

# HOLME-NEXT-THE-SEA

## NEIGHBOURHOOD PLAN 2016-2036

### THE PARISH ECONOMY



Summary Paper

06.07.18

# CONTENTS

page

1. INTRODUCTION	3
2. ECONOMIC STRUCTURE AND DRIVERS	4
3. INCOME FROM PENSIONS AND INVESTMENTS	4
4. SECOND HOMES	5
5. HOLIDAY ACCOMMODATION	5
6. INCOME FROM VISITOR ATTRACTIONS	5
7. INCOME FROM AGRICULTURE	6
8. INCOME FROM TERTIARY SECTOR ACTIVITIES	6
9. HOLME'S NATURAL CAPITAL AND ECOSYSTEM SERVICES	6
10. THREATS TO CONTINUED PROSPERITY	7
11. CONCLUSIONS	8

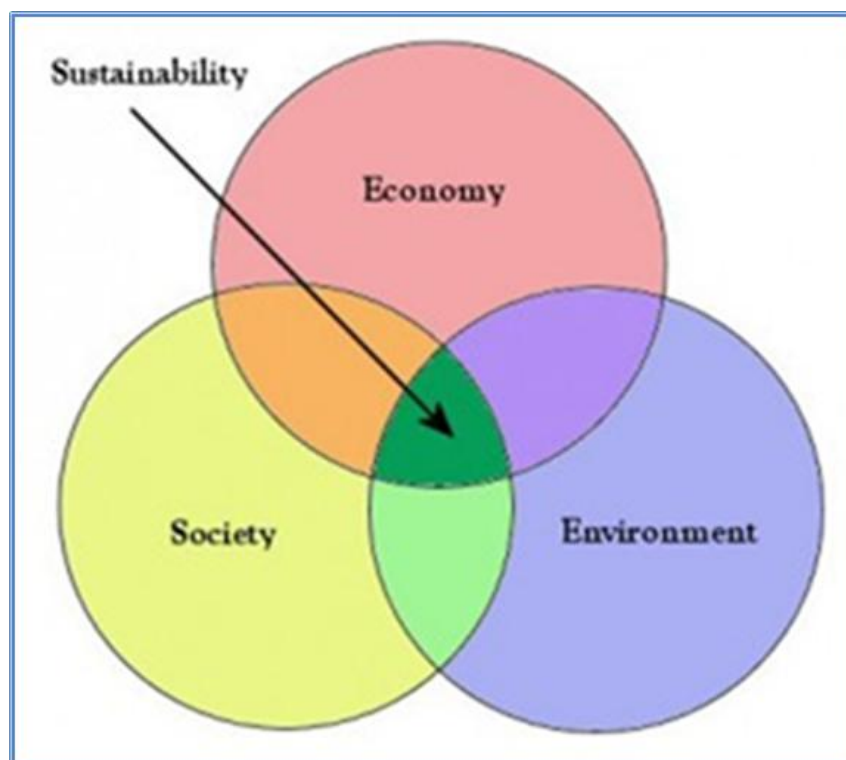
# 1 INTRODUCTION

1.1.1 This paper provides a summary of the evidence base report on The Parish Economy originally produced in January 2018. It has been produced in response to suggestions and requests for a shorter 'more readable' document that provides an overview of the way the parish economy works and the relevance of economic issues to the Neighbourhood Plan.

1.1.2 Promoting a healthy economy is an essential element of achieving sustainable development (Figure 1) and the NPPF sets out clear guidance for developing plans which aim to promote 'an economy fit for the 21st Century' (NPPF 1, para 20).

1.1.3 The paper presents a brief economic profile for the Parish and explains the main drivers of the economy. It provides an overview of the evidence that can be brought together to provide a solid basis for developing NDP policies that will help to ensure the Parish's economic future.

1.1.4 Details of the approach and evidence base can be found in the main report (see The Parish Economy report on the downloads section of NDP website <http://www.holme-next-the-sea-plan.co.uk>) which draws on a combination of the best published data backed up by local knowledge and surveys carried out by the NDP Team with support from residents.



