

Foundational Economy Research

**A community endowment fund
for Bethesda and Blaenau?**

**A proposal from
Foundational Economy Research
(FERL)**

February 2025

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‘The Board and management are committed to ensuring that our operations are an integral part of the communities in which they sit..... The management team on each site is encouraged to engage directly with their local communities and strive to develop lasting relationships of mutual benefit.

‘The Board is committed to ensuring that our business considers its impact on the community and environment in its operations and considers the practical and tangible ways in which this can be improved and actively monitored with a longer term aim of building a strategy of sustainability. The Board is also committed to attain B Corporation accreditation in the near term and have been working towards that goal throughout 2022’

Zip World Annual report and accounts ‘Strategic Report’ (p.4)

The proposal is to take the initiative by asking for 1% of Zip World’s local turnover to be paid into a community endowment fund which is majority controlled by community representatives. If Zip World says ‘yes’, we (conservatively) estimate this is £55,000 p.a. each for Ffestiniog and Ogwen, based on 2022 turnover; equally important, it establishes a new principle of social responsibility on which we can reset the relation between Zip World and the communities in which it operates.

Social licence

In understanding how a corporate tourist business could be a good neighbour, the idea of a social licence can be helpful¹. Social licence is current practice in extractive mining which damages the natural environment and disrupts local communities; the legitimacy of the mining firm’s operation increasingly depends on measures negotiated with and agreed by affected communities to minimise harm and create specific benefits.

The proposal is to transpose this kind of practice to corporate tourism developments in North Wales. The community ask in the slate valleys is for corporate business responsibility which recognises and addresses community priorities. And social licence is about social responsibility done with communities (not to or for communities). This is especially so if substantial public funds are used to support the development of large

¹ <https://sociallicense.com/definition.html>

scale visitor activities and/or when the large scale of activities has a material impact on nearby environment and communities.²

Social licence is about corporates recognising the responsibilities that come with operating a business, as well as achieving the benefits that can come from respecting and working with communities. From the community point of view, social licence is about:

- Recognising what matters to communities and joining ongoing dialogue to build and sustain relationships, in terms of both reducing harms and enabling benefits.
- Community agency in making decisions, so that communities decide priorities for action and forms of implementation, rather than corporate businesses deciding what they will offer.

Zip World wants to be a ‘force for good’ in its communities

In 2022 in its most recently filed annual accounts, Zip World noted that its board seeks to monitor and improve its ‘impact on the community and environment’ and that it is ‘committed to attain B Corporation accreditation in the near term’.³ The mission of the B (benefit) Corporation movement is to ‘transform the economic system into a more inclusive, equitable, and regenerative global economy’ and for business to be a ‘force for good’.⁴

Zip World has since obtained B Corp status⁵ with accreditation based on a holistic assessment of social and environmental impact. Communities are identified as one amongst several stakeholder groups with whom trust and accountability need to be built. B Corporation business responsibility initiatives related to ‘community’ typically cover employment/ job quality and local sourcing.

Jobs are a meaningful benefit but let us remember that the communities of Bethesda and Blaenau are the legatees of wealth extracting quarrying operations which brought jobs and little else to their valleys, The first thing that Zip World needs to do is to list (a) the full time equivalent jobs created at Llechwedd and Penrhyn (b) a list of what else it has provided as community benefits in the two valleys in the past 5 years (with the cost to Zip World of each community benefit).

On the basis of this record, all parties can have an informed discussion of what Zip World should do by way of community benefit and, equally important how Zip World does it. Any

² For example, see <https://www.islanderway.co/post/a-regenerative-approach-to-hosting-visitors-pathway-to-social-licence>

³ Zip World Annual report and financial statements, 2022. This aspiration has been repeated more recently: e.g. <https://blooloop.com/play/in-depth/zip-world-expands/>

⁴ <https://www.bcorporation.net/en-us/movement/theory-of-change/>

⁵ Zip World has since obtained B Corp status

benefits distributed should recognise and address community views and priorities and give slate valley communities more agency in key decisions affecting the future.

Zip World says it wants to work with communities in North Wales to ‘develop lasting relationships of mutual benefit’⁶. Such relationships would require a form of sustained engagement that depends on listening and recognising the agendas and interests of both parties, as well as the importance of agency for the local communities, which has had very little effective say in major developments.

The priorities of communities (and Gwynedd Council)

Recent community research in the Ffestiniog, Ogwen and Nantlle valleys has highlighted how communities want a different tourism because they feel that tourism does not benefit them and/or can create significant problems.⁷ Communities also have many ideas for how tourism could be more sustainable and locally beneficial. Some key principles that can guide action are:

- enabling actions that respect and promote Welsh language, history, culture and environment
- improving facilities, activities and services that benefit local residents as well as visitors
- spreading visitors over the areas affected by tourism to reduce problems in hotspots and to create opportunities in other places
- supporting local small business, community organisations and initiatives, including collaborations.

