Services furnished by membership organisations	478	3.1%
Education services	256	1.7%
Real estate services on a fee or contract basis	250	1.6%
Other professional, scientific and technical services	127	0.8%
Services to buildings and landscape	99	0.6%
Scientific research and development services	46	0.3%
Owner-Occupiers' Housing Services	22	0.1%
Services of head offices; management consulting services	11	0.1%
Total	15,395	100%

Source: ONS Annual Business Survey, Cebr analysis

The construction industry is the largest constituent heritage sector industry, generating 48.4% of total GVA, or £7.5 billion. This is more than double the next largest industry - Libraries, archives, museums and other cultural activities – which generated almost £3.2 billion (20.8% of the total). Architectural and engineering activities is the third dominant industry within the sector, generating 12.8% of the total heritage GVA (approximately £2.0 billion). Combined, these three industries make up over 80% of the total GVA of England's heritage sector.

The sector has grown significantly from 2011 to 2021. The £15.4 billion estimated in 2021 is over 60% larger (in nominal terms) than the £9.6 billion found in 2011, although this does mask some year-on-year variation. Figure 1 shows the direct GVA contributed by the heritage sector over this time period, and the sector's year-on-year growth rate.

Figure 1: Estimated GVA of the heritage sector, 2011-2021, £ million



Source: ONS Annual Business Survey, 2011-21, Cebr analysis

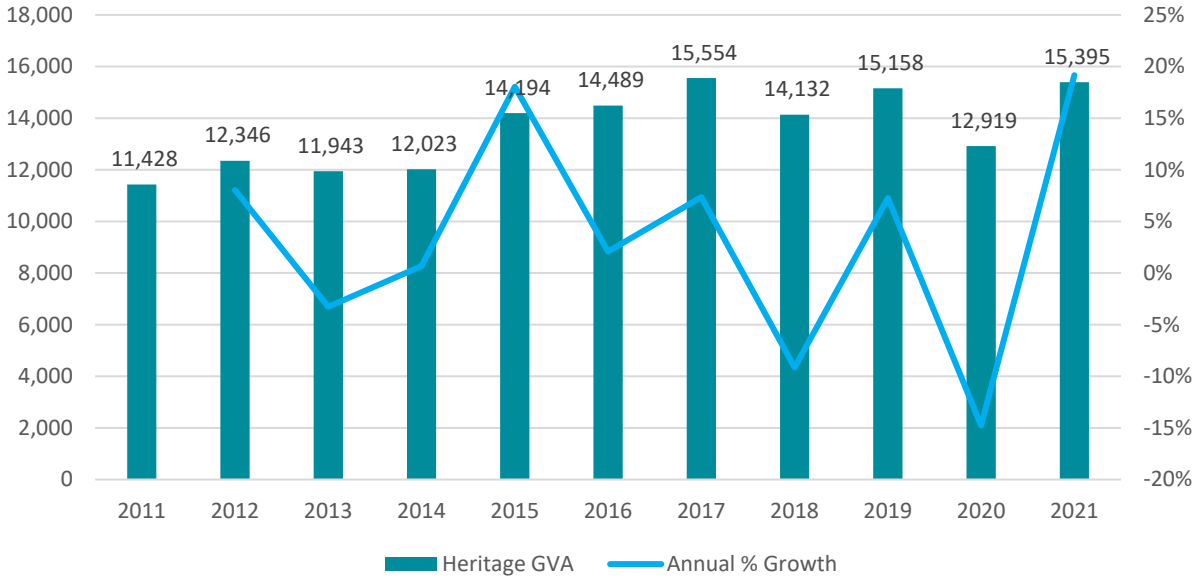
The £15.4 billion in GVA directly generated in 2021 is the highest of any year estimated, and a 22.1% growth in 2020, which suggests that the heritage industry generally bounced back after the Covid-19 pandemic. This is also the largest single relative year-on-year increase, topping the 18.5% growth in 2015. The GVA contribution of England's heritage sector has grown in every year except 2013, 2018 and 2020, during which it suffered contractions of 1.0% 7.0% and 13.9% respectively. The strong estimated growth in 2021 is reasonably consistent across the components of the heritage sector. Growth in the construction-related constituent heritage industries was significant (32.5% annual growth rate[5]; explored further below), as was growth in the contribution of town planning officers; conservation and environmental associates; and the museums industry.

In Figure 2 we present the inflation-adjusted results for GVA, with 2021 prices used as the base year. The rise of the heritage sector during this period in real terms is logically reduced, but overall there still has been a real terms growth of 34.7% between 2011 and 2021. The heritage sector was the largest in 2017 in real terms (£15.6 billion), slightly more than the

5 This figure is calculated by taking the weighted growth rates of the constituent construction SIC codes, which for the purposes of this report are defined as being part of the heritage sector.

current £15.4 billion. In the following sections however, we use nominal figures to keep consistency with previous iterations of the report.

Figure 2: Estimated GVA of the heritage sector, adjusting for inflation, 2011-2021, £ million



Source: ONS Annual Business Survey, 2011-21, Cebr analysis

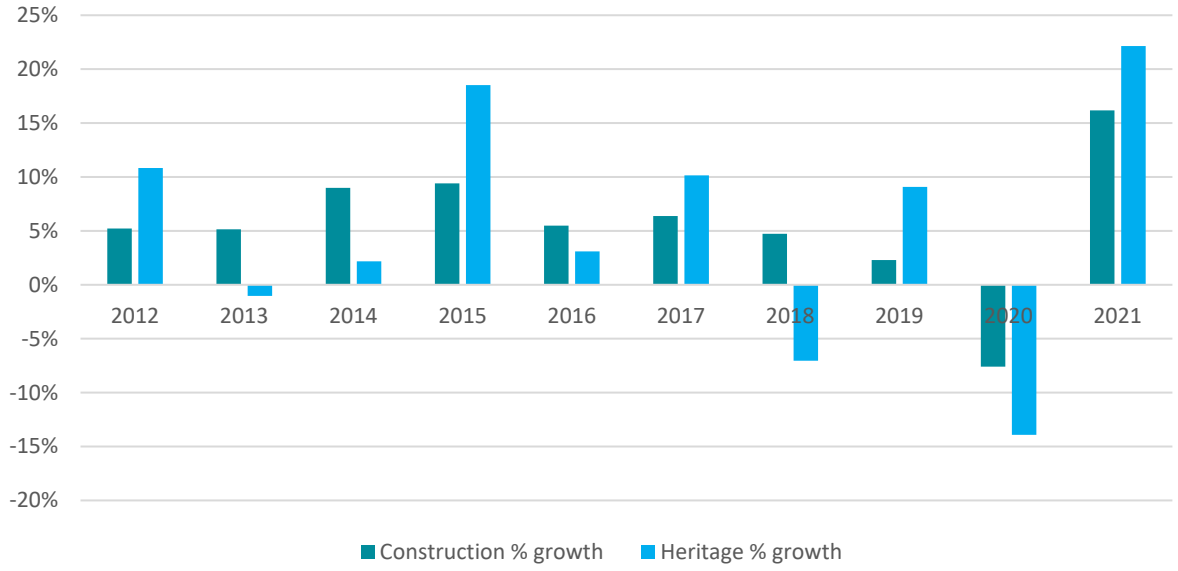
As seen in Table 1, measured by GVA, the largest constituent industry of the heritage sector is construction activities. The construction industry is inherently volatile and is responsive to fluctuation in both confidence and key economic variables. This volatility partially explains the volatility in year-on-year heritage sector GVA growth, seen in Figure 1.

The large spike of 18.5 percent in GVA between 2014 and 2015 was largely due to a significant growth in heritage-related construction, which accounts for almost half of the GVA of the heritage sector.

This trend was driven by the wider construction industry in the UK which saw a phased recovery between 2011 and 2016. As a whole, 2011 and 2012 saw the industry recover slowly, followed by contraction in 2013 and partial recovery through 2014. Since then the UK construction industry has largely remained on an upward trajectory with rising construction output in all years barring 2020.

Figure 3 below maps the year-on-year growth rates of both the construction and heritage sectors from 2012 to 2021. As seen from the chart below, there exists a reasonable degree of synergy between the two sectors, with growth rates diverging in only two of the nine years measured and large impacts of a similar magnitude observed for both in 2020 and 2021.

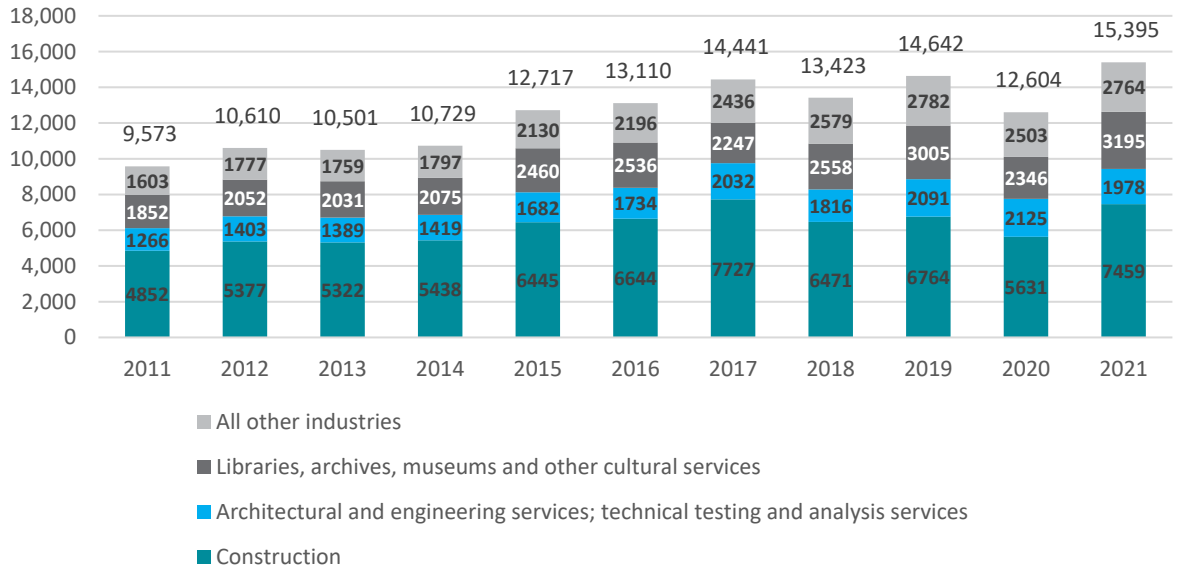
Figure 3: Annual growth rates on the construction and heritage sectors, 2012 - 2021



Source: ONS Annual Business Survey, ONS Annual Population Survey, Cebr analysis

To further emphasise how impactful the construction industry is, we present the yearly GVA figures broken down by the three biggest sectors and the others combined in Figure 4. The three largest ones are: construction (SIC 41-43); libraries, archives, museums and other cultural activities (SIC 91); and architectural and engineering services (SIC 71). Combined, these three sectors make up around 80% of the total heritage sector.

Figure 4: Estimated GVA of the heritage sector by industry, 2011-2021, £ million

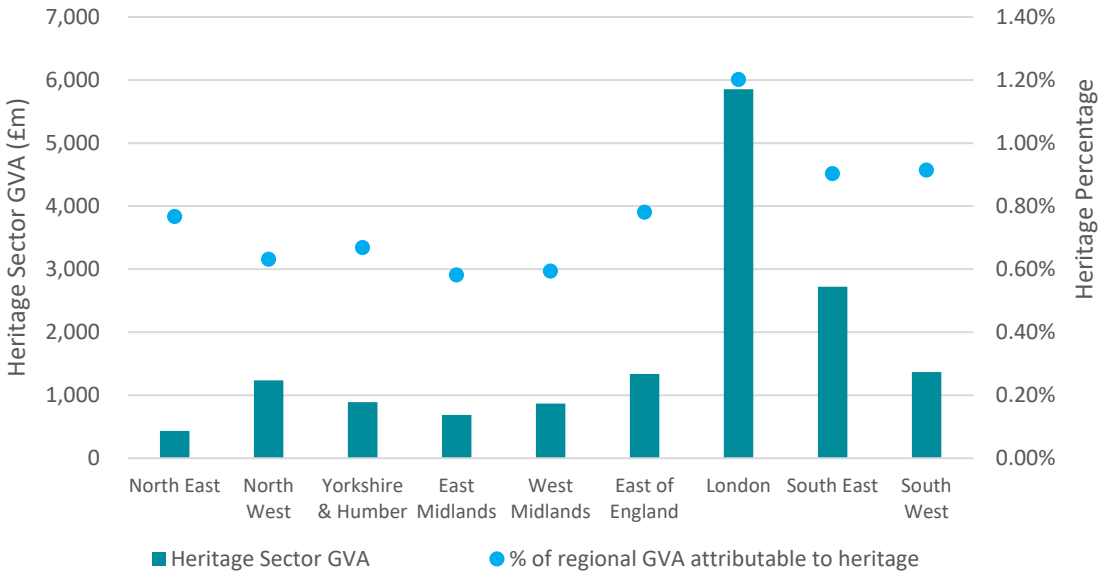


Source: ONS Annual Business Survey, ONS Annual Population Survey, Cebr analysis

3.2 Regional direct economic impacts through Gross Value Added

In 2021, England's heritage sector directly contributed an estimated 0.87% of England's GVA. The exact percentage contributed ranges from a high of 1.20% in London to a low of 0.58% in the East Midlands. These percentages and the associated monetary contributions from which they are derived can be seen in Figure 5.

