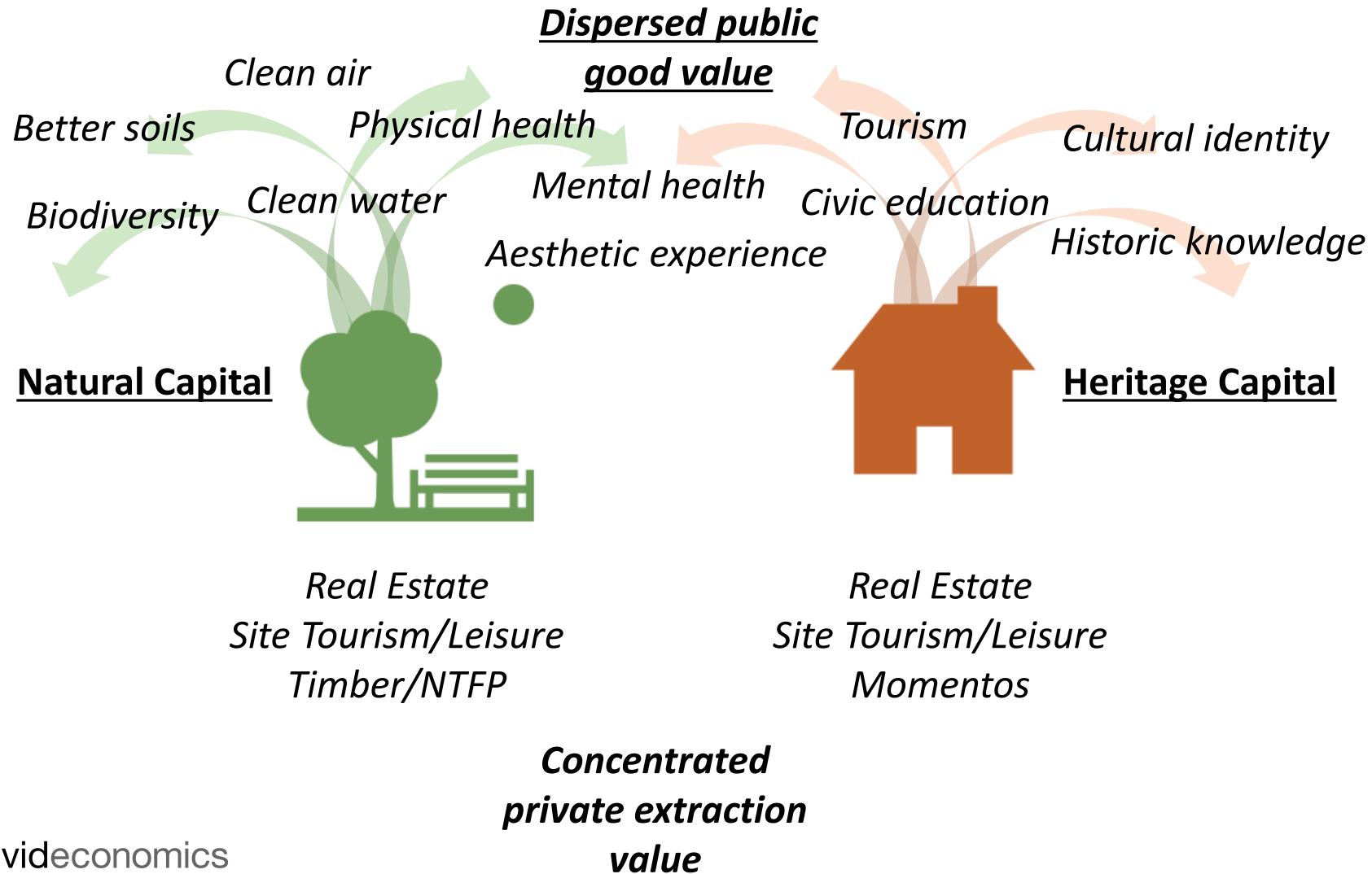# The economics of heritage capital

Introductory presentation

Natural capital and Heritage capital share a common "value problem", often described as an "externality"

