

BLENHEIM

OUR ECONOMIC IMPACT 17/18





**We are proud to present
to you our second
economic impact report**

This report largely reflects our first year in pursuit of our purpose to be the economic lifeblood of the local economy, to enhance the lives of local people, and to share and protect this magnificent place. It reflects our first efforts in pursuit of our goal to treble our contribution to the local economy.

It is worth reflecting on why we pursue this particular goal. For us, this is the ultimate expression of not just our commitment to the good of the area but of our symbiosis with the success of Oxfordshire. We cannot succeed in any meaningful sense if the area is not succeeding and the converse is also true. It would be simpler to set uncomplicated internal profit targets and assume that somehow some of our success would rub off on local people, but life does not always work that way and this is especially true when you lengthen the time frame – in the medium and long term there is absolutely no way that our paths could diverge. It is our economic and spiritual tie to the area that gives landed Estates like Blenheim a crucial advantage over almost anyone else. We are a permanent part of the local area,

we are a commercial enterprise deploying capital for profit, and we have the ability to give charitably – this gives us the extraordinary capacity to invest for the very long term, certain in the knowledge that we (our businesses, our people, our tenants and community, as well as the businesses that flourish alongside us) will be here to reap the benefit of that investment. While this perspective is a simultaneously generous and selfish one, it is a perspective which we will always be able to sustain and which will always make sense to us.

In an ideal world, each year we would bounce along with an approximate 10% rate of headline growth and have some interesting challenges and issues to share with you. It turns out, however, that the world is far from ideal...



If you strip out two very specific factors (i.e. treat them as flat), the growth rate of our economic contribution to the area for the year is just over 4%. Not amazing, but not bad given that we only started to run our businesses in line with this target in the first half of last year. Unfortunately, those two very specific factors are important and have a significant impact:

1. Property Development

Many people in the area have strong views on this (as do we!). In the first year we built 60 homes near Marlborough School as well as 27 homes and some stunning business offices at the beautiful site at Home Farm, Bladon. This year, in something of a lull year, we built a small number of homes and a new Estate Office, and we just broke ground at a site in Long Hanborough, called Hanborough Gate, building 169 homes. The Gross Value Added (GVA) of our development work consequently dropped by £5.5m to £4.0m and the additional year round jobs supported dropped by 78 to 55. There will be some in the area who are pleased by this – they may not want new homes built or may be unaware of the costs of that missing action. The costs however are real and, when we drop our economic activity, the impact on the surrounding area is significant. That affects us too and I am pleased that both Hanborough Gate and the initiation of a significant development of homes in Woodstock will see this decline reversed.

2. BBC Countryfile Live

Many will remember the 2016 show, the impact of which was measured in our first appraisal. There were a lot of visitors and the negative impact on local people was not acceptable. I think everyone I spoke to after year two felt that the second show was much more balanced and widely enjoyed throughout our community (around 10,000 of whom received free family tickets from us). Once the four wonderful days were over, however, it was back to the economic reality that the impact of those decisions (smaller numbers, diversion of spend to traffic management and policing with the then prevailing security alerts) was a decline in direct economic contribution to the local economy of £1.4m, and 14 fewer year round jobs supported. On this one, I think the shared view is that we got the balance right in year two and that the price is worth paying, but for us it means we have to make the short fall up elsewhere.

Despite much initial effort, it's been frustrating not to have increased the % of our visitors making multi-day stays in the area. We have big plans to drive this going forward and I am certain we will succeed, but I am disappointed that first year progress on the ground has been so limited. These overnight visitors add so much more to the local economy, especially through their spend with local businesses. Drawing them in is crucial if we are to achieve our goals, but it is also crucial that we balance higher economic activity with maintaining the beauty of this area for residents.

Regrettably we have had to restate the reported numbers for jobs supported by the activities of the Estate. We previously reported that we supported around 5,000 jobs; a deeper review in year two using better data suggests that a more accurate assumption is that we support around 2,000 jobs. We are not comfortable with this level of restatement (and are sorry) but it is clearly better to reset the base using numbers which we can very clearly justify.

It has been fascinating to see how deep the impact of these goals has run in the organisation – it excites me greatly to hear internal discussions on our plans, which are grounded in how we create the largest economic contribution to the area or achieve our other goals.