Figure 5: Direct heritage sector GVA by region, 2021



Source: ONS` Annual Business Survey, Cebr analysis

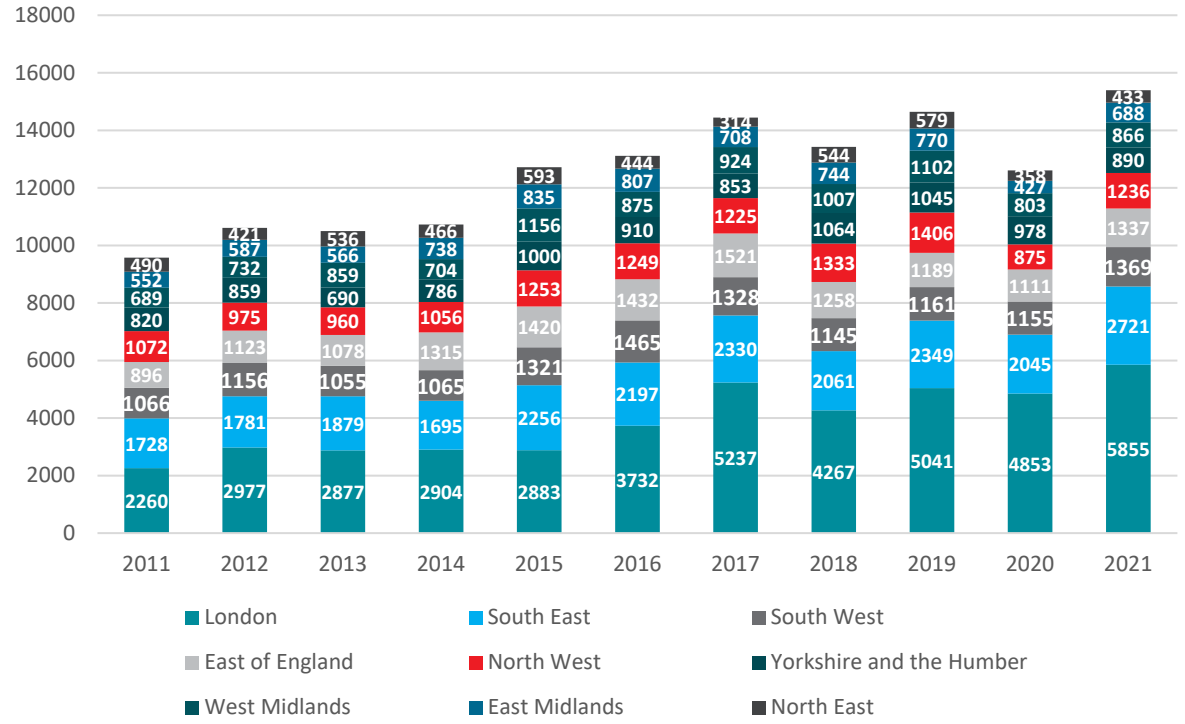
In monetary terms, London clearly contributes the most, with a heritage sector GVA of £5.9 billion. This makes up 38.0% of the total contribution of the heritage sector to the English economy. While this is partially a function of London consistently being the region with the highest contribution to the UK (or English) economy, as a percentage of total regional GVA London is still the most significant contributor.

The region that contributes the second highest amount of heritage GVA in 2021 was the South East at an estimated £2.7 billion. Cebr estimates that the heritage sector in the South East contributed to 0.90% of the region's total GVA in 2021.

In monetary terms the heritage sector in the North East contributes the least to the UK economy, at £433 million. However, its heritage sector has the fifth highest percentage contribution to regional GVA in 2021.

Figure 6 shows the direct impact of heritage through GVA, disaggregated by the regions in England in the years 2011 to 2021.

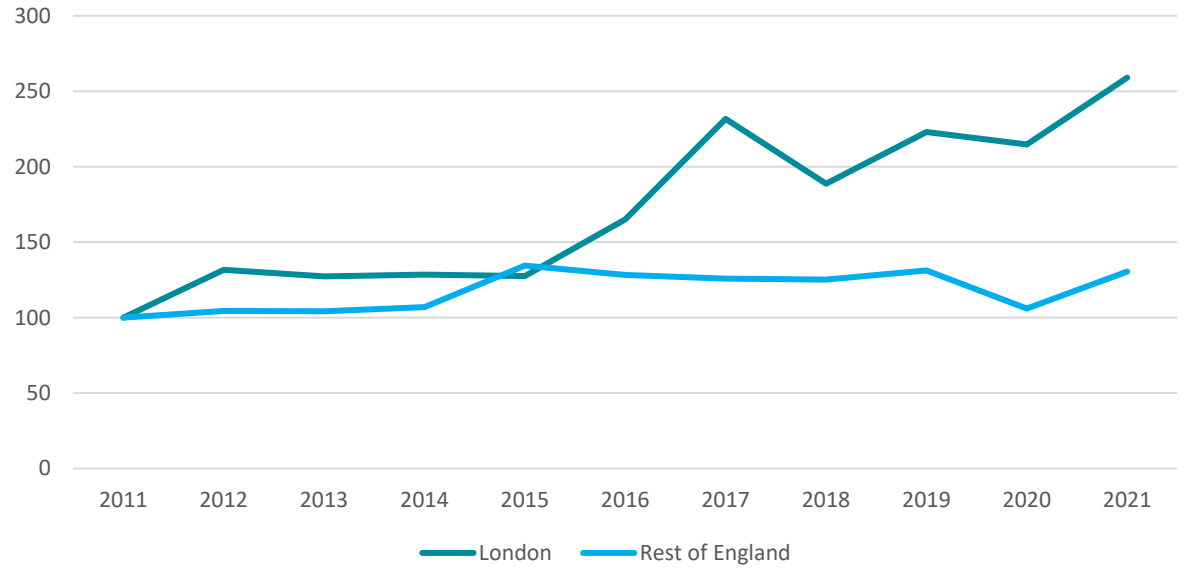
Figure 6: Estimated GVA in the heritage sector by the regions in England, 2011-21, £ million.



Source: ONS` Annual Business Survey, Cebr analysis

Broadly, the trend for regional GVA in 2021 is consistent throughout the time-period assessed, however the increasing importance of London's heritage sector is notable. This can be further seen in Figure 7, which shows the GVA of London's heritage sector from 2011-21, compared to the combined GVA of the heritage sector in the rest of England's regions. Data has been indexed such that the 2011 level of heritage sector GVA for London and the rest of England has been set to 100, with subsequent values measured as the growth relative to this.

Figure 7: Indexed GVA of the London's heritage sector compared to the rest of the England, 2011=100



Source: ONS` Annual Business Survey, Cebr analysis

This graph shows how the growth in the GVA of London's heritage sector has far outstripped that of the rest of the UK, with the majority of this increase occurring from 2015 to 2017. Over the entire period, GVA growth in London stood at 159%, compared to 30% for the rest of England. It is worth clarifying that this graph does not imply that London's GVA exceeds that of all non-London regions: in 2018, London's heritage sector GVA is estimated to be £5.8 billion – still £3.7 billion less than the rest of the England. However from 2011 to 2021, the GVA of London's heritage sector grew by £3.6 billion. This constitutes over half (62%) of the total GVA growth in England's heritage sector over the same period.

Interestingly the GVA contributions made by the heritage sector in London rose most significantly between 2016 and 2017 (from around £3.7 billion to £5.2 billion). As will be seen in Section 3.2, total employment in the heritage sector in London increased significantly from 2016 to 2017, and the GVA increase is partially driven by this. However heritage employment in London actually increased by more from 2015 to 2016 than the following year. This can be reconciled by the significant change in the employment distribution of the heritage sector in London in 2017.

Heritage employment in London became increasingly concentrated in high GVA producing sectors between these two years. For instance, the number of workers in museums (a relatively low GVA/worker sector) in London fell from around 9,000 to 5,000 and the number of workers involved in building completion (relatively higher GVA/worker) rose significantly, from around 7,000 to around 13,000. This resulted in a significant increase in average GVA per worker. Given that heritage employment in London also increased in 2017, this caused the substantial increase in GVA observed.

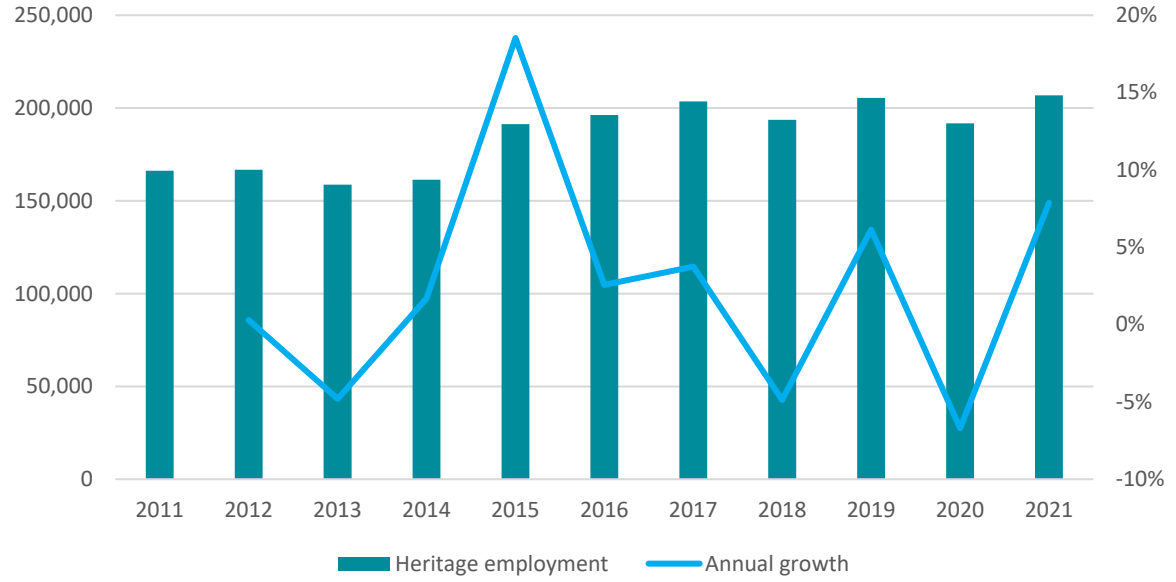
3.3 The direct national economic impact through employment

It is estimated that in 2021, England's heritage sector employed 207,000 workers. This represents 0.75% of total employment in England.

Employment estimates are collated from a number of different sources. They are based on a definition that uses SIC and SOC codes, combined with data from other sources on specific areas of heritage. Since the SIC and SOC codes are limited in their ability to sufficiently isolate heritage employment, coefficients derived from a number of different data sources are used to proportionally allocate employment estimates. Technical details related to how this has been done can be found in the technical notes of **Appendix II.**

Figure 8 shows the direct impact through employment in the years 2011 through 2021, along with the year-on-year percentage change in heritage employment.

Figure 8: Estimated employment in the heritage sector, 2011-21



Source: ONS' Business Register and Employment Survey, Annual Population Survey, Cebr analysis

Given the nature of the activities embedded in the heritage sector, the sector's employment contribution has followed a somewhat volatile trend. It is estimated that the heritage sector in England directly employed around 207,000 workers in 2021, and 192,000 in 2020. Over the entire period, heritage sector employment has increased by 41,000, or 24.4%. The greatest driver of this was significant increases in heritage workers in the construction sub-sectors, and the number of archivists and curators in all industries.[6]

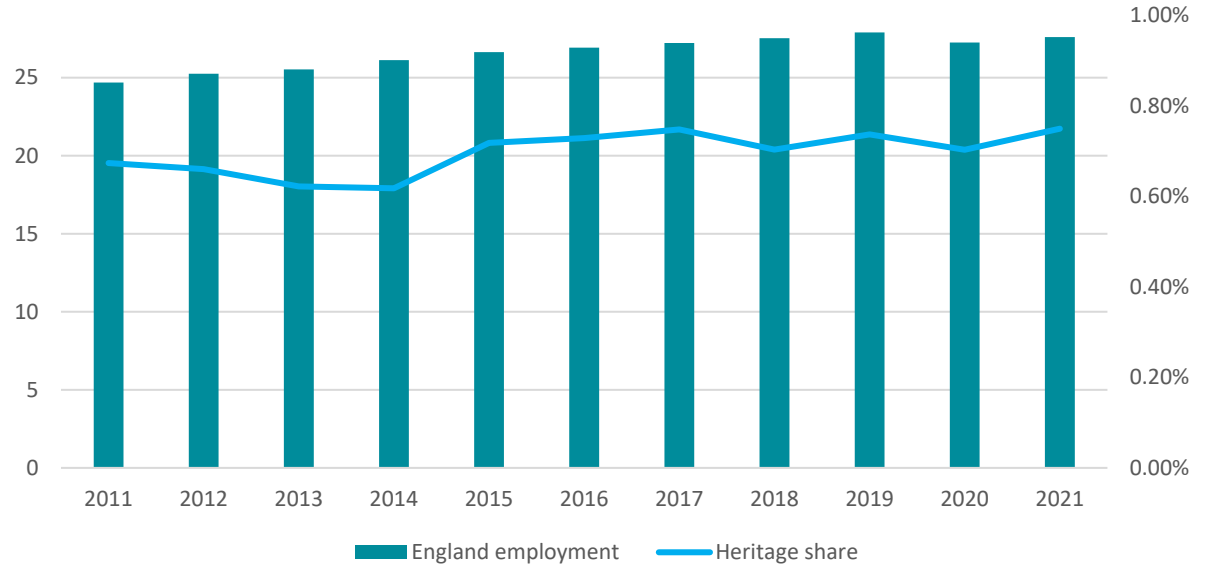
The increase in total heritage sector employment from 2020 to 2021 of 15,100 was the highest yearly increase reported. This was largely driven by lifted restrictions in 2021 after the lockdown period due to the pandemic.

Similar to the figures presented for GVA, the large spike of 18.6 percent in heritage employment between 2014 and 2015, was largely due to a significant growth in the construction industry driven by a general improvement in the UK economy.

The average yearly growth rate in employment in the heritage sector from 2011-21 was 2.4%. This compares favourably to an average overall increase in employment in England of 1.1% over the same period. A further comparison of total employment in England, and the heritage sector's share can be seen in Figure 9.

