

OBJ/1002/EE/1

Proof of Evidence of Mrs Ellie Evans

BA, MA, (Cantab)

The Hoad family of Parsonage Farm, and the Trustees and Executors
of the Noel de Quincey Estate and Mrs Emma Ainslie of Moat Farm

A report by Volterra Partners, June 2021

1 Experience

- 1.1 I am a senior partner at Volterra Partners, a specialist economic consultancy which focuses on the social and economic impacts of developments & infrastructure projects. I have been with Volterra for almost 20 years, during which time I have specialised in the social and economic impacts of developments and proposals, regeneration projects and transport schemes. I hold a BA in Economics from Cambridge University.
- 1.2 I have advised on many economic development and transport infrastructure projects, including studies relating to the economic case for Crossrail and HS2, major new train lines. These studies considered and quantified the value of these train lines in terms of their economic importance, through estimating jobs, GVA, taxation, revenues, business rate contributions and overall scope for growth.
- 1.3 I have recent experience providing evidence at an Inquiry in Maidstone for an industrial development at Waterside Park, focusing on the economic impact of the Proposed Development to Kent and the wider South East. I have also provided evidence at a planning committee in Tunbridge Wells on the economic impacts of a proposed leisure facility. I also prepared evidence for a planning inquiry into a hotel scheme in central London.
- 1.4 Outside of these projects, I have also led economic assessments of schemes focusing on leisure and tourism, including: hotels across a wide range of areas and categories (including Montcalm Royal London, London Peninsula and the recently permitted Cheval Blanc hotel in Mayfair), entertainment destinations (including Westfield Stratford City retail mall, the proposed London Resort theme park and the proposed MSG London Sphere arena), and second home resorts (in Dorset). These studies involved analysing tourism, spending and economic impacts associated with the proposals.
- 1.5 I am also experienced in building and reviewing models which forecast employment and assess their implications within local areas. For seven years I managed Volterra's provision of long-term employment forecasting to GLA Economics, which involved forecasting long-term employment growth disaggregated across 33 London boroughs and 12 industrial sectors.
- 1.6 I have additionally assisted in the preparation of evidence for a number of significant planning inquiries including Birney Hill Farm (a proposed housing development in Northumberland), Royal London House (a hotel in central London), and Croydon Gateway Arena (a proposed arena-led scheme in south London).

2 Introduction and Background

Introduction to my Evidence

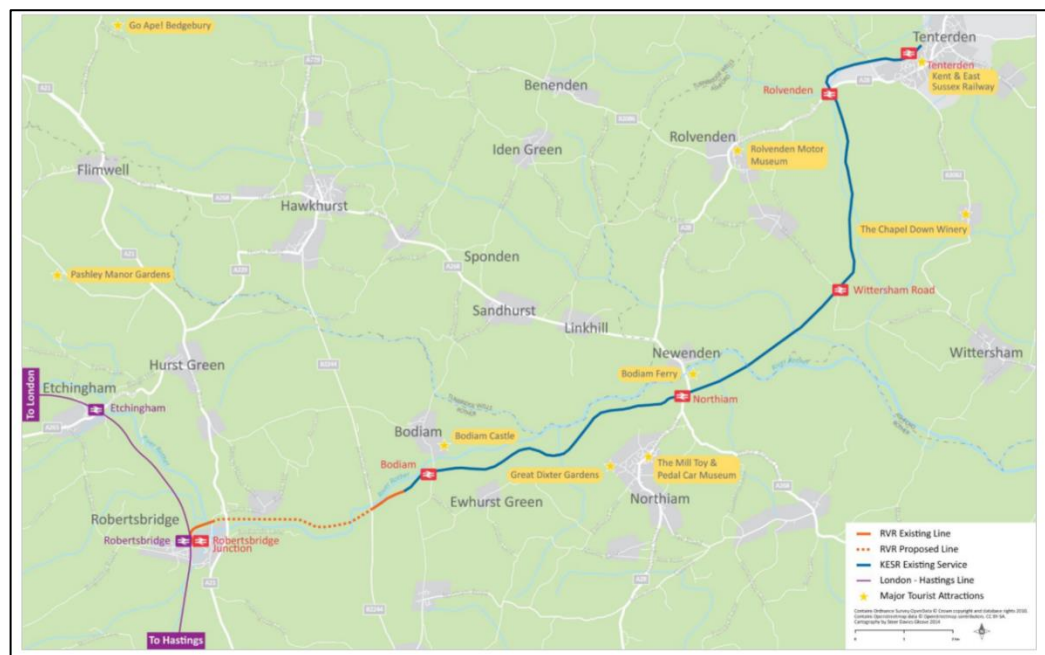
- 2.1 On behalf of my company, Volterra, I have carried out an analysis of Steer's 2018 report (RVR/09) which assesses the potential economic benefits of the proposed Rother Valley Railway extension, to underpin the evidence presented here for the Inquiry into the Transport and Work Acts order application. My clients are the landowners whose land would be compulsorily acquired and whose businesses would be affected by the proposals.
- 2.2 This proof of evidence presents my assessment of the validity of the claims in the Steer report, which has implications for its use as justification for the scheme. Through this evidence I will assist the inspector in relation to my areas of expertise – namely economic impact, development and growth – and respond to issues arising in the context of the Steer report findings.
- 2.3 I explain why I believe that, although the extension will likely bring some economic benefits, these benefits have been overstated in the Steer report and that these issues should be considered when the inspector makes a recommendation on whether the application should be approved and compulsory purchase powers authorised.