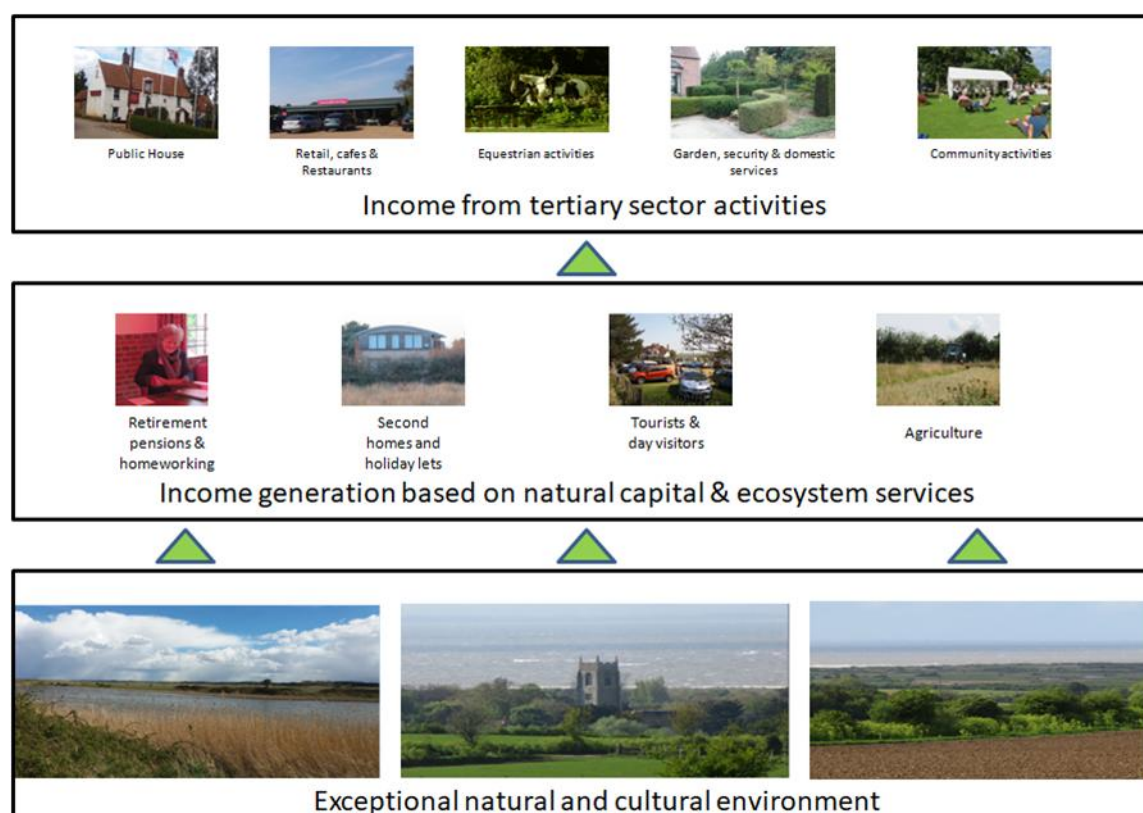
**Figure 1: The elements of sustainable development - Economy, Society and Environment**

## 2 ECONOMIC STRUCTURE AND DRIVERS

2.1.1 At the time of the 2011 Census 42% of the resident population of Holme was employed. Just over half of these were working in sectors closely related to tourism and the elderly population where jobs generally are associated with low incomes.

2.1.2 Although the numbers in employment represent a small proportion of the overall population, with some 52% of residents classed as retired it is clear that Holme's main source of *income* does not revolve around the 'conventional' earnings model but rather one that relies on pensions and related investment earnings.

2.1.3 Another interesting feature of the economy is that the main activities which underpin the economic base all depend to a greater or lesser extent, either directly or indirectly on the natural and cultural environment which attracts retirees, second homeowners and property investors as well as visitors and the businesses which these support (Figure 2).



**Figure 2: A conceptual overview of the Parish Economy highlighting dependence of all economic activity on the natural and cultural environment**

## 3 INCOME FROM EMPLOYMENT, PENSIONS AND INVESTMENTS

3.1.1 Income from pensions and investments in particular but also from employment makes a direct contribution to resident households in the Parish and plays the central role in the Parish economy.

3.1.2 This income contributes to Council Tax, purchase of goods and services, property maintenance and income for local companies. It also provides a stable economic base throughout the year and it is crucial for sustaining local companies outside the main tourist season.

## **4 SECOND HOMES**

4.1.1 Second homes account for over 50% (c150) of the parish's fixed housing stock, a very high proportion by any standard.

4.1.2 In most cases these properties belong to people who generate their income outside the Parish but who contribute locally to Council Tax, retail spend, purchase of household goods and services and demand for local employment in property services companies.

4.1.3 Many second home owners visit frequently and play a role in the Community. Some generate some income by letting to holiday visitors. Others simply view their properties as a capital investment, leaving them to stand empty for much of the time.

4.1.4 Second home owner spend is likely to be lower than that of residents because it depends on frequency of visits but there is no doubt that it makes a net positive contribution to the economy.

## **5 HOLIDAY ACCOMMODATION**

5.1.1 In addition to around 135 mobile homes located on five sites in the parish (some of which function as second homes), around 20% (> 40) of the fixed parish housing stock is marketed as holiday lets (almost twice the number registered).