6 A full breakdown of employment by employment type and region for 2011-21 is available in Appendix I.

Figure 9: UK Employment and the heritage sector's share, 2011-21, millions



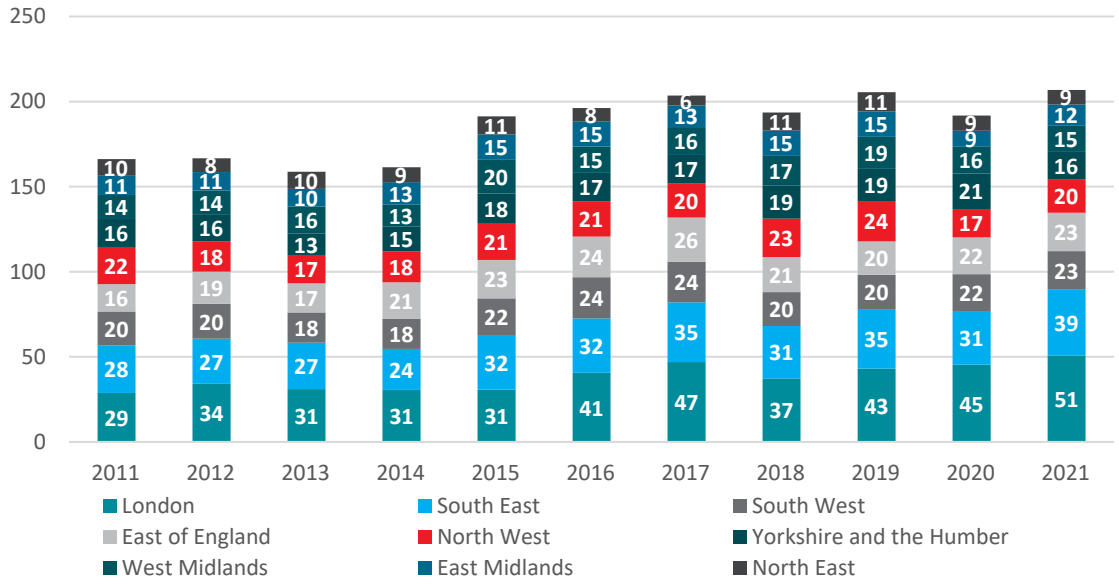
Source: Labour Force Survey, Business Register and Employment Survey, Annual Population Survey, Cebr analysis

Over the entire period, total employment in England has increased by 11.8%, from 24.7 million in 2011 to 27.6 million in 2021. The heritage sector's share of total English employment fell from 0.67% of total employment in 2011, to 0.62% in 2014. Since, it has increased significantly, and in 2021 it peaked at 0.75%. Alternatively, this means that one in every 133 jobs in England is directly provided by the heritage sector. From 2011-21, the heritage sector's share of total employment in England increased by 0.08 percentage points. This is especially impressive given the consistently rising employment in England over the period besides in 2020. Notably while heritage sector employment recovered to exceed 2019 levels, total employment across England in 2021 still trailed 2019 levels.

3.4 Direct regional impact through employment

Figure 10 illustrates employment in the heritage sector by English regions over the period 2011-21.

Figure 10: Employment in the heritage sector by English regions, 2011-21, thousands



Source: ONS Annual Business Survey, Cebr analysis

London contributed the most in every year bar 2015[7], peaking at 50,800 in 2021. Over the entire period, it also grew the most, from 28,800 workers in 2011. This increase of 22,000 workers (76%) is by far the most over the period in both relative and absolute terms, accounting for 54% of the total increase in heritage employment. The regions with the second and third highest relative increase are East of England (40%) and the South East (39%).

This regional breakdown also shows that growth in the heritage sector in London and the South East (and to a lesser extent the East and South West), are the primary drivers of the strong recovery back to above 2019 levels of employment, by 2021. This regional growth in London is reasonable consistent across the constituent components of the heritage sector: steady growth in employment is recorded between 2019 and 2021 in the number of workers in the construction-related heritage industries; in museums; in conservation and environmental associates across all industries; archivists and curators; chartered surveyors; and town planning officers.

The South East is still comfortably the second largest heritage employer, with 38,600 employees in 2021. The South West (22,700) and East of England (22,500) are third and fourth. Over the entire assessed period, three regions have seen an decrease in employment in the heritage sector: the North West (5% decrease), the North East (3%) and Yorkshire and the Humber (1%).

3.5 The economic impact of the heritage sector in 2022

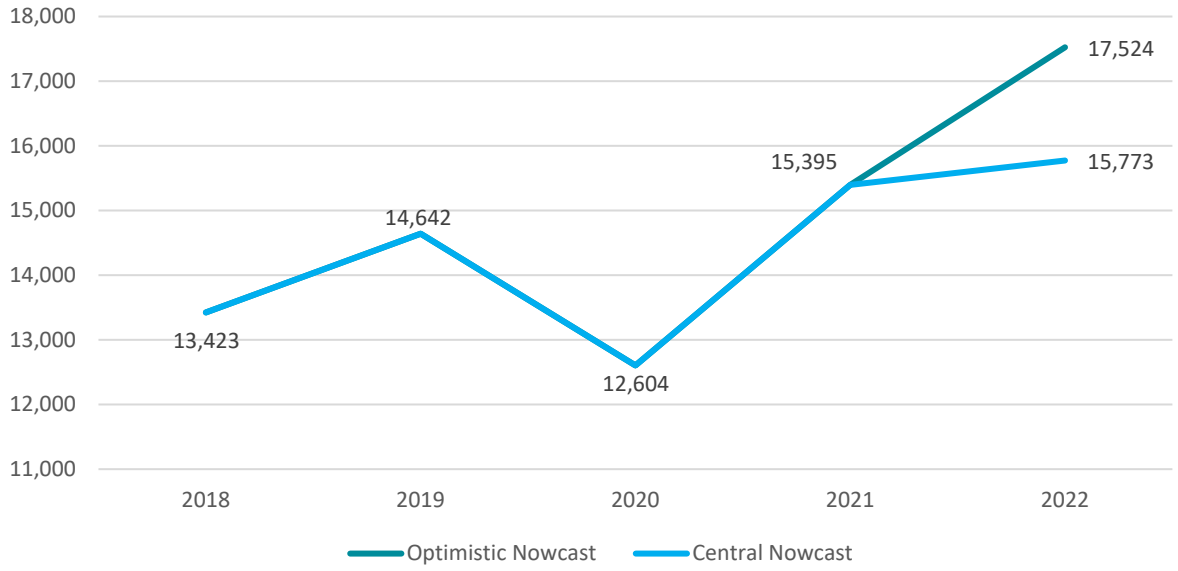
At the time of writing, there exists very little complete statistical datasets for 2022, with the majority of analysis completed for this report being conducted in May and June 2023. This has presented a challenge in terms of calculating the direct impacts of the heritage sector in a way

7 In 2015, an estimated 31,600 employees worked in the heritage sector in the South East, compared to 30,800 in London.

which is methodologically consistent with prior years. As a result, Cebr has instead produced 'nowcasts' of both GVA generated by, and employment in England's heritage sector solely utilising less disaggregated data.[8] As this approach inherently comes with more uncertainty, we present ranges within these nowcasts, utilising differing assumptions (discussed in Section 2.2). In addition, data is only presented at the national level, and is not disaggregated by heritage subindustry. It is important to note that while these projections are termed 'nowcasts' they provide estimations for a very recent, but historical time period (2022).

Figure 11 below displays the two nowcasts Cebr has produced for 2022 along with the direct GVA contributions from England's heritage sector in 2018, 2019, 2020 and 2021 for comparative purposes.

Figure 11: Heritage sector GVA nowcasts, 2018 - 2022, £ million



Source: ONS Annual Business Survey, ONS GDP Tables, ONS Labour Productivity Tables, Cebr analysis

Both nowcasts have been calculated using trends for the wider SICs that the heritage sector falls into. Weighted combinations of different measures calculated from ONS statistics were used to estimate both projections, as discussed further in Section 2.2.

The optimistic nowcast projects heritage sector GVA to rise in line with that of the wider SICs from 2021 to 2022, reaching £17.5 billion, which would be £2.2 billion (11.1%) higher in nominal terms than in 2021.Conversely, the central nowcast estimates that the heritage sector's GVA for 2022 will grow in line with wider SIC growth from 2019 to 2022, giving an estimate of £15.8 billion (2.5% growth).

Without more granular data for 2022, it is difficult to ascertain which of these assumptions is more accurate, however both nowcasts project the highest GVA of any year Cebr has estimated (back to 2011).

Heritage sector GVA on average outperformed the wider SIC codes that it falls within, between 2020 and 2021. Much of the economy was over this period recovering from the pandemic and

8 As an example, while data is available for the economic impact of the construction sector as a whole in 2022, data disaggregated to allow estimation of solely the heritage-related component of this is not.

associated disruption, with the heritage sector being no exception. However as discussed in this report, the recovery of the heritage sector over this period broadly exceeded that of the wider economy, and in particular the wider SIC sections that constituent parts of the heritage sector fall into.

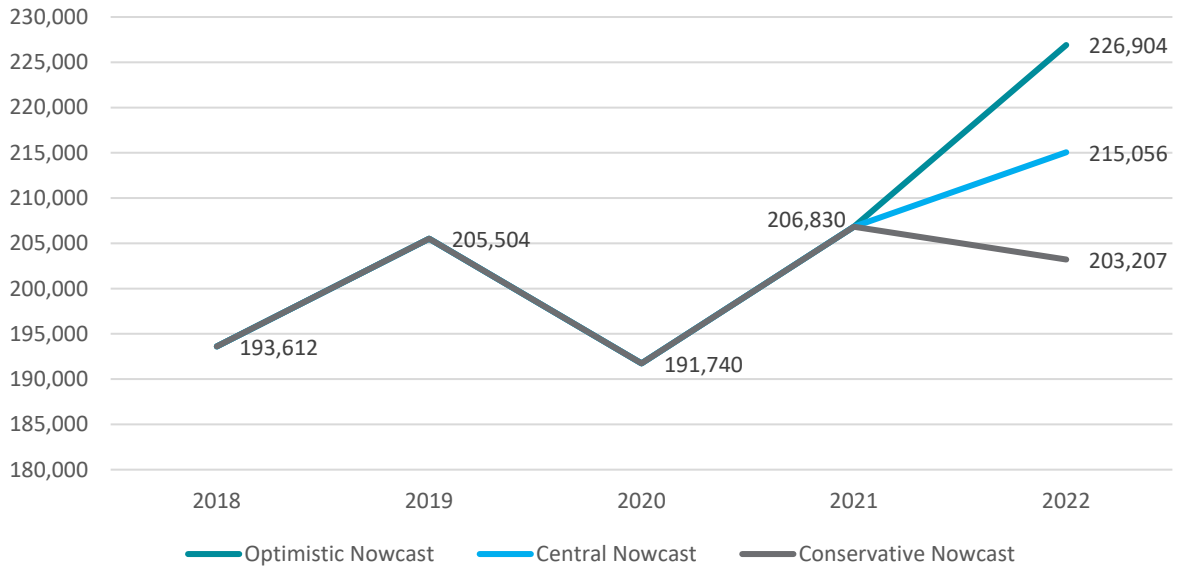
The key question here when attempting to decide between which of these two paths, is the following:

→ *As the economy normalised to an extent in 2022 post-Covid, did the heritage sector continue to outperform similar other industries, or did the heritage sector simply recover faster in 2021, with other industries 'catching up' in 2022?*

If you believe the former hypothesis, then the optimistic scenario is more likely to reflect the approximate GVA contribution of the heritage sector in 2022. If however, you believe the latter hypothesis, then the central scenario is more likely to be accurate. It is very difficult to answer this without more granular data, and this uncertainty is reflected within the range of estimates presented within this section. Further research utilising more granular data (as this is released), is required.

Figure 12 below displays optimistic, central, and conservative nowcasts for employment in the heritage sector in 2021, alongside heritage sector employment in 2018, 2019, 2020 and 2021 for comparative purposes.

Figure 12: Heritage sector employment nowcasts, 2018 – 2022, number of employees



Source: ONS Annual Business Survey, ONS GDP Tables, ONS Labour Productivity Tables, Cebr analysis

The optimistic nowcast is derived from ONS GDP tables and utilises the yearly GVA increase in the relevant sectors. This approach assumes that employment would grow the same rate

as added values – leaving productivity constant for the period.[9] This produced an estimate of 226,904 heritage workers in 2022; an increase of 9.7% from 2021 numbers.

The conservative nowcast involves mapping heritage employment into constituent SIC codes and using PAYE data on employment by SIC code in 2022 to estimate employment for the heritage sector. This produced an estimate of 203,207 heritage workers in 2022 - a decrease of 1.8% from 2021 numbers. The central forecast used a weighted combination of these approaches to give an employment estimate of 215,056 for the heritage sector in 2022.

9 Note that assuming productivity does not increase is not an intuitively 'optimistic' assumption. However based on the availability of data (and in contrast to the 2011-2021 methodology), GVA estimates are first estimated, then employment reverse engineered utilising GVA estimates as an input. Per this approach, for a 'known' level of output, the less productive your workforce, the more employees are required to produce a set level of output. Therefore assuming no productivity growth leads to a higher estimated employment in the heritage sector, even if the trade-off and underpinning assumption is no increases in worker efficiency between 2021 and 2022.

4 Macroeconomic impacts of England's heritage sector

The wider economic footprint of the heritage sector goes beyond the direct impacts discussed in the previous section. Specifically, our analysis considers two further impact layers:

The indirect impact

To conduct its operations, the heritage sector purchases goods and services from suppliers. This helps to support output and jobs amongst these firms. In turn, these suppliers place demands on their suppliers which supports further output and jobs. The indirect impact captures the GVA and employment supported along the supply-chains as a result of the sector's operations.