The cold hard reality is that this economic contribution goal is going to be tough to achieve in the coming years, but we do not doubt that it is worthwhile. We are utterly focussed on ensuring that this area is prosperous for all, has exciting training opportunities, unparalleled housing prospects for everyone including our young people, is a sustainable place to live, is a home for flourishing new businesses, and has the facilities and infrastructure that it needs and deserves. We will ensure that this is underwritten going forward by a vibrant and strong Blenheim Palace. In this environment, we will flourish too.

I am proud to commend this report to you.

Dominic Hare CEO

Blenheim's economic impact was captured by Oxford Brookes Business School.

The study encompasses the following breadth of Blenheim's business activities:

- Visitor Business
- Conferences & Hospitality
- Construction & Property Developments
- Property Management
- Mineral Water
- Farming & Game
- Renewable Energy



Operational partners include:

- In-house caterers Searcys
- Event organisers, especially BBC Countryfile Live and The Blenheim Palace International Horse Trials



Methodology changes:

The 2016/17 report used the published multipliers by Oxford Economics to calculate the impact of visitor spending. These multipliers have now been updated, using a more comprehensive model that is bespoke to the heritage tourism sector in the UK. The previous multipliers were based on a macroeconomic modelling framework of the UK travel and tourism economy, including government spending and investment, in addition to spending by tourists. The new multipliers by Oxford Economics are based on spending by tourists only and are therefore calculated differently. This has consequently been reflected in this year's report.

In addition, after seeing continuous spend patterns over the last two years, visitor calculations now include Annual Pass Holder spend. Figures are now reflected in both the previous and the current report. Reviewed together the impact of these changes is very small.

2016/17 Errata:

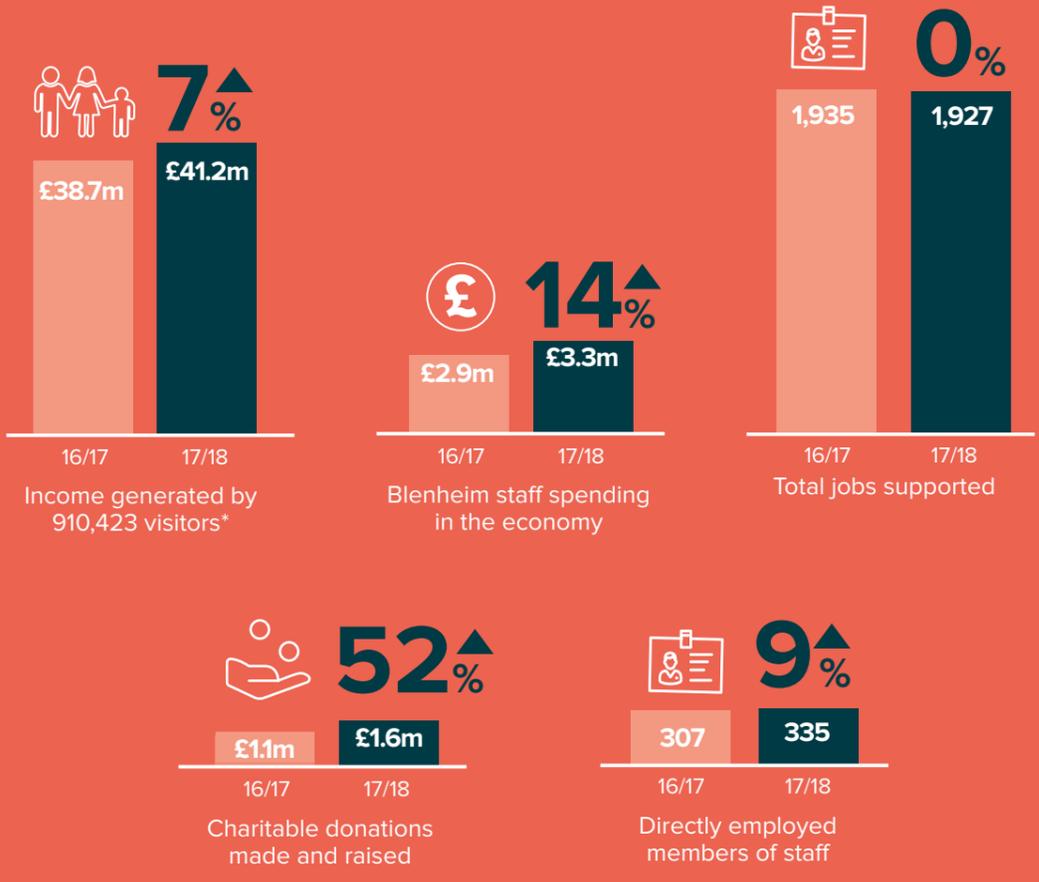
Using adjusted employment/turnover ratios, Blenheim's total jobs supported last year was 1935.