Dispersed public good value

Clean air

Better soils

Physical health

Tourism

Cultural identity

Biodiversity

Clean water

Mental health

Civic education

Historic knowledge

Aesthetic experience

Natural Capital

Heritage Capital

Real Estate
Site Tourism/Leisure
Timber/NTFP

Real Estate
Site Tourism/Leisure
Momentos

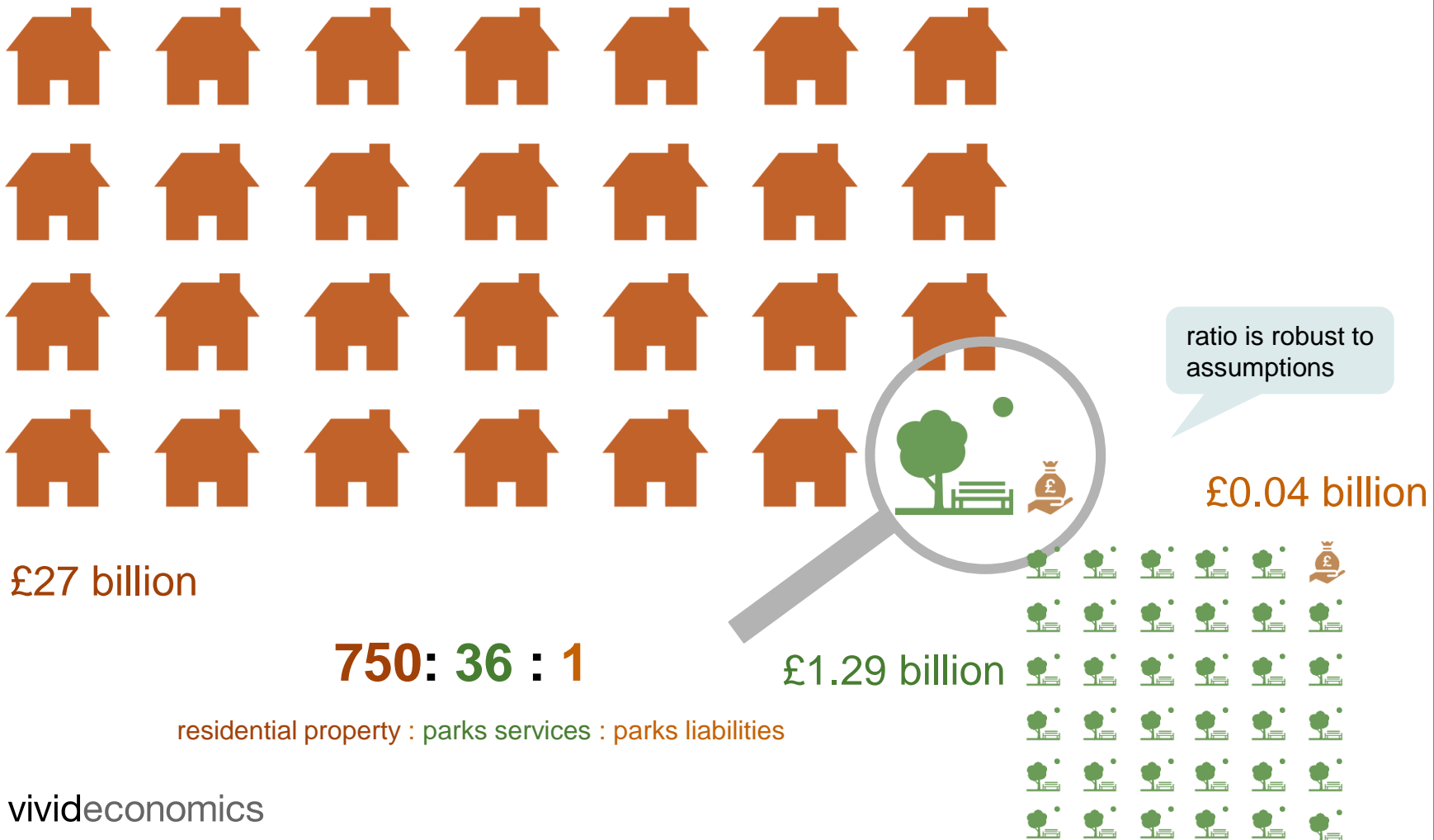***Concentrated private extraction value***