The induced impact

The workers who receive income and employment benefits through the direct (heritage sector operations) and indirect (the suppliers of the sector and in turn their suppliers) channels spend their earnings on goods and services in the wider economy. This helps to further stimulate demand and as such supports further GVA and employment. The induced impact captures these wider-spending effects.

We define the aggregate economic footprint supported by the heritage sector to be the sum of the direct, indirect and induced impact layers.

4.1 The supply chain of the heritage sector

The most apparent way in which industries interact with the wider economy is through the purchases they make from businesses in the same and other industries through their supply chain. Therefore the supply chain provides the logical starting point for an analysis of the multiplier impacts and the economic footprint of the heritage sector. The structure of the heritage sector's supply chain is presented in Table 2 below.

Table 2: Structure of the heritage sector's domestic supply chain

Sector	% of Domestic Supply Chain Expenditure
Construction	38.5%
Manufacturing	16.6%
Professional, scientific and technical activities	11.5%
Wholesale and retail trade; repair of motor vehicles	6.9%
Administrative and support service activities	6.5%
Heritage sector	4.0%
Financial and insurance activities	3.2%
Information and communication	3.2%
Public administration and defence; compulsory social security	1.5%
Other service activities	0.5%
Other Sic Sectors	7.5%

Source: ONS, Cebr analysis

We estimate that the heritage sector's supply chain is dominated by the construction industry and the manufacturing industry, accounting for 38.5% and 16.6% of the domestic supply chain respectively. The heritage sector's purchases from its own constituent industries are estimated to account for approximately 4.0% of domestic procurement. This is similar to previous iterations of this report.

4.2 The heritage sector's contribution to GVA

For every £1 of GVA directly generated by England's heritage sector in 2021, a further £0.96 of GVA is supported in the sector's supply chains (the indirect impact). This £0.96 represents the GVA of the industries from which the heritage sector purchases goods and services as inputs to its own production processes, and of the industries that in turn provide inputs to these suppliers, and so on.

In addition, for every £1 of direct GVA generated, £0.97 is supported through wider spending effects (the induced impact). This represents the GVA of the industries that supply goods and services to households when the direct and indirect employees of the heritage sector spend their earnings in the wider economy.

Together, these findings imply that **for every £1 in GVA directly generated in 2021, a total footprint of £1.93 is supported, within the UK economy.** This is higher than the previous estimate of £2.50, predominantly driven by an increase in the indirect multiplier.

By combining these multipliers with our direct impacts, we estimate that **the heritage sector supported an aggregate GVA contribution of £45.1 bn to the UK economy in 2021.**

4.3 Contribution of England's heritage sector to employment

In Section 3, we estimated employment of 207,000 in the heritage sector in 2021. However, as with GVA, the impact of the heritage sector on labour markets is not confined to this direct contribution.

For every worker directly employed by heritage sector, a further 0.84 jobs are supported through indirect effects. Furthermore, 0.76 jobs are supported through induced impacts. This implies that **for every worker directly employed in the heritage sector in 2021, a total footprint of 2.60 workers is supported in the wider UK economy.** This is marginally lower than the 2.74 estimated in 2019, primarily due to a slight decrease in the induced multiplier.

In all, **the 207,000 workers directly employed in England's heritage sector in 2021 supported an aggregate footprint of 538,000 jobs.**

4.4 Regional variation in our multiplier estimates

Using our multiplier modelling we have also estimated the contribution made by the heritage sector in 2021 to the regional economies in England. Table 3 gives the results of our input-output modelling at the level of the English regions. Separate Type II multipliers that capture direct, indirect and induced impacts are shown for GVA and employment.[10]

10 Note that these estimates capture the impacts of the heritage sector of a region on that region itself. They do not take account of the potential impacts on the heritage sector of other regions when other regions need to draw on suppliers in that region for which the multiplier estimate is being produced.

Table 3 : Type II multipliers and impacts in the English regions, 2019

Region	Type II GVA multiplier	Aggregate GVA supported (£m)	Type II employment multiplier	Aggregate employment supported (000s)
North East	2.46	1,064	2.17	19
North West	2.60	3,217	2.31	46
Yorkshire & The Humber	2.58	2,298	2.28	36
East Midlands	2.64	1,818	2.34	29
West Midlands	2.60	2,249	2.29	35
East of England	2.75	3,678	2.42	55
London	1.84	10,749	1.69	86
South East	2.67	7,256	2.34	90
South West	2.45	3,349	2.16	49

Source: Cebr analysis

These estimates suggest that the heritage sector in the East of England had the largest Type 2 multipliers for both GVA and employment, at 2.75 and 2.42 respectively.

The impacts observed for London are interesting to touch upon. The multipliers themselves are low, however the total aggregate GVA supported is extremely high. The interpretation of this, is that due to the high concentration of direct activity within the heritage sector in London, even with relatively low further levels of activity supported through indirect and induced layers (relative to the direct level of economic activity), in absolute terms the indirect, induced and ultimately aggregate impacts are very high. Since this analysis was last carried out, and as discussed in Section 3, the post-pandemic recovery in the heritage sector has also been driven by increasing direct activity within London. As the indirect and induced impacts have not increased to the same extent, this results in lower multipliers, even for a specified level of indirect and induced activity supported.

5 Spillover impacts of heritage through tourism

Tourism is affected by numerous factors such as exchange rate sensitives, international trends and special events such as the Olympics. From 2016 to 2019, the UK saw a sharp depreciation in Sterling stimulated by the 2016 referendum, thus making the UK a relatively cheaper tourist destination. This is likely a contributing factor into why domestic tourism growth has been outpaced by international tourism over this period. However, the widespread travel restrictions and other uncertainties caused by the Covid-19 pandemic affected international tourism much more severely in 2020 and 2021.

England's heritage sector creates additional spending through tourism in two ways. Some tourists visit the UK primarily to visit heritage attractions, while others take part in heritage activities during trips that are made for other purposes, potentially extending trips and generating additional spending as a result. This in turn supports thousands of jobs and contributes to national and local economic growth.

In this section, we present a series of descriptive statistics on heritage-related overnight trips and day visits and the corresponding spending generated by these trips.[11] Due to the Covid-19 pandemic, the collection of tourism data through extensive fieldwork was suspended for most of 2020, which in turn forced Cebr to use less comprehensive data sources to make our estimates in the previous version of this report. In this version, for the same reason we do not present 2020 tourism figures.

The collection of tourism data continued from April 2021. As the first quarter of the year was heavily influenced by restrictions due to the pandemic, making the estimations of this period difficult, we only present Q2-Q4 results for the year. Due to these associated restrictions it is reasonable to assume that Q1 2021 tourism trips and expenditure were lower than Q2-Q4, however without corroborating data we equally do not attempt to extrapolate full year estimates.

In addition, Visit Wales, Visit Scotland and Visit England undertook a review of the requirements and methods for producing the official GB domestic tourist statistics, to future-proof the data collection methods, whilst maintaining the reliability and robustness of the information reported. As a result, substantial changes were introduced as part of a new combined online survey collecting data on both domestic overnight trips as well as domestic day trips. Therefore, while we present figures from previous years, consistent with recommendations from Visit Britain, these are not directly comparable with new 2021 figures.[12] We include previous estimates for completeness, but we would advise readers not to draw conclusions from trends between 2021 and previous years. To emphasise this further, we separate the 2012-2019 figures from the 2021 values.

The methodology applied to isolate the figures for heritage-related tourism is based on an activities-based definition that estimates the appropriate portion of heritage expenditure and visits. Official data sources such as GB Tourism Survey that provides a national breakdown

[11]Throughout this section, trip purpose is only available up until 2015. To form our estimates past this date, the proportion of heritage related trips in 2015 is applied to total domestic trips.
12 For further detail, see the following: https://www.visitbritain.org/sites/default/files/vb-corporate/gbdvs_methodology_and_quality_information_v1_final.pdf

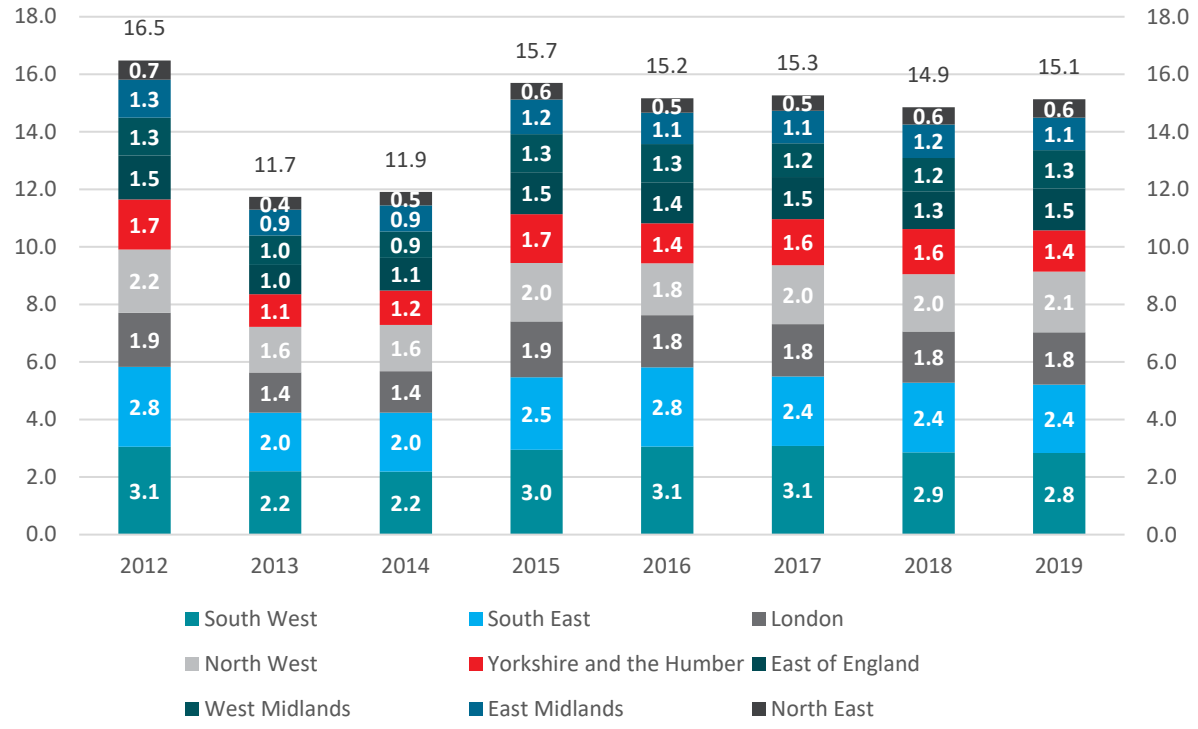
of activities undertaken by tourists enabled us to derive estimates for the direct impact of tourism attributed to heritage.

5.1 Domestic overnight tourism

The GB Tourism Survey is used to estimate the volume and spend of UK domestic overnight tourism. This survey covers overnight trips taken for any purpose such as holidays, business or visiting friends and family. [13]

Figure 13 and Figure 14 below illustrate the volume of heritage-related trips taken by UK citizens. Apart from 2013 and 2014 the number of trips has remained relatively constant over the period; Q2-Q4 2021 saw a total of 15.0 million trips, compared to 15.1 million the previous year and 16.5 million at the beginning of the period.

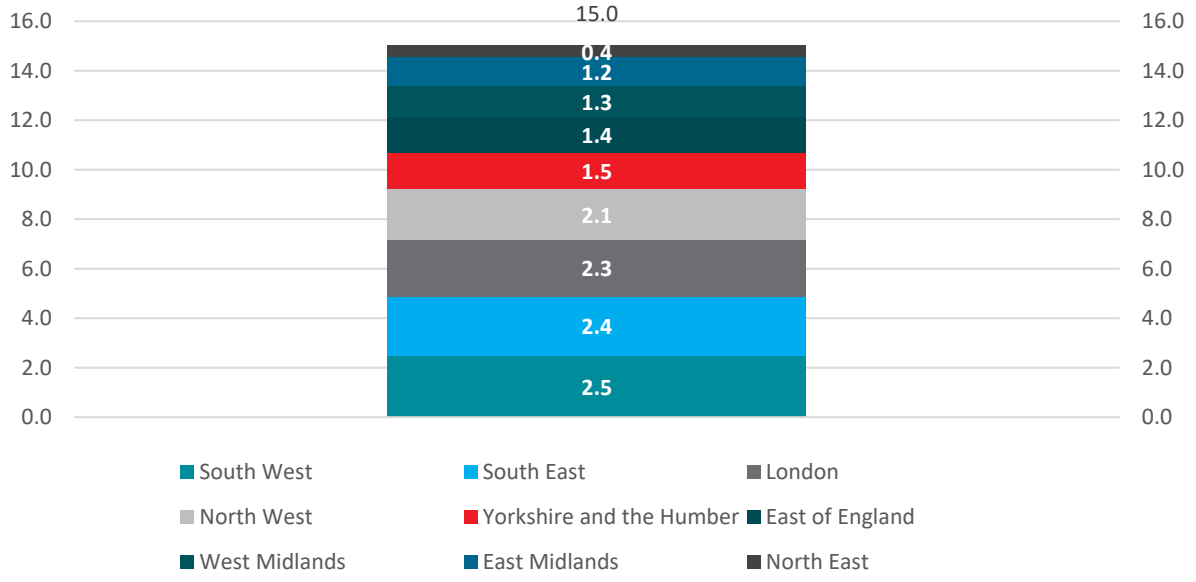
Figure 13: Total estimated domestic overnight heritage-related trips 2012-2019, millions



Source: GB Tourism Survey and Cebr analysis

[13] GBTS measures the volume and value of domestic overnight tourism and provides detailed information about trip and visitor characteristics. "Trips" are classified as trips or journeys away from home involving an overnight stay, taken by adults aged 16 and over and accompanying children. It includes costs paid in advance of the trip, costs paid during the trip and any other expenses incurred as part of the trip.