Terms of reference used throughout the report are defined below:

- **Gross domestic product (GDP)** is the principal means of determining the health of the UK economy.
- **Total economic impact** comprises the direct, indirect and induced impact that Blenheim has on the UK economy, in terms of the contribution to GDP and jobs created/supported.
- **Direct economic impact** captures the economic stimulus provided by Blenheim itself, as well as the businesses supplying Blenheim with goods and services.
- **Indirect economic impact** refers to the economic stimulus provided by Blenheim and the businesses supplying goods and services when they procure goods from their supply chain.
- **Induced economic impact** refers to consumer spending by those directly employed by Blenheim and the direct supply chain.
- **Gross value added (GVA)** is the contribution made by Blenheim to Gross Domestic Product (GDP).
- **Jobs supported** refers to those directly employed by Blenheim, as well as the jobs created in the wider economy as a result of our economic impact.
- **Local** means within a 20 mile radius of Blenheim Palace.

Headline Facts and Figures

£87.6m in GVA total economic impact in 2017/18, compared to **£90.8 million** in 2016/17. **4%**



Areas of business that experienced change and subsequently contributed to a decline in impact on the economy were:



The total impact of these business operations fell to **£14.2 million** from £14.6 million.

If construction & property development projects and BBC Countryfile Live had reported flat activity for the 17/18 report, this would have seen a 4% increase in total growth for the GVA.

*Calculations now include Annual Pass Holder visitor spend, as we have monitored continuous spend patterns since last year. Figures therefore reflect this spend in both the previous and the current report.

We drive economic growth within our local communities across the UK.

Blenheim is a unique and diverse business, which is making a positive impact on the local economy.

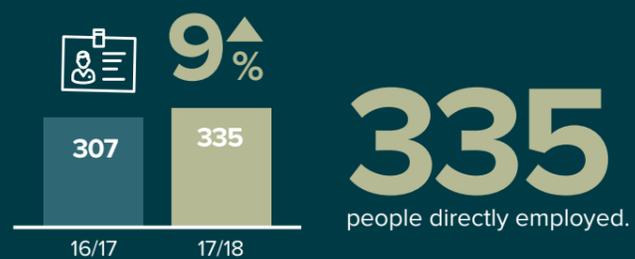
£13.1m

Direct economic contribution of Blenheim



Although our construction & property developments saw a decline, our visitor business saw a good increase to generate overall growth.

Note: The economic impact for construction & property is based on data for the period January 2017 – December 2017, while all other business analysis is based on the period April 2017 – March 2018.



335

people directly employed.



Hydroelectric scheme



Estate farming

We spend with UK suppliers on goods and services.

The GVA contribution that Blenheim makes to the UK economy is estimated to be approximately.

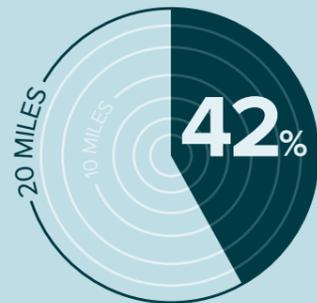
£11.7m




Estimated GVA contribution from purchases within the local economy.

Estimated GVA contribution from procurement accrued from vendors who are further afield.

The prime reason for the 10% decrease is reduced property development.



6% of goods and services procured from within a 20 mile radius. Blenheim has made a determined effort to support local suppliers.

264 jobs in total are supported by Blenheim's direct spending on suppliers.

The expenditure by Blenheim on purchasing goods and services acts as a catalyst in its supply chain and creates additional GVA contributions and employment.



Local goods



Blenheim Estate honey

We create jobs locally and nationally.



1927  total jobs are supported, which is a flat growth rate to the previous year.*

335 people directly employed by Blenheim.

56% of whom are female. 

237  jobs are being supported through our in-house caterers Searcys.

18  nationalities represented.

Staff contribution to the economy 

£3.3m **14%**  in GVA contribution from staff spending in the economy.