Case summary

- 2.4 Rother Valley Railway (RVR) is a proposed extension of the Kent and East Sussex (KESR) heritage railway.
- 2.5 The KESR currently runs from Tenterden to Bodiam and is usually accessible at any of the five stations – Tenterden, Rolvenden, Wittersham Road, Northiam and Bodiam.
- 2.6 In 2017, the railway had 88,400 passengers, 90% of which accessed the railway from Tenterden, and the majority of which arrived by car (as opposed to coach).¹
- 2.7 The RVR would extend the heritage line from Bodiam to a new station in Robertsbridge called Robertsbridge Junction, which was built to serve as the Western terminus for the KESR. RVR expects that the connection will increase the catchment area of KESR given that Robertsbridge Junction is only a short walk to Robertsbridge station (the two stations are either side of the station car park) - a national rail station on the Southeastern line from London to Hastings via Tunbridge Wells - and the fact that Robertsbridge sits on the A21 road which also runs between London and Hastings. The railway is controlled by Rother Valley Railway Heritage Trust. It owns the operating company, Rother Valley Railway Ltd, which was set up to oversee the completion of the RVR project.
- 2.8 So far, certain portions of the RVR have been completed, with a small section extending the track westwards from Bodiam station, and a small section joining the track to the national rail at Robertsbridge which was completed in partnership with Network Rail. Still to complete, therefore, is the 3.4km 'missing link' as shown in the figure below.

¹ Steer, 2018, Rother Valley Railway Economic Impacts Report: paragraph 2.25 states the 'vast majority starting their journey at Tenterden' and 4.8 states 'The majority are understood to visit by car, although a significant minority arrive on organised coach trips.'

Figure 1: Rother Valley Railway 'Missing Link'



Source: Steer, 2018. RVR/09

2.9 The 2014 Environmental Statement (ES) (RVR/25) concluded that there were some minor beneficial socio-economic effects identified but none which were considered significant in ES terms. In 2018, Steer were asked to estimate the economic impact of the proposed RVR connection. RVR's updated Statement of Case (RVR/66) and RVR note to Office for Road and Rail (ORR) (RVR/75) cited Steer's findings in their justification of the scheme. A number of letters of support also quote the Steer figures. The validity of the scale of economic benefits is therefore highly relevant as it underpins support for the scheme from others. The 2021 ES (RVR/70-01) stands by the conclusions of the 2014 ES (RVR/25) from a socio-economic perspective. The 2021 ES does however comment briefly on the findings of the Steer report, and concludes with broad support for the benefits presented from the central case. The investment case is not mentioned.

2.10 I have been asked to review the Steer report and assess the validity of its conclusions.

Structure of this Evidence

2.11 In section 3, I summarise the current operations of the KESR including an introduction to the KESR, timetabling, pricing, staffing, and my understanding of its broad financial position given a review of its available accounts.

2.12 In section 4, I summarise heritage railway case studies, including those which I am aware have been extended to join a National Rail line, as well as some other local comparators/competitors. These provide me with a benchmark for the impacts of the proposed extension.