Figure 14: Total estimated domestic overnight heritage-related trips 2021 Q2-Q4, millions

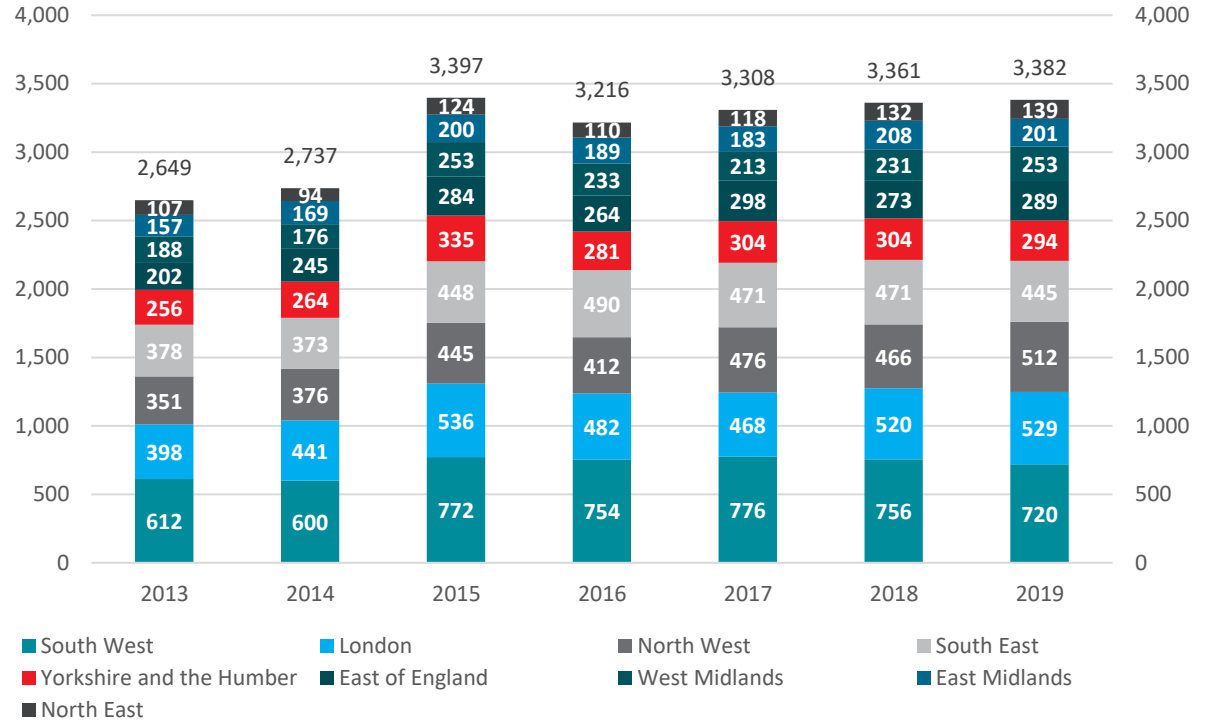


Source: GB Tourism Survey and Cebr analysis

The South West accounts for the highest share of trips taken across all years; 17% of total trips in 2021. This is closely followed by the South East with 2.4 million trips; 16% of total. The North East in contrast accounts for the smallest share throughout the period – 400,000 trips in 2021; only 3% of total.

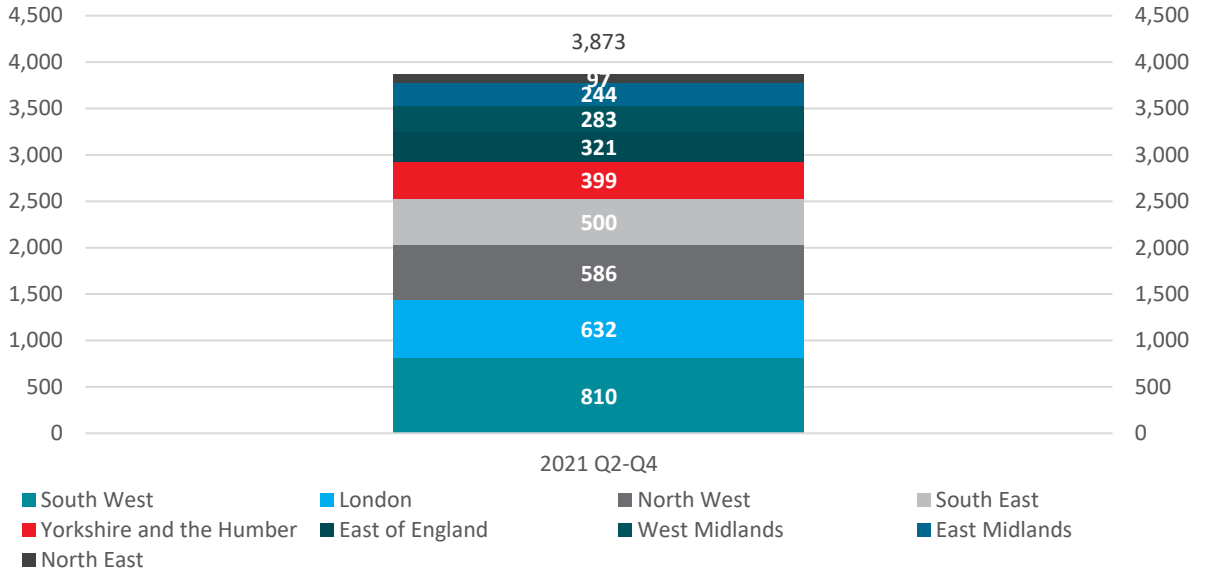
When individuals go on these trips, they spend money, supporting the local economies. Below Figure 15 and Figure 16 illustrate the estimated spend per region as a result of domestic heritage trips. All data is in nominal terms. Since 2016, annual spending on domestic heritage related trips has been increasing. In 2021, total spend was £3,873 million, which is higher than estimated in other previous years (albeit acknowledging the lack of direct methodological comparability.

Figure 15: Total estimated domestic heritage-related trip spend 2012-2019, £m



Source: GB Tourism Survey and Cebr analysis

Figure 16: Total estimated domestic heritage-related trip spend 2021 Q2-Q4, £m



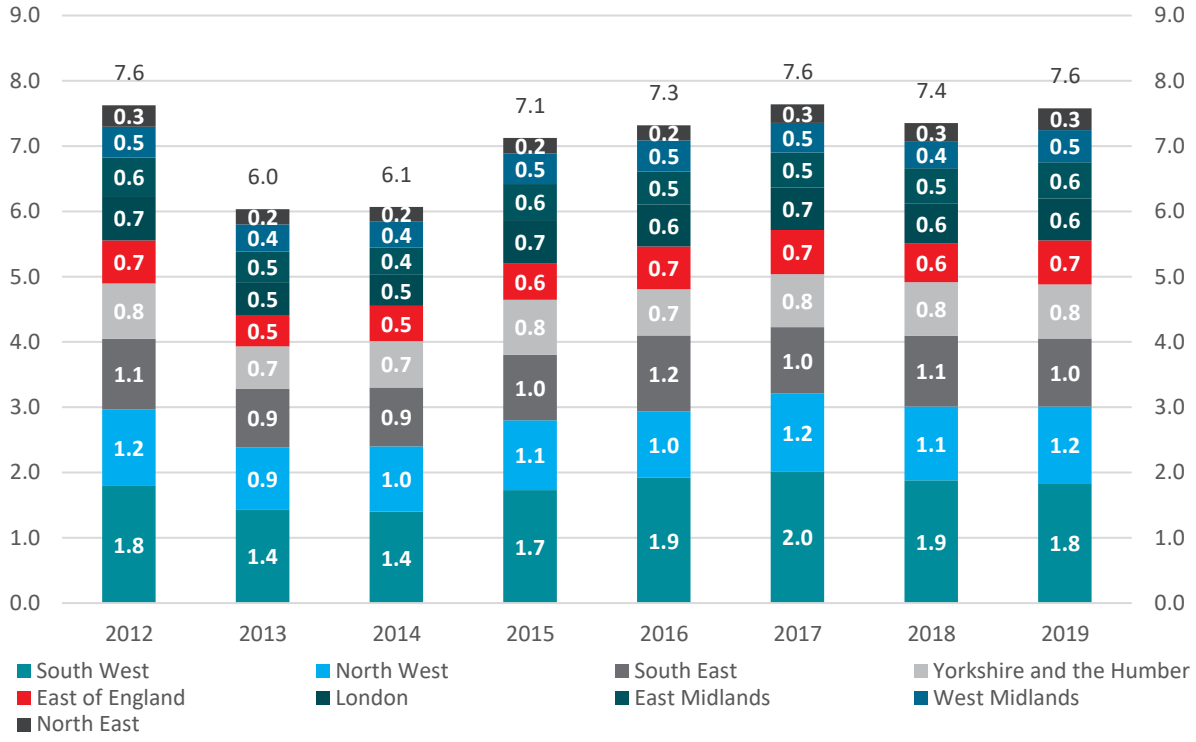
Source: GB Tourism Survey and Cebr analysis

Following the trend in the volume of trips, the South West dominates in term of proportion of spend; 21% of the total in 2021. Likewise, the North East received the least spend, accounting for only 2% of total.

To separate out the trips further, Figure 17 and Figure 18 below illustrate domestic heritage-related holiday trips. Holidays in this context exclude visits to friends and family for leisure

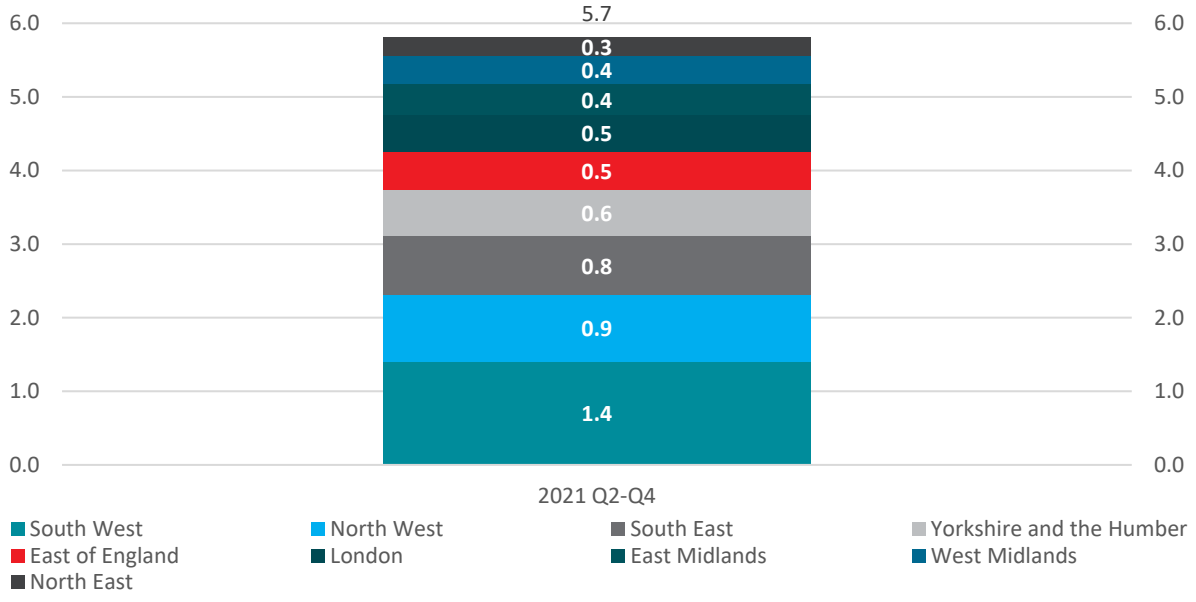
purposes. Consistent with total trip numbers, the South West accounts for the greatest number of holiday heritage-related trips.

Figure 17: Total estimated domestic overnight heritage-related holiday trips 2012-2019, millions



Source: GB Tourism Survey and Cebr analysis

Figure 18: Total estimated domestic overnight heritage-related holiday trips 2021 Q2-Q4, millions



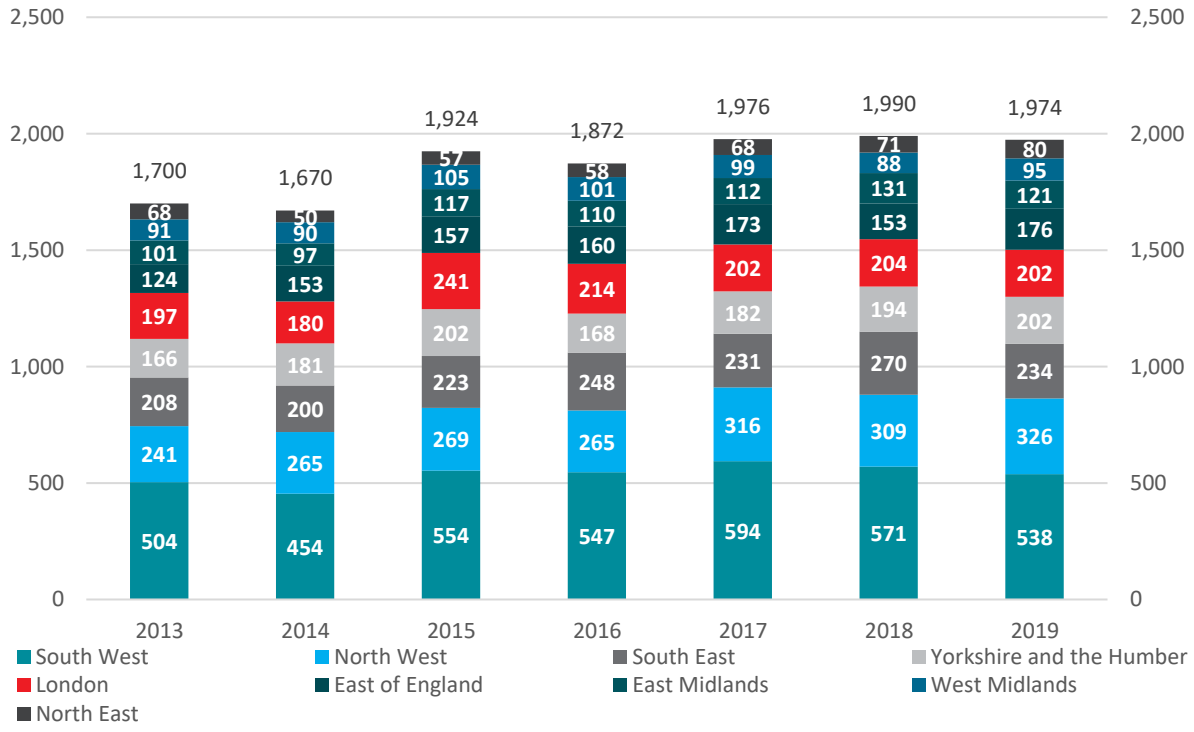
Source: GB Tourism Survey and Cebr analysis

The total number of heritage-related holidays estimated fell significantly from 2019 to Q2-Q4 of 2021, from 7.6 million to 5.7 million (25% fall), although when standardising for the lack of Q1 data collection in 2021, the per quarter number of trips is broadly steady. The overall

decrease is not homogenous across regions: London experienced the greatest fall in trips (28%) followed by the East Midlands at 27.5%.