These ideas overlap with what Gwynedd Council and Eryri National Park are proposing in their Sustainable Visitor Economy Framework. The challenge with the Framework and with community priorities is how do we deliver? What do we do and how do we fund it?

A framework for corporate contribution: 1% of turnover into a community endowment fund

Some of the most progressive businesses in the UK and globally have committed to allocate a percentage of turnover (sales revenues) or profit to a fund; these funds are then used to provide social and/ or environmental benefits.

For example, 1% of turnover is donated by leading firms in the outdoor activities sector where profit margins are healthy. Alpkit (a UK based brand of outdoor equipment which has become a B Corporation) donates 1% of turnover and at least 10% of annual profits

⁶ Zip World Strategic Report, 2022, p.4.

⁷See the full results of the community research at:

https://www.foundationalalliance.wales/uploads/1/4/6/5/146506514/report_on_community_researcher_findings_draft_v.4_15_april_2024.pdf

to its foundation which supports grassroots projects.⁸ Patagonia, another B Corporation, has been a promoter and member of the ‘1 percent for the Planet’ network,⁹ which commits at least one per cent of turnover to environmental causes; as does another B Corp, Klean Kanteen.

More broadly, across the UK, 1% per cent of profit is routine because corporate ambition is more limited and/or profit margins are much lower and less certain in activities like supermarket retail where historical profit margins of 5% on sales are being eroded by the discounters. But one quarter of the firms in the FTSE 100 contribute 1% of profit and this is routine in mutuals with Nationwide donating 1% of pre-tax profit and the Co-op 1% of trading profit.

A 1% of turnover or profit commitment is therefore an indication of seriousness around business responsibility. In choosing between a percentage of turnover or profit, our general preference is for the turnover as the denominator because profit can be manipulated by devices like high interest loans within groups of companies.

The 1% of turnover target is much more demanding because turnover is larger than profit. But In the case of Zip World the 1% of turnover target is more appropriate for two reasons. First, Zip World’s ambition is to be a B Corporation and therefore to be recognised as a leader in social responsibility, and this would be signalled by donating 1% of turnover as leading B Corps in outdoor activities already do. Second, Zip World is a high margin operation which can afford to donate 1% of turnover; as we note below, in 2022 its operating profit was 27% of turnover and its post-tax profit 24% of turnover.

The creation of a 1% fund by Zip World (based on 1% of annual turnover) is a direct way to show commitment to building positive relations with communities and to create mutual benefits, in line with the idea of a social licence.

How large would a 1% community endowment fund be?

In the latest published accounts, the operating company Zip World Ltd¹⁰ reported turnover of £27,398,767 for the year ending 31st December 2022, so that 1% is around £274,000. At that time Zip World operated four main sites in Wales (three in North Wales¹¹ and one in South Wales¹²). During 2022 they acquired Treetop Trek which has two sites in England (Windermere and Manchester) and the Tyn-y-Coed hotel¹³.

⁸ <https://alpkite.com/pages/foundation>

⁹ <https://www.onepercentfortheplanet.org/> members include members include the Adventure Travel Trade Association. Or, on a smaller scale, see <https://www.1percentmatters.co.uk/>

¹⁰ [Zip World Annual report and financial statements, 2022](#)

¹¹ [Zip World Llechwedd](#), [Penrhyn](#) and [Fforest Bettws y Coed](#)

¹² [Zip World Tower Colliery](#)

¹³ Expansion has since continued and by January 2025 Zip World operated eight sites with a ninth at [Arcelor Mittal about to open](#). It is not possible to say anything definite about the financials of this

The accounts do not disclose how much turnover comes from which site but it could be conservatively assumed that at least 40% of 2022 turnover comes from the two prestige zip wire sites at Llechwedd and Penrhyn (with the remaining 60% from Betws-y-Coed, Tower and the various new activities acquired during 2022).

On this basis, 40% of the £274,000 is £109,595 taken at the Llechwedd and Penrhyn sites. Given inflation and the planned addition of extra attractions, the size of the 1% fund would be larger in 2024 and will continue to grow significantly in the future. Site turnover figures are readily available from internal management accounts for each site and there is no good reason why turnover figures for the two valley sites should not be disclosed when turnover at all sites is disclosed in filed accounts.

The 1% of turnover claim is extraordinarily modest given Zip World's Ltd operating profit is £7.7m on turnover of £27.4m (a 28% margin) and pre-tax profit is not much less; after paying tax, their profit is £6.5m (24% margin on turnover). The hope is that a 1% annual contribution to an endowment fund is a down payment and gesture of good faith which will reset community relations. So that in the next stage it is less a question of community asks and a more a question of what Zip World and communities can do together.