59 **14%**  additional jobs supported within the economy from staff spending.

Blenheim offers a unique and stunning place to work. It also provides a source of stable employment in the local area.



Blenheim Estate gardener



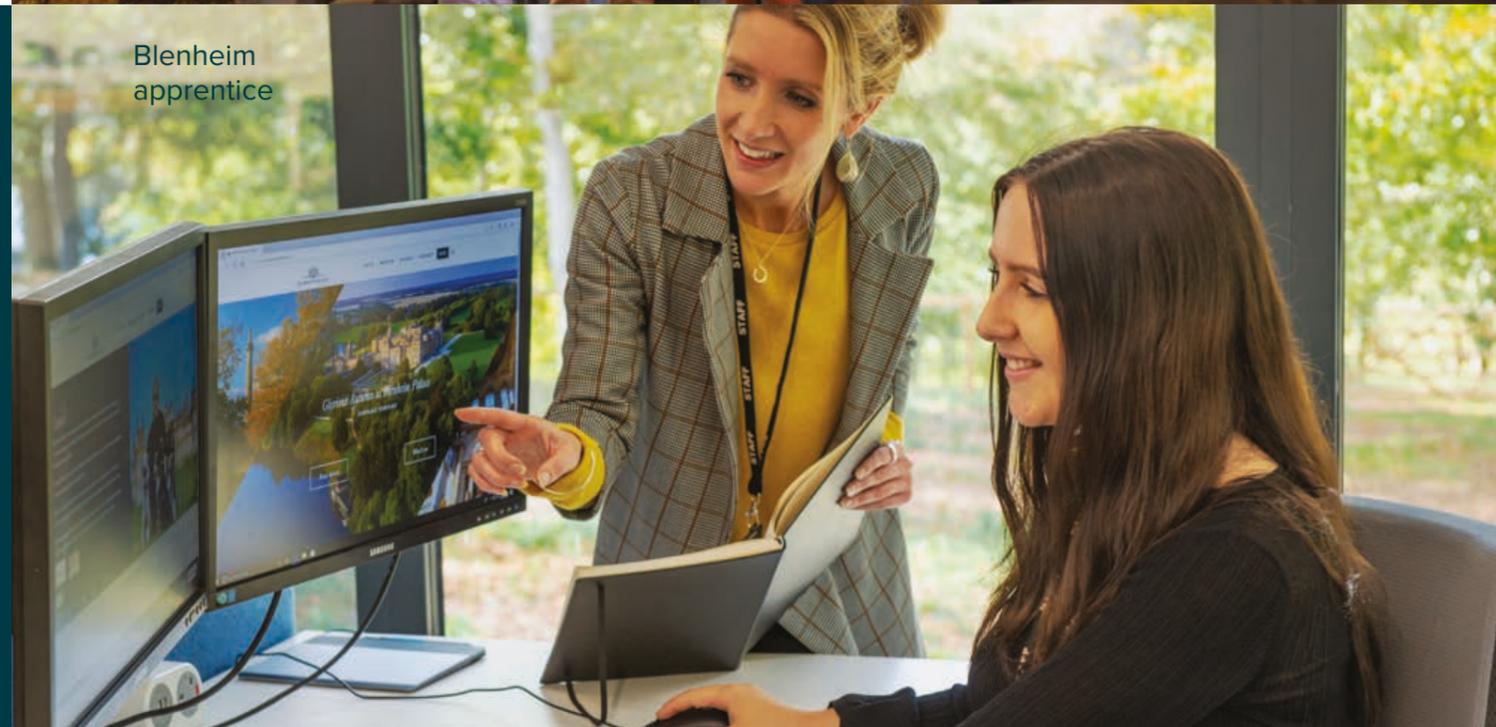
Blenheim Palace guide

We invest in people.

Blenheim is building networks with local schools, colleges and training providers to recruit up to **100 apprentices** by 2027.

6  **apprentices** were employed on average during the year, a number which has grown since.

*This is now a true reflection after an error was discovered in the 16/17 report.



Blenheim apprentice

Our visitors spend money in the local areas.

Blenheim Palace draws visitors both nationally, as well as internationally. Visitor spending stimulates a variety of different local businesses, such as accommodation providers, cafés and retail outlets. Visitors also require good transport links, which supports employment in the transport/infrastructure sectors in the region. All the visitor activity allows us to grow and prosper with our local community.

