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Wales

# THE WALES COAST PATH IMPACTS OF CAPITAL SPENDING



**Llwybr Arfordir Cymru**  
**Wales Coast Path**



## About Natural Resources Wales

Natural Resources Wales brings together the work of the Countryside Council for Wales, Environment Agency Wales and Forestry Commission Wales, as well as some functions of Welsh Government. Our purpose is to ensure that the natural resources of Wales are sustainably maintained, enhanced and used, now and in the future.

Wales' landscape, environment and wildlife are amongst its greatest resource, worth more than £8bn to the Welsh economy.

- We will work for Wales' economy and enable the sustainable use of natural resources to support jobs and enterprise. We will help businesses and developers to understand and consider environmental impacts when they make important decisions
- We will work for the communities of Wales to protect people and their homes as much as possible from environmental incidents like flooding and pollution. We will provide opportunities for them to learn, use and benefit from Wales' natural resources
- We will work to maintain and improve the quality of the environment for everyone. We will work towards making the environment and natural resources more resilient to climate change and other pressures.

We are the principal adviser to the Welsh Government on the environment, enabling the sustainable development of Wales' natural resources for the benefit of people, the economy and wildlife.

Published by:  
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Report Number 13/06 (a)  
Publication Date: 14 October 2013  
Contract Number: 296 EOG11  
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**November 2013**

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## **WALES COAST PATH IMPACTS OF CAPITAL SPENDING**

### **WALES COAST PATH (CONVERGENCE AREA) IMPACTS OF CAPITAL SPENDING**

As well as impacts in terms of leveraging tourism spending it is important to recognise that the Wales Coast Path Environment for Growth programme has also involved considerable amounts of capital spending, in large measure, on construction type activity. Within the Welsh European Funding Office guidelines the direct and indirect economic activity supported through capital spending cannot be included within any gross or new jobs created target. However, estimates of output and employment supported during E4G developmental activity should be included in a more general evaluation of the programmes impact. In particular, it is noted that selected project activity has taken place in more needy parts of the regional economy, such that employment and incomes supported in construction could have important local effects.

Moreover, we would argue that on the basis of prior projects evaluated by the Cardiff University team involving environmental assets, the nature of construction contracts issued commonly supports local firms and jobs as opposed to situations where contracts are awarded outside of the regional and West Wales and the Valleys economy. It is stressed that what follows is an estimate of the employment and value added associated with the capital spending of the Wales Coast Path E4G project (the Convergence Area) from inception to project completion (end 2013). The estimates in Table 1 are reported as a range based on different regional sourcing assumptions. There is also here no attempt to differentiate different types of construction activity i.e. the spend is assumed to be connected to an average construction type activity in Wales. We use the framework of the Welsh Input-Output tables to estimate the indirect effects associated with the spending.

Table 1 reveals that the total estimated construction spend associated with the Wales Coast Path E4G Convergence project at project completion (end 2013) was an estimated £6.015m. Taking the mid-range estimate of 80% local sourcing, we estimate that once the multiplier effects of this construction spending are taken into account that some £4.4m of value added is supported in Wales and around 95 person years of employment.

Put another way, if the construction activity bridged a period of three years, the E4G spending would have supported around 30 construction jobs and jobs in the construction supply chain over this three year period, and around £1.47m of value added per annum.

However, the table also reveals that if the local sourcing of the construction industry inputs averaged just 60% then a total of around £3.3m of value would have been supported and around 75 person years of employment.

**Table 1**  
**Estimated Value Added and Employment Supported by Wales Coast Path (Convergence Area) Capital Spending to Project Completion (end 2013)**

Project and Local sourcing assumption	At Project Completion	
	Value Added (£m)	Approx Employment (FTE person years)*
<b>Wales Coast Path</b>	<i>Convergence Area whole project (£6.015m)</i>	
100%	5.4	125
80%	4.4	95
60%	3.3	75

\*Note. The employment estimate numbers have been rounded to the nearest 5.

We stress these are estimated numbers, but they do reveal that as well as leveraging tourist spending, the development activity connected to E4G may also have important employment effects.

## **WALES COAST PATH (NON-CONVERGENCE AREA) IMPACTS OF CAPITAL SPENDING**

Estimates of the employment and value added impacts of capital spending in the Non-Convergence areas are shown in Table 2 (calculated using the same method as above).

Total estimated construction spend associated with the Wales Coast Path Non-Convergence project at project completion (end 2013) was an estimated £8.624m. Taking the mid-range estimate of 80% local sourcing, we estimate that once the multiplier effects of this construction spending are taken into account that some £6.2m of value added is supported in Wales and around 135 person years of employment.

Therefore, if the construction activity bridged a period of three years, the Non-Convergence spending would have supported around 45 construction jobs and jobs in

the construction supply chain over this three year period, and around £2m of value added per annum.

**Table 2**  
**Estimated Value Added and Employment Supported by Wales Coast Path**  
**(Non-Convergence Area) Capital Spending to Project Completion (end 2013)**

Project and Local sourcing assumption	At Project Completion	
	Value Added (£m)	Approx Employment (FTE person years)*
<b>Wales Coast Path</b>	<i>Non-Convergence Area whole project (£8.624m)</i>	
100%	7.8	180
80%	6.2	135
60%	4.7	110

\*Note. The employment estimate numbers have been rounded to the nearest 5.

#### **WALES COAST PATH TOTAL IMPACTS OF CAPITAL SPENDING (CONVERGENCE AREA and NON-CONVERGENCE AREA COMBINED)**

The results from Table 1 (Convergence area) and Table 2 (Non-Convergence) have been combined to show an estimated total employment and value added impact of construction spend attributable to the Wales Coast Path in Table 3.

The total estimated construction spend associated with the Wales Coast Path at project completion (end 2013) was an estimated £14.6m.

Taking the mid-range estimate of 80% local sourcing, we estimate that once the multiplier effects of this construction spending are taken into account that some £10.6m of value added is supported in Wales and around 230 person years of employment.

Put another way, if the construction activity bridged a period of three years, the total spending would have supported around 75 construction jobs and jobs in the construction supply chain over this three year period, and around £3.5m of value added per annum.

However, the table also reveals that if the local sourcing of the construction industry inputs averaged just 60% then a total of around £8.0m of value would have been supported and around 185 person years of employment.

**Table 3**  
**Total Estimated Value Added and Employment Supported by Wales Coast Path**  
**(Convergence and Non-Convergences Areas combined) Capital Spending to Project**  
**Completion (end 2013)**

Project and Local sourcing assumption	At Project Completion	
	Value Added (£m)	Approx Employment (FTE person years)*
<b>Wales Coast Path</b>	<i>Wales Coast Path whole project (£14.6m)</i>	
100%	13.2	305
80%	10.6	230
60%	8.0	185

\*Note. The employment estimate numbers have been rounded to the nearest 5.

We would again stress that these are estimated numbers, but they do reveal that as well as leveraging tourist spending, the development activity connected to the Wales Coast Path may also have important employment effects.

*WERU, Cardiff Business School*

*08/11/2013*