5.1.2 These properties generate substantial levels of seasonal income and contribute to the local economy via Council Tax, spend in local shops, support for service companies and general tourist spend. Their level of income generation is thus likely to be higher than for second homes but the pressure they place on local services and the environment is much higher because the accommodation tends to have much higher occupancies.

5.1.3 The owners of these properties often live outside the parish so that whilst a percentage of their rental income supports local letting agencies the main share benefits more distant parts of the United Kingdom.

5.1.4 Whilst both second homes and buy to let properties are important generators of income, sustainable development demands a balance between economic, social and environmental considerations (Figure 1). Unchecked growth in this sector may bring economic benefits in terms of increased parish income. However, the social and environmental costs would be very considerable - firstly in terms of damage to the viability of the *resident* community which has declined dramatically in the face of the associated competition in the housing market and secondly in terms of damage to the environment associated with increasing visitor pressures.

## **6 INCOME FROM VISITOR ATTRACTIONS**

6.1.1 The parish is home to two significant visitor attractions that generate income: Holme Dunes National Nature Reserve managed by the Norfolk Wildlife Trust and Drove Orchards mixed retail and leisure development.

6.1.2 Holme Dunes is a major Norfolk visitor destination estimated to attract well in excess of 100 000 visitors pa and although associated visitor spend is unknown, every £10 spent contributes £1m to the local economy.

6.1.3 It seems likely that this income stream is the largest and most significant in the Parish but despite this, the majority of the direct income generated is spent outside the Parish. Furthermore it comes at substantial cost to Holme because (i) 80% of visitors arrive by car and access is via the narrow village roads which are shared by pedestrians (ii) at busy times the Firs car park overflows and the track to the Reserve is closed leading to uncontrolled parking in the village and (iii) the direct costs of maintaining verges, dog bins, footpaths, bus stops etc falls directly on the village community.

6.1.4 On top of these impacts, visitor pressure and associated environmental damage is a recognised issue at the Reserve; as long ago as 1995 it was classified as a 'Red Zone' in the AONB Management Plan where 'fragile habitats' of 'almost wholly international importance' were under 'considerable visitor pressure'.

## **7 INCOME FROM AGRICULTURE**

7.1.1 Historically agriculture drove the economy and made Holme a prosperous place. Local landowners funded the creation of sea defences and reclaimed those parts of the Parish which today make such an important contribution to its status as a place to visit for wildlife, heritage and countryside.

7.1.2 These historic investments will be written off by Shoreline Management Plan policy which would allow significant areas behind the sea defences to revert to intertidal zone.

7.1.3 In real terms farm incomes have declined, but agriculture still plays an important role in the economy and supports a small number of employees. Farming also helps maintain the AONB landscape and Higher Level Stewardship grants contribute to landscape management and biodiversity across the Parish.

7.1.4 Increasingly, agriculture is coming under pressure for speculative development aimed at second homes buyers. This trend not only poses a threat to maintaining the best quality agricultural land but also to the AONB landscape and hence the attraction of the Parish as a visitor destination.

## **8 INCOME FROM TERTIARY SECTOR ACTIVITIES**

8.1.1 It is clear from the above that the income from retirement pensions, second homes, holiday accommodation, day/stay visitor spend and agriculture drives the economy.

8.1.2 There is virtually no secondary economic activity in the Parish but a layer of tertiary activity has grown up which depends on these income streams and forms the basis for conventional and home-based employment in the Parish. This activity includes The White Horse Pub, Drove Orchards, equestrian activities, letting, security and domestic services plus a variety of other income generating activities based around home office and studio working, outdoor pursuits and community events.

## **9 HOLME'S NATURAL CAPITAL AND ECOSYSTEM SERVICES**

9.1.1 The Government's 25 Year Environment Plan (2018) advocates a natural capital approach, recognising the importance of the environment as a natural asset and contributor to the overall economy. This chimes with the simple analysis above which demonstrates that almost all economic activity in Holme depends upon the parish's natural capital – indeed the ecosystem services that this supports are vital to Holme's future.

9.1.2 Although the special nature of the environment provides an economic opportunity it also embodies a threat: inappropriate development for short run economic gain will quickly damage the environment, make it a less attractive place and undermine its economic potential.

9.1.3 Given the structure and drivers on the local economy and notwithstanding the challenges inherent in Natural Capital approaches to decision making, it is appropriate that the economic policies in the NDP should exploit this new thinking. For these purposes a simplified, working definition of natural capital (defined as *Environmental Capital*) is proposed to cover both natural and cultural assets which are distinguishing features of the parish and generate ecosystem services for the wider community.

9.1.4 The ecosystem services identified as most important are based on the evidence provided in Natural England's Character Area Statements 76 and 77. It is possible to establish a clear relationship between these services and the main income generators in the parish.