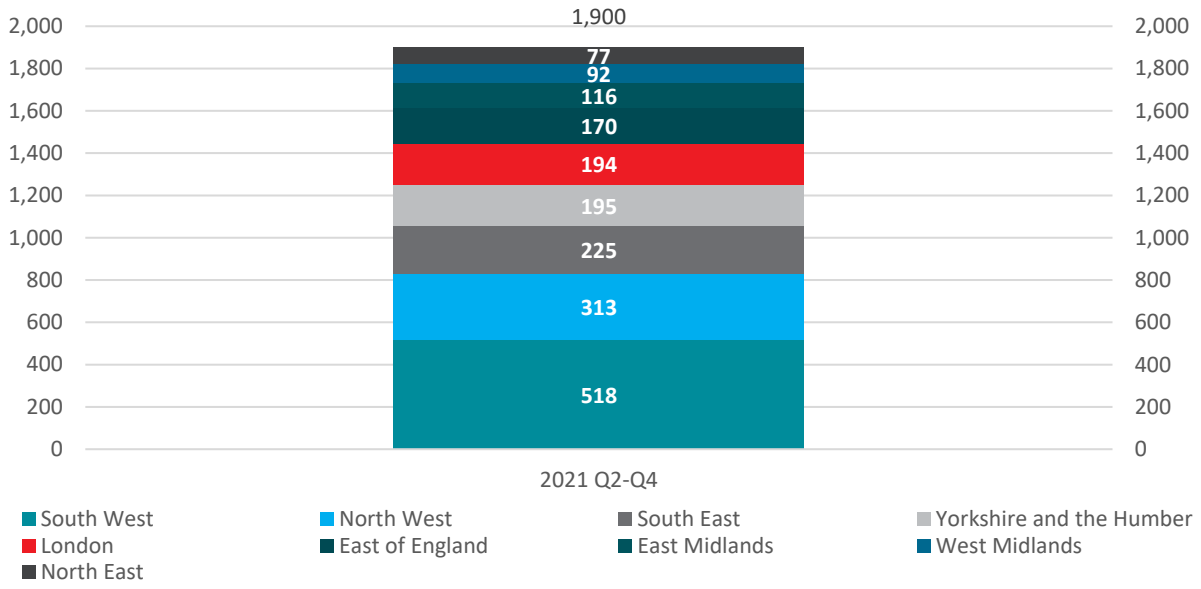
As before, individuals going on these holidays support the wider economy in the regions through their spending; this is displayed below in Figure 19 and Figure 20. The period has seen a general upward trend in spending from 2013 to 2019, albeit with the majority of this increase occurring between 2013 and 2015. Spending recovery in Q2-Q4 of 2021 exceeds the recovery in trip numbers, implying a slight increase in nominal expenditure per heritage-related holiday trip.

Figure 19: Total estimated domestic overnight heritage-related holiday spend 2013-2019, £m



Source: GB Tourism Survey and Cebr analysis

Figure 20: Total estimated domestic overnight heritage-related holiday spend 2021 Q2-Q4, £m



Source: GB Tourism Survey and Cebr analysis

Almost all regions over the entire period experienced a nominal growth in spending. Only London saw a minor decline of 1.4%, equivalent to £3 million less spend over the eight-year period. In contrast, two regions saw growth upwards of 30%; East of England (36.9%) and the North West (30.1%).

This is particularly interesting given that the number of trips for all regions fell over the same period. Thus, it must be the case that there are fewer holidays, but on average, those that do go on heritage-related holiday in these regions spend more. Average spend per heritage-related holiday grew from £233 in 2013 to £251 in 2019; a 12% increase. Note that this is broadly consistent with wider inflation over the same period.

5.2 Domestic day visits

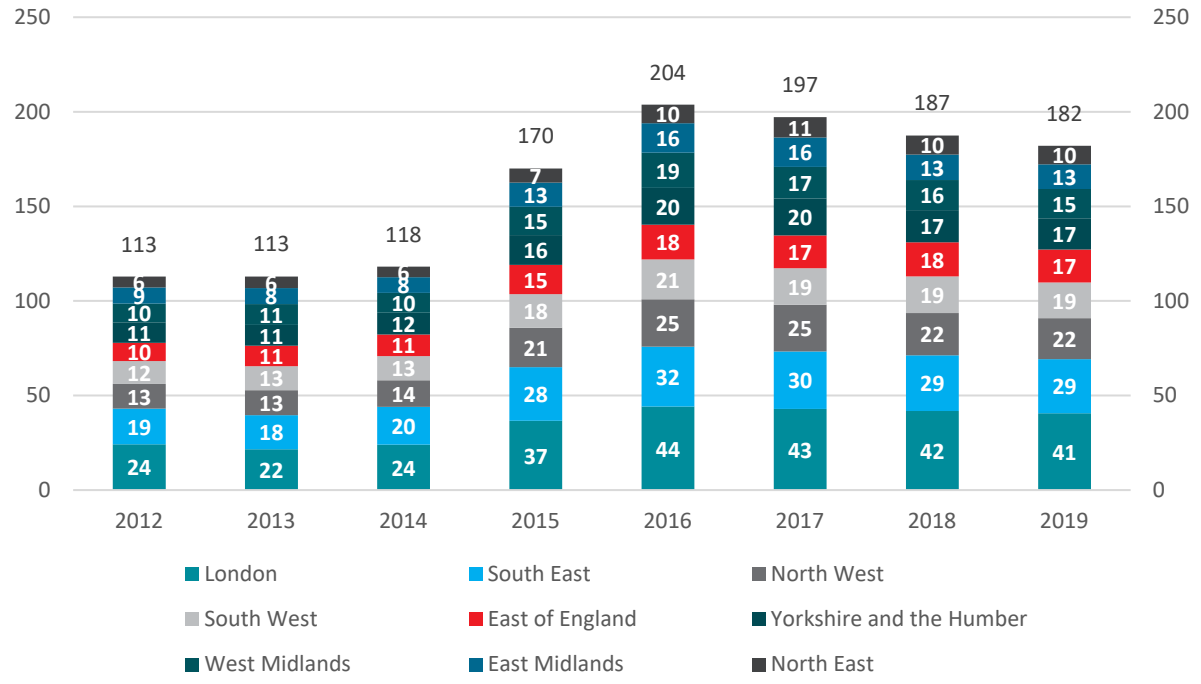
The UK is home to 27 cultural and 4 natural UNESCO World Heritage sites, including iconic destinations such as Stonehenge, the Tower of London, the City of Bath and the Giant's Causeway.[14] These are spread throughout the country and are major attractions for both citizens of the UK and international visitors. This is not an exhaustive list of heritage sits in the UK however; English Heritage cares for over 400 historic monuments, buildings and places ranging from Cold War bunkers to Roman forts.[15] The UK thus has an expansive range of historical and cultural sites from which visitors flock to, supporting their region's economy.

This section's analysis draws on Visit England's Day Visit survey and defines a 'visit' as one that involves one of 15 defined leisure activities, lasts at least three hours, was not a regular activity and one that is in a destination outside the respondent's place of residence. This excludes sporting events and some other visitor attractions.[16]

[14] UNESCO. (2020). 'United Kingdom of Great Britain and Northern Ireland'.
[15] English Heritage. (2020). 'Stand where history happened'.
[16] For a complete definition and more information please see Visit Britain's GB Day visits Survey

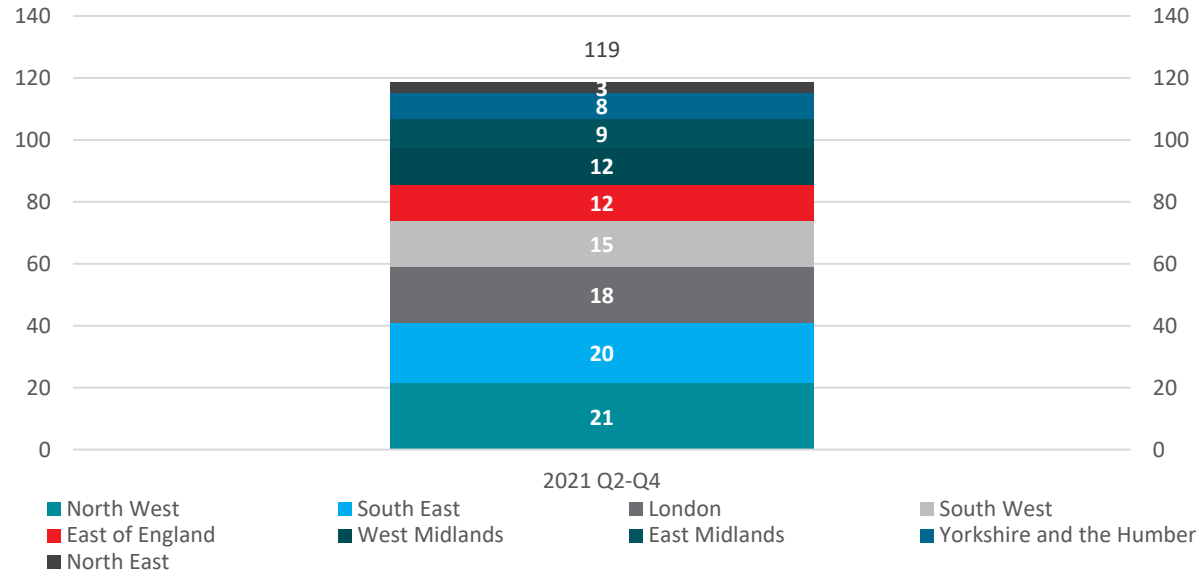
Total heritage-related day visits declined year-on-year from 2016 to 2019: since 2016, the volume of visits is down by 11%, equivalent to 28 million fewer trips in 2019. However, this was still significantly up from 2012 and all regions experienced a growth of at least 50% over the 2012-2019 period.

Figure 21: Estimated volume of heritage-related visits 2012-2019, millions



Source: Visit England's Day Visit Survey and Cebr analysis

Figure 22: Estimated volume of heritage-related visits 2021 Q2-Q4, millions

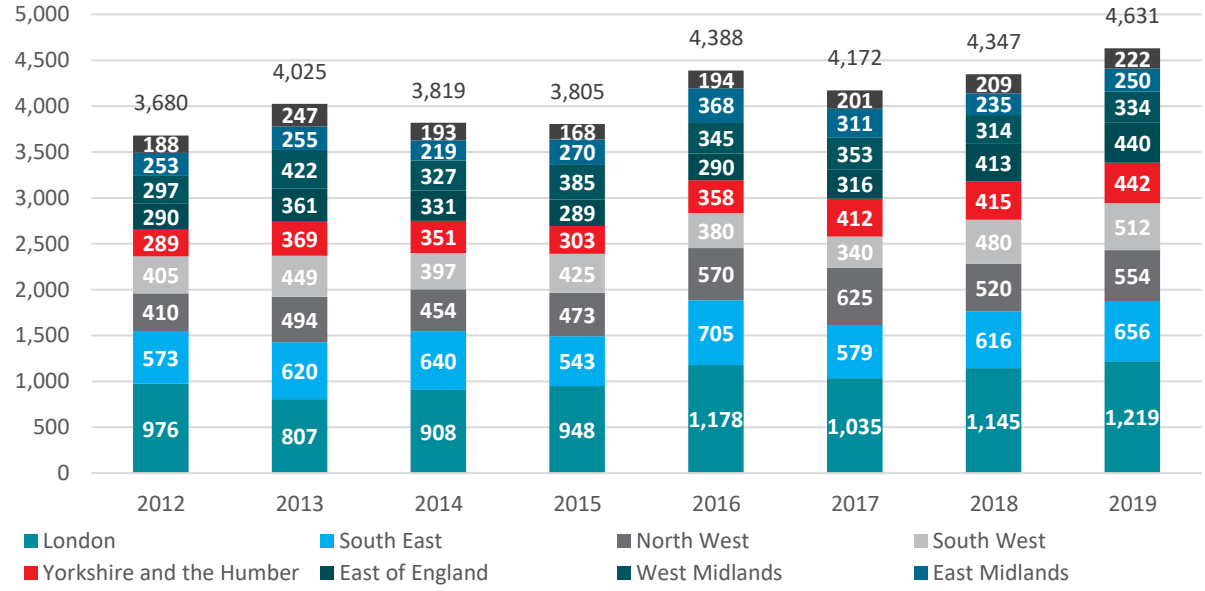


Source: Visit England's Day Visit Survey and Cebr analysis

In Q2-24 of 2021, the number of trips fell to 119 million day visits in the period. This is a slight decline in both absolute and per quarter terms, when standardising for the lack of trip data in Q1 of 2021.