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Although imperfect, economic valuation techniques can help quantify much of the value of natural capital

Estimation of economic value of services provided by parks in Sheffield – quantifiable services only

Service	Asset value for service, £ million	Share of value
Physical health	550	43%
Mental health	230	18%
House price uplift	150	12%
Carbon dioxide	120	9%
Air quality	90	7%
Temperature	80	6%
Crime	70	5%

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For every £1 spent on parks services, £36 of benefits are generated, and the overall cost of these park services c.0.1% of property values

Figure 1. **Relative asset values**

£27 billion

ratio is robust to assumptions

£0.04 billion

£1.29 billion

750 : **36** : **1**

residential property : parks services : parks liabilities

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Beneficiaries can be identified, and the value of their contribution justified

Residents enjoy the greatest share of the parks' asset value

Beneficiary	Asset value to beneficiary, £ million	Share of value
Residents	580	45%
Businesses	300	23%
Health service providers	290	22%
Global society	120	9%
Sheffield City Council	0	0%

Local support Residents benefit more than they contribute, so they would rather pay than lose the services

City Council Despite some costs to maintain parks, the overall impact on SCC would be net zero

Invest to save In the long run, the costs of running parks would pay for themselves through health service savings alone
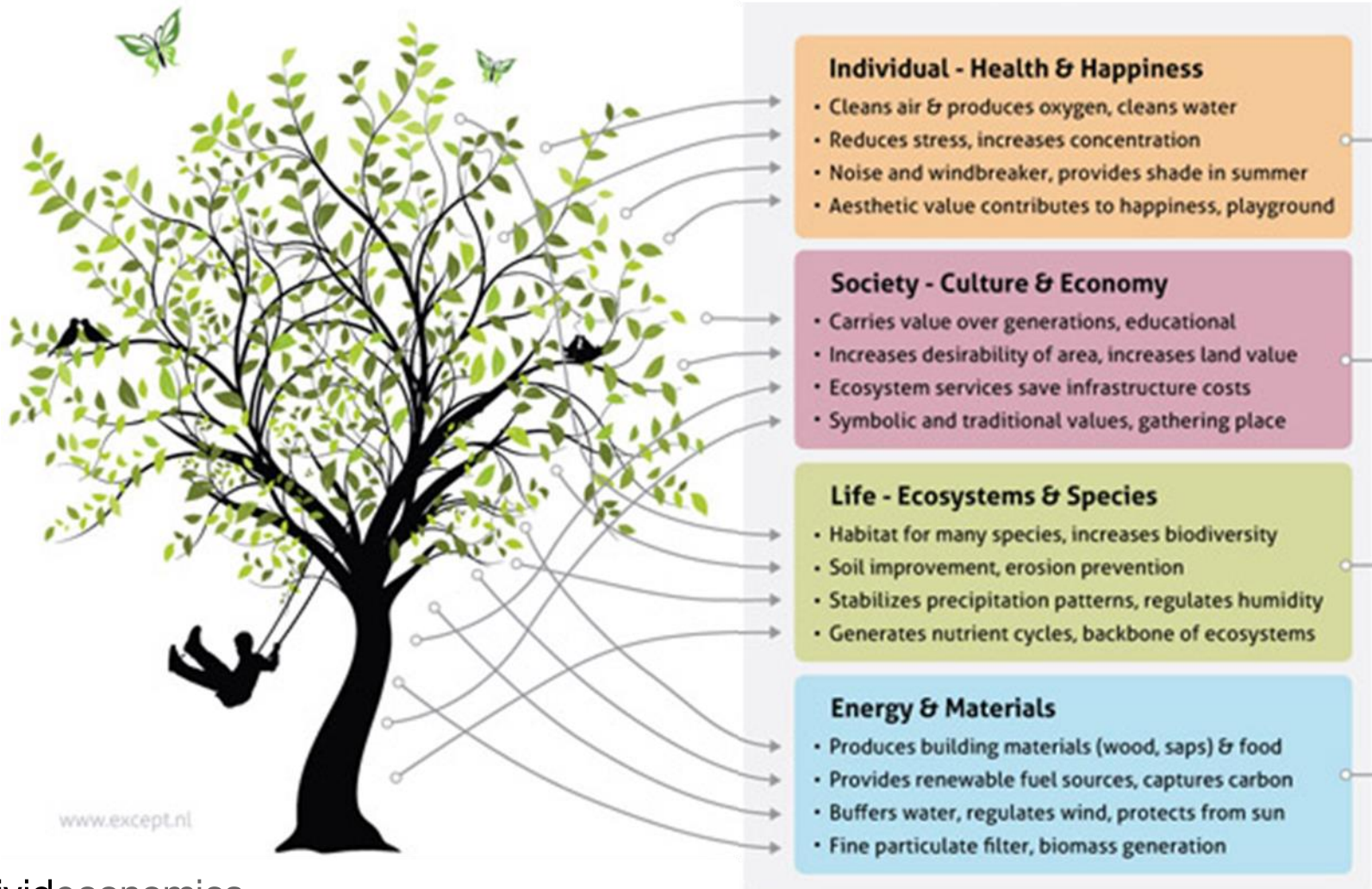
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An accounting framework can show how financial liabilities turn into economic assets