£41.2m **7%**

GVA contribution from visitor spending.

£35.7m **6.6%**

is the estimated worth of annual visitor spending.

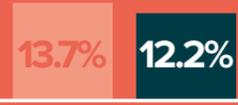
788 **7%**

external jobs are supported.



Number of visitors

1.4%



Multi-day visitors

Our visitor survey found that multi-day visitors who stay overnight spend an average of

£73



Our visitor survey found that day visitors to Blenheim Palace spend an average of

£45



Visitors in Woodstock town

We build communities so families can live in and enjoy the local area.

Over the last financial year, Blenheim has invested funds into developing new residential and commercial developments, along with affordable homes.

£4m **58%**

total GVA contribution.

The decrease is due to less property developments commencing or being delivered in the 17/18 report period. This has caused a resultant negative impact on spending in the supply chain.



£0.5m Affordable residential homes

£1.7m Market residential homes

£1.8m Commercial

The GVA contribution from the construction spend of Blenheim and its partners

17/18

Construction & property developments support an additional 55 jobs in the UK economy.

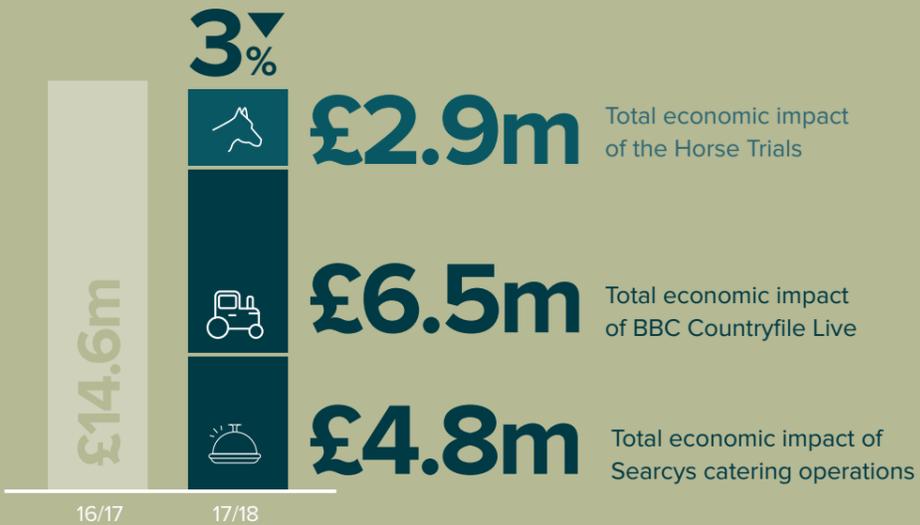


Blenheim Estate new homes

Our catering and event partners add to the overall economic impact.

£14.2m

Total impact of our catering and event partners



This is due to the scaling back, from its first year, of our key event, BBC Countryfile Live, in an effort to cause less disruption locally. This has consequently caused a drop in positive impact to the economic contribution.



Afternoon tea delivered by our catering partners Searcys

Our caterer: Searcys



237

total jobs are being supported.

155

staff are directly employed by Searcys.

6%

total economic impact of Searcys operations.

Our large events



Blenheim hosts a range of events working with partners, but the economic impact study focusses on events that generate 25,000 visitors or more.

BBC Countryfile Live

GVA contribution **18%**

120,000

visitors



131

jobs supported

560

stalls

Blenheim Palace International Horse Trials

GVA contribution **33%**

60,000

visitors



58

jobs supported

230

stalls

Blenheim Palace International Horse Trials



We support charities through raising money and making donations.

Blenheim strives to build on its local partnerships and give back to the local community and charities.

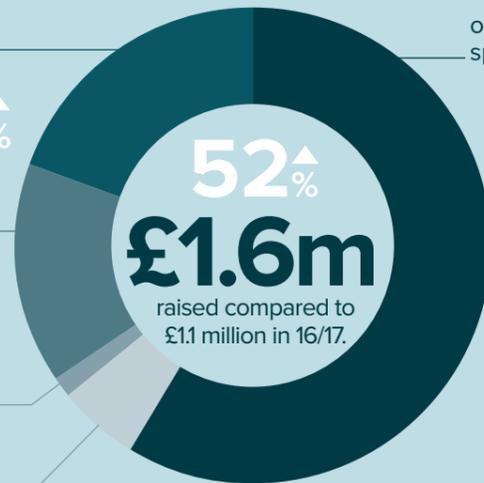
£311,030 **213%**
was the value of educational visits hosted.