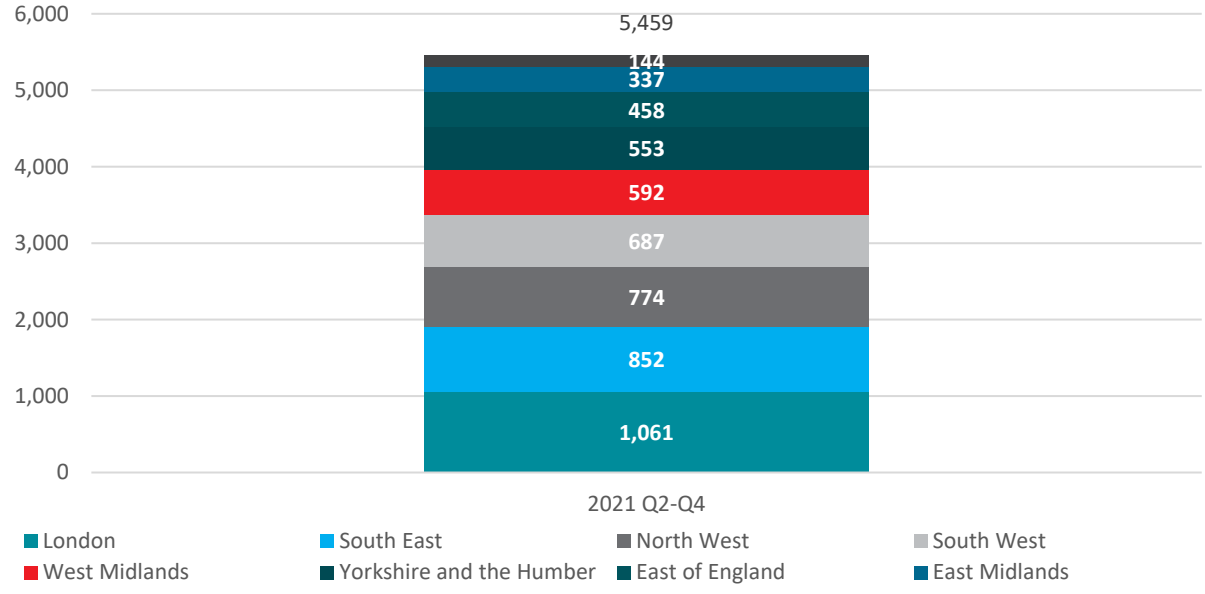
Figure 23 and Figure 24 below present the value of heritage-related visits throughout the English regions. Total heritage-related visits in 2019 generated a value of £4.6 billion. This spending is not homogenous across the regions. London accounted for 26% of the value, equivalent to £1.2 billion. The North West and the East Midlands accounted for the smallest share at 6% each. A possible reason for this may be the fact that London, as the capital, attracts a greater share of individuals than other regions due to its cultural significance. The greater footfall thus increases spend. However, it is also true that London is relatively more expensive than other UK regions, meaning for the same number of visitors, spend is likely to be higher.

Figure 23: Estimated value of heritage-related visits 2012-2019, £ million



Source: Visit England's Day Visit Survey and Cebr analysis

Figure 24: Estimated value of heritage-related visits 2021 Q2-Q4, £ million



Source: Visit England's Day Visit Survey and Cebr analysis

From Q2-Q4 of 2021, the value of day visits was £5.5 billion. This increase is significant (especially relative to the decline in visit numbers) and is due to a combination of potential

reasons, which it is difficult to fully disentangle to isolate the discrete impact of individual factors.

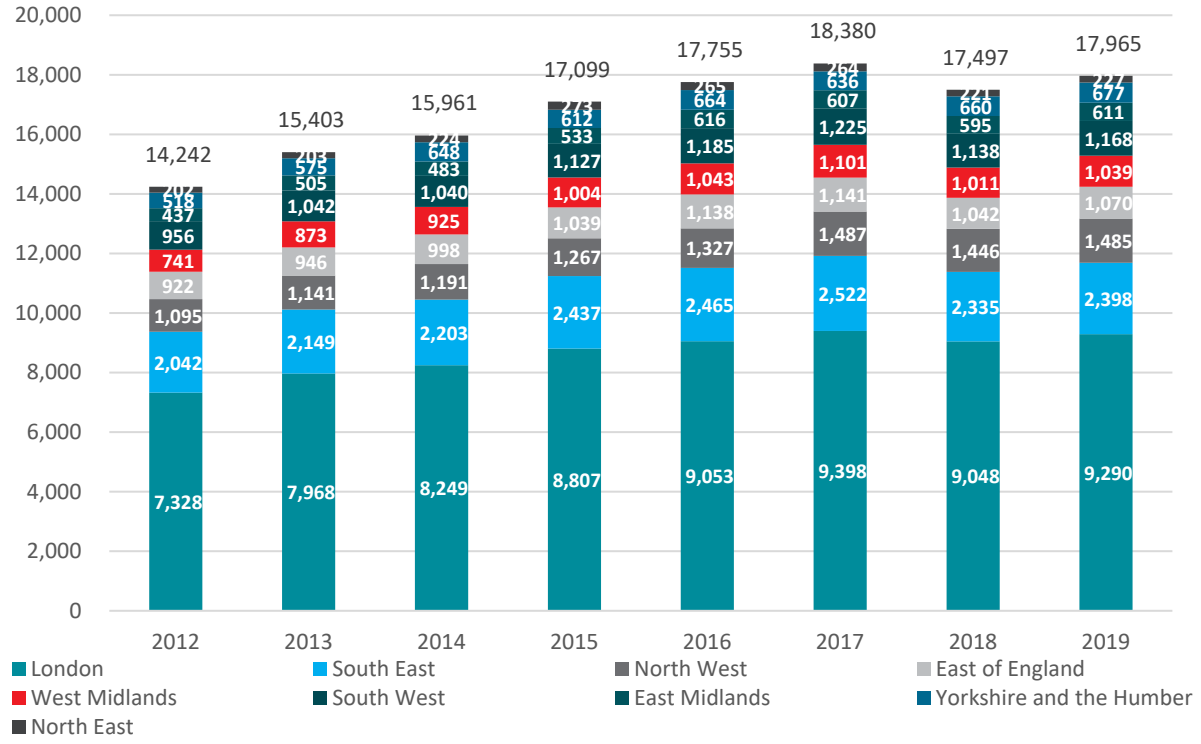
Firstly, the lack of methodological comparability due to changes in the survey design and distribution process, constrain the accuracy of direct comparability between pre and post-2020 data. Secondly, for 2021 calculations we utilise improved data on the share of all tourism which is heritage related. Updated data in this area suggests that heritage-related tourism spend as a share of all spend, increased faster than the heritage-related trip numbers as a share of all trips. This increases estimates of average spend per heritage-related trip. Thirdly, it is feasible that increased savings rates during the pandemic and lockdowns in Q2 2020-Q1 2021 led to increased average spend per excursion from Q2 of 2021. Finally by late 2021 inflation was beginning to increase above trend (CPI inflation stood at 5.4% in the twelve months to December 2021), meaning the real terms growth is slightly lower than implied by these nominal figures.

5.3 International tourism

This section of the analysis draws upon the International Passenger Survey (IPS) which collects information about individuals entering and leaving the UK and is used to produce estimates of overseas travel and tourism.[17] Figure 25 and Figure 26 illustrate the volume of inbound heritage-related visits to the UK over the period 2012 to 2021. It is clear that there was a slow upward trend in the volume entering the UK from 2012, peaking in 2017. Overall, the period experienced a growth in volume of 26% up until 2019, equivalent to 3.7 million additional international visits.

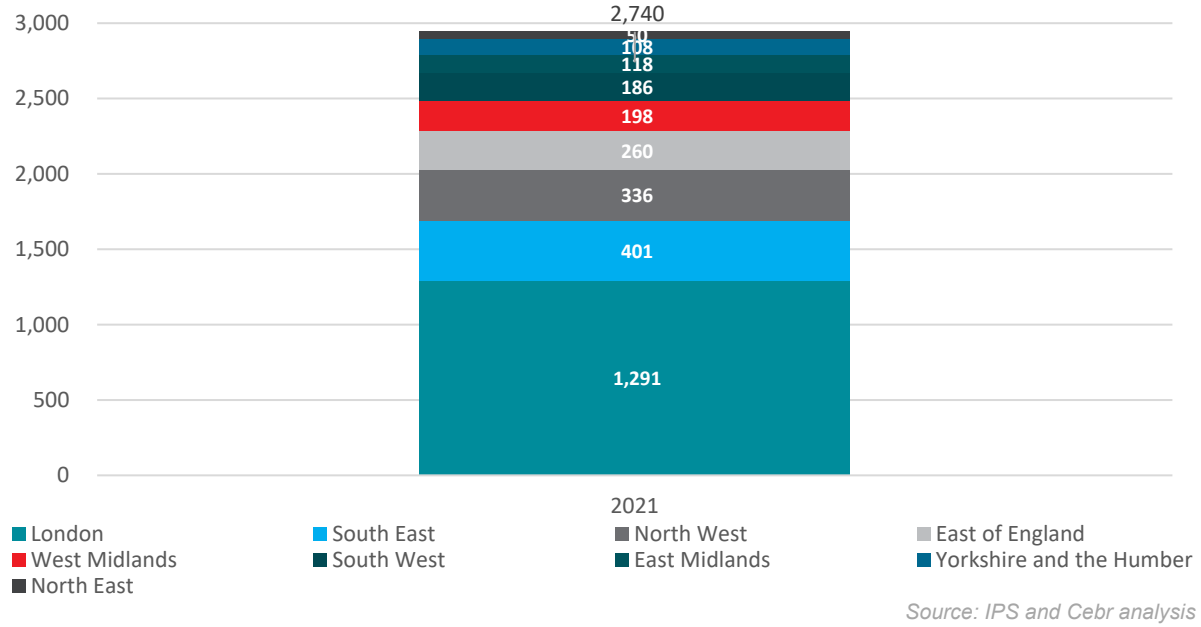
[17] The IPS conducts between 700,000 and 800,000 interviews a year. Interviews are carried out at all major airports and sea routes, at Eurostar terminals and on Eurotunnel shuttle trains.

Figure 25: Inbound tourist heritage-related visits 2012-2019, thousands



Source: IPS and Cebr analysis

Figure 26: Inbound tourist heritage e-related visits 2021, thousands[18]



Source: IPS and Cebr analysis

In 2021, the number of international trips fell to 2.7 million; an 85% drop compared to 2019. This intuitively demonstrates the disproportionate impact of Covid-related restrictions on

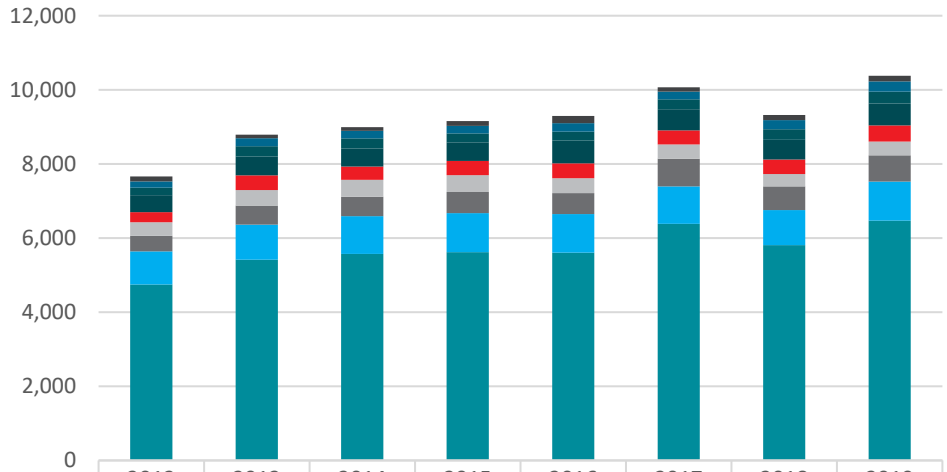
18 The overall estimate does not equal to the sum of the regional visits as it is possible that one international traveller visited more regions.

international tourism, relative to domestic tourism, due to constraints on international travel. We would expect a significant recovery in the figures in 2022.

London accounts for the vast majority of international heritage-related tourism, with 47% of the total in 2021. The South East comes in second with 15%, and the North West in third with 12%. The remaining regions all account for less than 10%.

Heritage-related tourism spend also increased by £2.7 billion between 2012 and 2019; an increase of 35%. In 2021, it dropped to £2.4 billion, a 77% fall. Much like with the visitor numbers, London dominates: 54% of all international heritage-related tourism spend occurs here. Every other region is below 10% apart from the South East and the North West which sees 12% and 10% of the spend, respectively.