The natural capital accounts for Sheffield's parks

Assets	Value (£ million)					Total	Share of value	In financial accounts
	SCC	Public services (mainly health)	HH	Businesses	Global	Value	%	SCC
Baseline value								
Recreation	3					**3**	-	3
Parking	2					**2**	-	2
Lease (commercial and cafés)	10					**10**	1%	10
Fibre (timber)	2					**2**	-	2
Mental health		29	74	42		**145**	11%	-
Physical health		216	338			**554**	42%	-
Grants	3					**3**	-	3
Residential property uplift			237			**237**	18%	
Clean air		40	49			**89**	7%	
Carbon storage in trees and soil					120	**120**	9%	
Temperature				84		**84**	6%	
Wildlife		6				**6**	-	
Crime	14		52			**66**	5%	
Flood risk management	2					**2**	-	
Gross asset value	**35**	**291**	**412-750**	**126-464**	**120**	**1,212**	**100%**	**20**
Liabilities								
Operational expenditure	(23)					**(23)**	62%	(23)
CAPEX (core + optional backlog)	(14)					**(14)**	38%	(14)
Total liability	**(36)**					**(36)**	100%	**(36)**
Total net asset value	**(1)**	**291**	**412-750**	**126-464**	**120**	**1,285**		**(16)**
Share of net value	**0%**	**23%**	**32%-58%**	**10%-36%**	**9%**	**100%**		

Financial accounts show net liability even though parks are a net asset for the city

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Note: SCC refers to Sheffield City Council; HH refers to households. To avoid double counting, health benefits for houses experiencing uplift in property prices have been subtracted.

Efforts at natural capital accounting and eco-system services valuation might be usefully replicated for heritage capital, but a strong "value framework" is required

Individual - Health & Happiness
- Cleans air & produces oxygen, cleans water
- Reduces stress, increases concentration
- Noise and windbreaker, provides shade in summer
- Aesthetic value contributes to happiness, playground

Society - Culture & Economy
- Carries value over generations, educational
- Increases desirability of area, increases land value
- Ecosystem services save infrastructure costs
- Symbolic and traditional values, gathering place

Life - Ecosystems & Species
- Habitat for many species, increases biodiversity
- Soil improvement, erosion prevention
- Stabilizes precipitation patterns, regulates humidity
- Generates nutrient cycles, backbone of ecosystems

Energy & Materials
- Produces building materials (wood, saps) & food
- Provides renewable fuel sources, captures carbon
- Buffers water, regulates wind, protects from sun
- Fine particulate filter, biomass generation

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Company Profile

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We are a premier consultant in the policy-commerce interface and resource and environment-intensive sectors, where we advise on the most critical and complex policy and commercial questions facing clients around the world.
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