£950,630 **4%**
of large charity sporting events.

£243,300 **825%**
worth of facility fees were waived to support charity events.

£24,190 **49%**
worth of complementary passes for charitable causes were donated.

£91,650 **732%**
Donations generated through staff fundraising, partners and monetary contributions.



Some of the local community and charity projects saw us support the St Mary's Church of Woodstock regeneration project, St Hugh's Church garden extension, the Kidlington Fire Service, Bladon Garden Society, Woodstock School, Maggie's Centres, HRH Prisons Recovery Programmes, Abingdon and Witney College, Combe Mill and the villages surrounding Blenheim.



Maggie's charity cheque presentation

Summary of Overall Impact

	GVA Contribution			Employment Supported		
	2017-18	2016-17	Change	2017-18	2016-17	Change
Direct Economic Contribution	£13.1m	£12.1m	9%	335	307	9%
Impact of Expenditure on Suppliers	£11.7m	£13m	-10%	264	297 [†]	-11%
Impact of Staff Expenditure	£3.3m	£2.9m	14%	59	52	14%
Impact of Visitor Spending	£41.2m	£38.7m ^{**}	7%	788	739 ^{**}	7%
Total Impact of Operations	£69.4m	£66.6m	4%	1,446	1,395	4%
Investment of Construction & Property Developments	£4m	£9.5m	-58%	55	133	-59%
Total Impact of Operations incl. Construction & Property Developments	£73.4m	£76.2m	-4%	1,501	1,528	-2%
Impact of Searcys	£4.8m	£4.6m	6%	237	220	8%
Impact of BBC Countryfile Live	£6.5m	£7.9m [†]	-18%	131	145 [†]	-10%
Impact of The Blenheim International Horse Trials	£2.9m	£2.2m [†]	33%	58	42 [†]	37%
Total Impact of Business Partner Operations	£14.2m	£14.6m	-3%	426	407	5%
Collated Total Impact	£87.6m	£90.8m	-4%	1,927	1,935	0%

[†] Blenheim's expenditure on goods and services supported 297 jobs in 2016-17, using adjusted employment/turnover ratios.
^{*} These visitor impact estimates have been re-calculated and include Annual Pass Holder visitors in order to keep comparison with this year's visitor impacts consistent.
^{**} These visitor impact estimates have been re-calculated using Oxford Economics (2016) multipliers in order to keep comparison with this year's visitor impacts consistent.



Léo's Mega Mile

How we plan to achieve our 'triple the economic impact' goal by 2027.

We know we have a way to go, but we intend to reach our goal by:

Focussing on driving up multi-day visits:

- Improving transportation links in the area and working with the local council and government on delivering the infrastructure.
- Supporting and driving investment in accommodation.
- Working with other large attractions and tourism partners to help drive people into the area.
- Continuing to invest in large scale events.

Encouraging business growth:

- Continuing to invest in local suppliers.
- Supporting and creating an environment for start-up businesses.
- Helping encourage large corporations to operate and do business within the local economy.

Building property developments

that deliver thriving communities in the local area. This will bring additional jobs as well as provide the opportunity to engage local suppliers to deliver the projects. It will also bring people into the area.

Supporting these key projects with appropriate employment growth, coupled with an increase in the number of apprentices we will support each year.

Our 10 Year Goals

Our 10 year goals reflect our core purpose, which is to be the lifeblood of the local economy, to enhance the lives of the people of Oxfordshire, to share this magnificent Palace, and to conserve and protect it for future generations.

Train over
100 NEW
apprentices in roles
across the Estate



TRIPLE
our economic
contribution to
the local area



Build high quality,
affordable homes
for **300** families



Become a net generator of
green energy



Complete
£40 million
of vital restoration work



Secure endowment of
£45 million
to conserve
our World
Heritage Site



Reacquire or borrow
key works
from the Palace's
lost collections



Become one
of the UK's
TOP 100
employers



DOUBLE
our charitable
contributions to
the community



Achieve annual paying visitor
numbers in excess of
750,000



“
We will work hard to positively support our local communities in the hope that you will feel proud of Blenheim and cherish where you live.
”

Dominic Hare CEO

BLENHEIM