Figure 27: Inbound heritage-related tourism spend 2012-2019, £ million



	2012	2013	2014	2015	2016	2017	2018	2019
North East	135	98	102	128	195	114	138	154
East Midlands	170	215	202	204	227	209	248	277
Yorkshire and the Humber	204	274	269	243	243	267	285	317
South West	458	513	490	498	613	568	532	593
West Midlands	272	397	359	385	403	380	394	439
East of England	364	418	456	453	403	384	332	369
North West	418	514	526	571	566	751	637	709
South East	895	944	1,018	1,057	1,037	1,008	946	1,053
London	4,748	5,418	5,572	5,618	5,609	6,385	5,811	6,470
	7,665	8,792	8,993	9,156	9,294	10,066	9,323	10,381

Source: IPS and Cebr analysis

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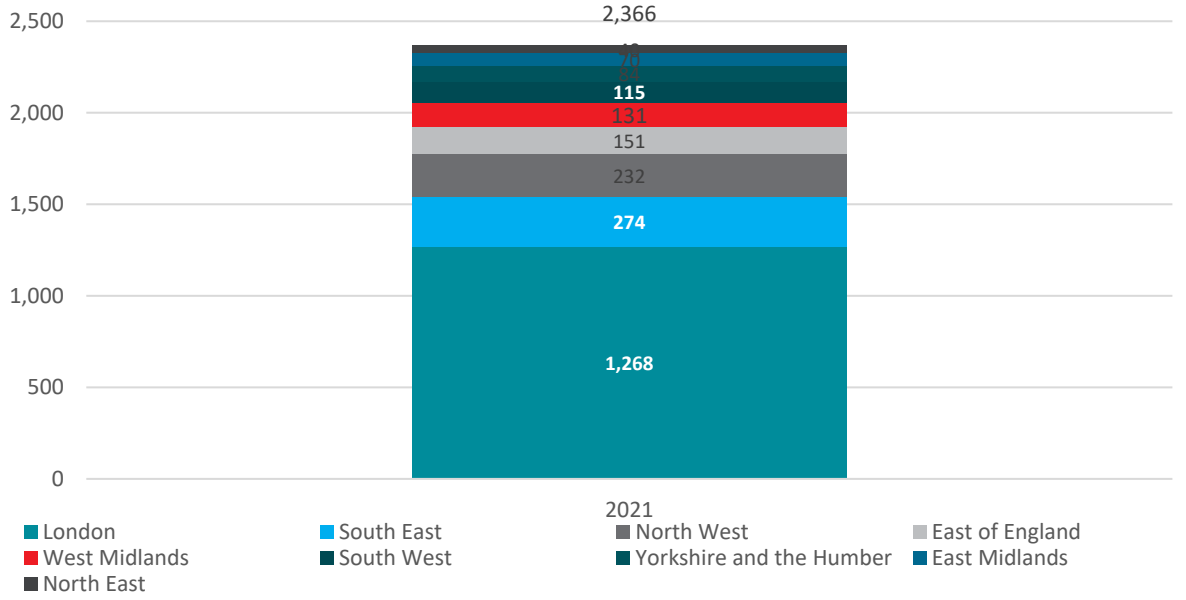
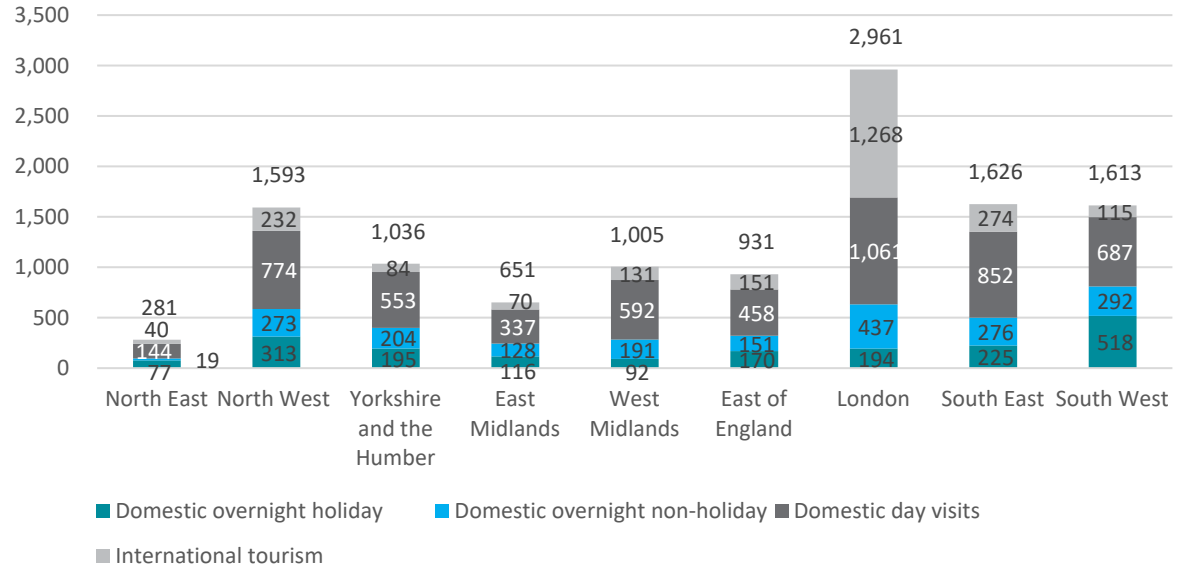
Figure 28: Inbound heritage-related tourism spend 2021, £ million



Source: IPS and Cebr analysis

Lastly, we present the overall heritage-related regional tourism spending by type of tourism in 2021 in Figure 29. As international tourism is usually heavily concentrated in London, it was the most visited region and tourists spend was almost twice as much as in the second biggest one (South West). However, besides in London, the biggest contributors to tourism spending are domestic day visitors. Overall, they produce 46.7% of all heritage-related tourism spending in England.

Figure 29: Heritage-related regional tourism spending by type of tourism 2021, £ million



Source: IPS and Cebr analysis

Appendix I: Breakdown of the workforce of England's heritage sector

Appendix I.: Workforce of England's heritage sector, 2011-2021. Thousands

Constituent industries of the heritage sector England	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Workers in the museum sub-sector	15	16	12	16	16	19	13	14	14	9	15
Workers in the historical sites & buildings sub-sector	10	10	8	10	11	13	12	13	13	10	12
Workers in the archives sub-sector	3	3	2	2	2	2	2	2	2	2	1
Heritage workers in the building completion and finishing sub-sector	45	44	42	46	53	58	62	57	57	60	64
Heritage workers in the other specialised construction activities subsector	33	34	32	27	39	37	40	38	38	33	38
Archivists and curators in all industries	9	8	10	10	10	11	15	10	16	15	14
Archaeologists in all industries	5	5	4	4	4	5	5	6	6	6	6
Conservation professionals in all industries	9	11	9	9	14	11	9	17	14	13	13
Conservation and environmental associates in all industries	7	8	7	7	10	7	8	7	12	9	10
Gardeners & nature reserve heritage workers	3	2	3	2	3	2	3	3	3	2	3
Architects working with heritage	10	8	11	11	10	11	12	11	12	13	8
Town planning officers working with heritage	3	3	3	4	3	3	6	4	4	4	8
Chartered surveyors working with heritage	12	12	12	11	11	14	12	10	10	12	14
Building and civil engineering technicians working with heritage	3	3	3	3	4	5	5	3	4	4	1

Source: ONS' Business Register and Employment Survey, Annual Population Survey, Cebr analysis

Appendix II: Technical notes related to approach and methodology used in the study

Appendix IIA: Technical note GVA

Type of indicator : GVA	Data source	Estimation method and assumptions
Regional GVA estimates	Regional GVA Estimates (income approach) and Annual Survey of Hours & Earnings, both ONS	Economic output from heritage was estimated using a method adapted from that used in the DCMS Creative Industries Economic Estimates, and requires heritage employment estimates to have been calculated. The Annual Survey of Hours & Earnings was used to calculate median earnings for relevant heritage sectors and occupations. Given the insufficient sample sizes at regional level, estimates for the UK as a whole were used; these were weighted by region according to the ratio of total median earnings per region and the overall national average. Median earnings for relevant heritage sector and occupations were then multiplied by employment numbers to derive weighted total earnings for the heritage sector of each region. This was then divided by total weighted earnings of all industries of the respective region to arrive at the share of total earnings which heritage accounts for. Lastly, this share was applied to the ONS regional GVA estimate to estimate total heritage GVA for each region.

Source: Cebr analysis

Appendix IIB. Technical note workforce

Type of indicator : Workforce	Data source	Estimation method and assumptions
Workers in the museum sub-sector	Business Register & Employment Survey (BRES). SIC code: 91020 Annual Population Survey (APS)	To avoid double-counting between APS and BRES, defined heritage professions in the museum subsector such as Archaeologists, Conservation professionals etc. were stripped out using a SIC-SOC mapping process.
Workers in the historical sites &	Business Register & Employment Survey	To avoid double-counting between APS and BRES, defined heritage professions in the museum subsector such as Archaeologists,

buildings sub-sector	(BRES). SIC code: 91030 Annual Population Survey (APS)	Conservation professionals etc. were stripped out using a SIC-SOC mapping process.
Workers in the archives sub-sector	Business Register & Employment Survey (BRES). 91012 Annual Population Survey (APS)	To avoid double-counting between APS and BRES, defined heritage professions in the museum subsector such as Archaeologists, Conservation professionals etc. were stripped out using a SIC-SOC mapping process.
Heritage workers in the building completion and finishing sub-sector Heritage workers in the other specialised construction activities subsector	Business Register & Employment Survey (BRES). SIC code: 433 & 439 Annual Population Survey (APS) The English Heritage report Skills Needs Analysis 2013 Repair, Maintenance and Energy Efficiency Retrofit of Traditional (pre1919) Buildings in England and Scotland.	The number of people involved in heritage building craft skills in England was divided by total employment in built environment sectors, to arrive at a coefficient. This was then applied to the relevant BRES data. In addition, SIC-SOC matrices were used to avoid double-counting between APS and BRES.
Archivists and curators in all industries	Annual Population Survey (APS). SOC code: 2452 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. This was done to avoid double-counting between APS and BRES.
Archaeologists in all industries	Landward Research report Archaeology Labour Market Intelligence. Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. This was done to avoid double-counting between APS and BRES.
Conservation professionals in all industries	Annual Population Survey (APS). SOC code: 2141 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. This was done to avoid double-counting between APS and BRES.
Conservation and environmental associates in all industries	Annual Population Survey (APS). SOC code: 3550 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. This was done to avoid double-counting between APS and BRES.

Gardeners & nature reserve heritage workers	Annual Population Survey (APS). SOC code: 5113. Business Register & Employment Survey (BRES)	Gardeners & nature reserve workers involved in holiday centres and villages and general public admin activities were isolated using a SIC-SOC mapping process. This was done to avoid double-counting between APS and BRES.
Architects working with heritage	Annual Population Survey (APS). SOC code: 2431 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. To isolate heritage employment, coefficients were calculated based on the proportion of pre-1919 building stock in each region. These were derived from Council Tax: Stock of properties data from the VOA.
Town planning officers working with heritage	Annual Population Survey (APS). SOC code: 2432 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. To isolate heritage employment, coefficients were calculated based on the proportion of pre-1919 building stock in each region. These were derived from Council Tax: Stock of properties data from the VOA.
Chartered surveyors working with heritage	Annual Population Survey (APS). SOC code: 2434 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. To isolate heritage employment, coefficients were calculated based on the proportion of pre-1919 building stock in each region. These were derived from Council Tax: Stock of properties data from the VOA.
Building and civil engineering technicians working with heritage	Annual Population Survey (APS). SOC code: 3114 Business Register & Employment Survey (BRES)	Using APS data at regional level, SIC-SOC matrices were constructed to examine the distribution of employment by SIC and SOC, and to identify the intersection. To isolate heritage employment, coefficients were calculated based on the proportion of pre-1919 building stock in each region. These were derived from Council Tax: Stock of properties data from the VOA

Source: Cebr analysis

Appendix IIC. Technical note multiplier impacts

Type of indicator : Multiplier impacts	Data source	Estimation method and assumptions
Multiplier impacts of GVA and Employment	ONS supply-use tables and Cebr input-output models.	The national accounting data in the supply-use tables provide detailed information for a given year on production activities, the supply and demand for goods and services, intermediate consumption, Primary inputs (factors of production) and foreign trade.

The multiplier impacts are estimated using Cebr`s in-house input-output models, which draw on the ONS' national accounting framework. The input-output models identify the industries from which the heritage sector purchases its inputs and trace the sector's economic footprint.

In so doing, it provides the foundation for establishing the economic size (direct impact) of heritage, and the wider economic impact on the national and regional economies. We use the multipliers along with the direct impacts data to produce estimates of the total impacts of the sector through the supply chain response (indirect impacts) and through the income from employment generated and spent in the wider economy (induced impacts). We produce these impacts for England as a whole before analysing regional differences.

Source: Cebr analysis

Appendix IID. Technical note heritage tourism

Type of indicator: heritage tourism	Data source	Estimation method and assumptions
Domestic trips and spending related to heritage	GB Tourism Survey (GBTS), Visit Britain	The approach taken to apportion the figures for heritage-related tourism uses an activities-based definition. GBTS provides a national breakdown of the data by activities undertaken, which enabled us to derive a proportion for heritage activities undertaken as a share of all activities undertaken by visitors. The following categories were classed as 'heritage' to create this coefficient: • Visiting a historic house, stately home, palace • Visiting a cathedral, church, abbey or other religious building • Visiting a country park • Visiting a garden • Visiting a castle/other historic site • Visiting an art gallery • Viewing architecture and buildings • Visiting a museum
Domestic day visits and spending related to heritage	Great Britain Day Visits Survey (GBDVS), Visit Britain	The approach taken to apportion the figures for heritage-related tourism uses an activities-based definition. GBDVS provides a national breakdown of the data by activities undertaken, which enabled us to derive a proportion for heritage activities undertaken as a share of all activities undertaken by visitors. The following categories were classed as 'heritage' to estimate the heritage-related share of trips and spend: • Visited a country park • Visited a garden

		• Visited an art gallery • Visited a cathedral, church, abbey or other religious building • Visited a historic house, stately home, palace • Visited a museum • Visited a castle/other historic site • Viewed architecture
International tourism related to heritage	International Passenger Survey, ONS	The approach taken to apportion the figures for heritage-related tourism uses an activities-based definition. IPS provides a national breakdown of the data by activities undertaken, which enabled us to derive a portion for heritage activities undertaken as a share of all activities undertaken by visitors. The following categories were classed as 'heritage': • Went to countryside or villages • Visited religious buildings • Visited museums or art galleries • Visited castles or historic houses • Visited parks or gardens

Source: Cebr analysis


Cebr