What to support?

There is already a good base of existing activities and enterprises in the communities adjacent to Zip World sites in North Wales. However, there is also a need and an opportunity to promote further enterprises which builds the stock of capable grounded firms and to enable activity development which is sustainable and beneficial for locals and visitors. For example, communities in the Ffestiniog, Ogwen and Nantlle valleys are already exploring how the Snowdonia Slate Trail can be developed, both for local people and to support a more environmentally and culturally sustainable visitor economy.

Some £55,000 per year in each of the Ogwen and Ffestiniog valleys is of course not a large sum that would sustain major capital developments. Community groups are now addressing such developments by building up a place plan in each valley with a list of fundable projects which draw on public grants and private finance. These capital project place plans are quite separate from what is proposed in this paper. But there are many community-generated useful ideas which could be financially supported with relatively small grants. Some illustrations are given below.

larger operation because the 2023 accounts are overdue and have not been filed. If the reported [£100 million sale of the Zip World Group to Dolphin Capital](#) in 2025 was at 9 times ebitda (as in the 2018) the extra sites are probably roughly as profitable as the original sites of 2022.

Supporting existing and new enterprises and events

Most immediately, this includes promotion of existing locally owned micro and small businesses and activities: e.g. cafes, pubs, shops, mountain bike trail, e-bike hire etc, through website, materials, information boards and signage at the sites.

However, it is recognised that the existing offer for tourists and visitors is limited in Bethesda and Blaenau so an effective campaign to signpost visitors to local businesses needs to be accompanied by sustained support to develop and grow new enterprises (community or family owned), including: food and drink, accommodation, crafts, indoor and outdoor activities. This could, for example, be through small grants to purchase equipment, train staff or to help with marketing.

Support for events which provide opportunities for visitors to mix with residents, experience local culture, environment, outdoor activities, food and drink etc. For example: the introduction of market spaces to offer opportunities for new and growing enterprises to sell products; or events that celebrate music, arts and crafts, history and landscape.

Providing space for local traders and artists to operate at the Zip World sites e.g. mobile coffee van, ice cream in the car parks, exhibitions.

Support for the fair tourism scheme which the Dolennu project aims to develop¹⁴, drawing on community-based researchers and project supporters. This could include: information gathering from visitors at the sites, technical, marketing and financial support.

Strengthening and developing infrastructure

The priority here is to provide free or low cost activities and opportunities for local people and for visitors, which also promote sustainability of the natural environment and of communities. For example, this could cover:

Providing and/or supporting sustainable local transport options with the emphasis not on transport to/from/and between Zip World sites but on filling gaps in existing sketchy public transport provision in Bethesda and Blaenau Ffestiniog.

Development of signposted walking trails within and from the towns (Bethesda, Blaenau Ffestiniog), with interpretation covering combinations of history, culture, environment. Support here can help with design, information and interpretation, signposting, and marketing.

¹⁴ The Dolennu project is a £ 1 million, five year UKRI funded project for a network of community based researchers from the Conwy valley and the three slate valleys. See <https://www.foundationalalliance.wales/community-research-network.html>

Support for young people to help them to stay in the area and flourish, including: training opportunities, engagement in organising/ participating in local events/ activities, grants and mentoring to support development of skills and projects.

Governance and accountability of a community endowment fund

Our proposal is that this donation should not be paid into some kind of charitable foundation making grants at Zip World's discretion, as large national or global businesses typically do. Instead, in keeping with Zip World's ambition to be a good neighbour, the donation should be paid into a community endowment fund controlled by a representative body with a majority of community members who can make allocation decisions in a transparent and accountable way. In this way, Zip World can demonstrate how it is working to be a 'force for good' in the communities where its sites are located and, equally important, the community can gain agency.

There are established social enterprises in Ffestiniog (Cwmni Bro Ffestiniog) and Ogwen (Partneriaeth Ogwen) which have a track record of managing grants, creating and running employment-generating enterprises and working collaboratively with other community organisations. Their track record makes them credible delivery partners. They would be joined on the decision making board by political representatives from Cyngor Gwynedd and an organisation like the North Wales Economic Ambition Board, or the National Park Authority. Zip Word would also have representatives on the management board as the aim is to build working relations for mutual benefits through worthwhile initiatives.

The three key asks summarised:

- **Zip World publishes a list of FTE jobs and all other community benefits provided in the past 5 years to communities in the Ffestiniog and Ogwen valleys**
- **Zip World agrees to gift 1% of annual turnover at the Llechwedd and Penrhyn sites for local community benefit**
- **The annual donations should be paid into an endowment fund which is controlled by community representatives**

Luca Calafati, Peter Folkman, Julie Froud, Colin Haslam, Sukhdev Johal, Karel Williams for [FERL](#) with contact williamskarel@hotmail.com