9.1.5 Qualitative analysis suggests that the monetary value of the identified ecosystem services is very significant and well above their inherent intrinsic value. From this it may be concluded that based on its natural capital, the Parish is punching well above its weight and for its size generates disproportionately large benefits for the region.

	Retirement pensions	Second Homes	Holiday lets	Day/stay visitors	Agriculture	Tertiary Employment
Food Provision					x	
Timber provision						
Water availability					x	
Genetic diversity						
Biomass energy						
Climate regulation					x	
Water quality regulation					x	
Water flow regulation					x	
Regulating soil quality					x	
Regulating soil erosion					x	
Pollination					x	
Pest regulation					x	
Coastal erosion & flooding regulation	x	x	x	x	x	x
Sense of place/inspiration	x	x	x	x		x
Sense of history	x	x	x	x		x
Tranquility	x	x	x	x		x
Recreation	x	x	x	x		x
Biodiversity	x	x	x	x		x
Geodiversity	x	x	x	x		x

**Figure 3: ‘Special’ components of Holme’s environmental capital and the ecosystem services it generates.** The columns show the main Environmental and Cultural Assets and the rows show the ecosystem services they generate. These combine those listed in National Character Area Statements 76 (Natural England, 2014) and 77 (Natural England, 2013). The stars show which services the capital elements contribute to.

## 10 THREATS TO CONTINUED PROSPERITY

10.1.1 The Protected Sites, particularly the area within the National Nature Reserve are at or exceeding their carrying capacity in terms of visitor numbers and there is evidence of serious damage arising from development pressure.

10.1.2 Continued development and failure to address the issue of visitor pressure has already begun to impact negatively on the ecosystem services delivered by the sites and this in turn will reduce attractiveness to both visitors and residents and will impact negatively on economic well-being.

10.1.3 A second major threat is climate change and sea level rise. The planned response outlined in the Shoreline Management Plan (Environment Agency, 2010) is likely to result in 42% of the Parish reverting to salt marsh. This threatens 80 properties and will have a ‘major negative’ impact on key features of the Protected Sites.



10.1.4 Notwithstanding the Cost-Benefit Analysis of the Shoreline Management Plan, for Holme the economic impact of its realisation would be immense with a direct negative impact on environmental capital and income.

10.1.5 The downgrading of the dunes sea defence function to “Managed Re-alignment” already represents a step towards reducing the value of the Parish’s environmental capital and as the SMP concedes, the loss of habitats would also have a major negative impact. Without effective compensation and resilience planning this would substantially undermine the ecosystem services that support Holme’s economy.

10.1.6 As required by EU legislation, *Ecological Compensation* for the impacts of the SMP is already being provided by expansion of alternative freshwater wetland habitats but these are distant from the Parish and it is clear that no planning has gone into the economic and social impacts on the local community in Holme.

## **11 CONCLUSIONS**

11.1.1 The Parish is at or beyond its maximum carrying capacity in terms of development and peak season visitor numbers.

11.1.2 Unless addressed the serious issue of Holme’s weakening community will be compounded by accelerating environmental damage leading to economic decline which in turn will have repercussions for the wider region.

11.1.3 Short run economic gain could be achieved by giving way to mounting pressure for poorly controlled tourism development, buy to let properties and second homes. Whilst benefitting businesses located largely beyond the Parish, this would cause unacceptable damage to both the local community and to the environment which crucially, underpins the economy.

11.1.4 Such an approach would be at odds with the basic objectives of the planning system by undermining long term, sustainable, income generating potential and depriving future generations of something that is part of their rightful heritage.

11.1.5 The Shoreline Management Plan poses a further threat, both to homes and the environment. In the face of climate change the policy of Managed Re-alignment exposes the parish to the mounting risk posed by rising sea levels but without the prospect of compensation for the damage that this will inflict on parish amenity, the parish economy and the parish community.

11.1.6 It is important that the NDP takes a long term view in both economic and environmental terms. The challenge is to identify and promote policies that support balanced, on-going economic development while protecting and enhancing the environmental features that will ensure sustainability long into the future. The case for precautionary planning is very strong.

11.1.7 In terms of planning policy and strategy, whilst continuing to exploit and extend the Parish’s Environmental Capital every effort must be made to protect and enhance the ecosystem services that this capital generates. This can be achieved by implementing policies which explicitly recognise, protect and enhance the relationships between the environment, the economy and the community, including provision for an area of the parish that will serve as a vehicle for dissipating pressure on the Protected Sites whilst also contributing in the longer term to compensation for damage to the environment and loss of parish amenity. Failure to protect will not only result in irretrievable damage to an environment of international significance but will also undermine Holme’s substantial contribution to the local economy.