- 2.13 In section 5, I present the main findings from the Steer report. Using my industry experience and learnings from the above discussed case studies, I analyse the validity of the crucial assumptions and therefore the findings in that report. This discussion is structured around my main concerns regarding the Steer report.
- 2.14 In section 6, I conclude on my view of the Steer report, and provide my professional opinion of the likely economic benefits of the proposed RVR extension given the evidence presented and my analysis as described.

3 The Current Operations of the KESR

Passengers

- 3.1 I have looked through the KESR accounts (I discuss the financial findings later in this section) which detail the passenger numbers for each year. These are summarised in the table below. This shows that on average over the past seven years, the railway attracted c. 86k passengers, and this figure has varied from 80k to 94k. The accounts split out the passengers who use the Pullman dining trains, which equate to c. 3.5%-4.5% of total passengers (between c.3,050 and 3,600) each year.

Table 1: 2020 KESR passenger numbers

	FY13	FY14	FY15*	FY16	FY17	FY18	FY19	Avg** FY13-FY19
Passengers	94k	84k	79k	80k	88k	81k	87k	86k

Source: KESR accounts FY13 to FY19 (OBJ/1002/EE/2-1 to OBJ/1002/EE/2-7). *FY15 is the 10 months to October 2015 (because the accounting year changed). **Avg FY13-FY19 therefore excludes FY15

- 3.2 The publicly reported figures available in the accounts do not differentiate in each year between regular passengers and users of the special services. In 2017 (the year which is utilised in the Steer report), the KESR had 88,400 passengers, and the Steer report provides the breakdown between regular and special service users. They report that 48,600 (55%) of the 88,400 used 'regular' services along the line.
- 3.3 The remaining 39,800 (45%) of visitors used the 'special' services such as 'Santa' specials (14,500), 'Thomas the Tank Engine' specials (8,400) and Pullman dining and charter services (3,100). Others include Father's Day and Halloween special services. I understand that these 'special' services operate at almost full capacity, and are limited in number, most likely due to school holidays and train capacity.² Special services can currently only be accessed from Tenterden and some only go as far as Northiam. Steer note that this 'would be expected to continue' with the proposed extension.³

Timetabling

- 3.4 The table below summarises the 2020 KESR timetable to give an indication of the seasonality and variation across the service (this was accessed prior to the current closure of the railway due to the Covid-19 pandemic, and so is illustrative of the timetabling only). The trains were scheduled to run for 163 days of the year, with 22 days offering 4 trains a day, 115 days offering 5 trains a day and 26 days offering a special service. A large proportion of the operational days are between April and October, with the majority running five regular trains per day - meaning that five return trains depart from Tenterden between 10:40am and 15:35pm. Each train takes approximately 50 minutes to travel from Tenterden to Bodiam and waits at Bodiam for approximately 10-20 minutes before departing back to Tenterden.
- 3.5 The special services only run for 26 days (16% of operational days), and mostly run from Tenterden to Northiam and back. It is unclear how many special services run on

² Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.4 states the 'the 'events' are, in general, fully booked and there is therefore no scope (i.e. no additional capacity) to accommodate additional demand.'

³ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 2.36

each of these days, although the website currently lists four trains per day for the 'Crimbo Limbo' special service over New Year. I would hypothesise that the Santa specials run more than four per day given that they only have ten or so days and accommodate so many passengers on these services, but I don't have these numbers available to me to be certain. Despite accounting for a small number of the days, the special services account for approximately half the passengers, which puts into context their popularity and importance to the KESR.

Table 2: 2020 KESR timetable summary – days operational

Month	Regular – 4 a day	Regular – 5 a day	Special	Total
January				0
February	7			7
March			1	1
April	2	2	9	13
May	5	14	2	21
June		21		21
July		22		22
August		31		31
September		20		20
October	8	5		13
November				0
December			14	14
Total	22	115	26	163

Source: KESR website

- 3.6 Notably, the table above shows slightly different scheduling to that reported by Steer which is to be expected given that the Steer report numbers were based on the ES (2014).⁴ These documents point to some days with 7 and 8 services, and some days where the railway is used for private charters and film locations; it is not clear from the 2020 timetable whether these still apply and to what extent they impact upon visitor numbers of the railway.
- 3.7 The timetable currently shows the first service to depart from Tenterden is at 10:40am. Those trains would not get to the A21 crossing in any morning peak period. The timetable currently shows the last service to depart from Tenterden is at 15:35 which gets to Bodiam at 16:20 and departs Bodiam at 16:40.

Demographics

- 3.8 Unfortunately, it has not been possible for me to find the specific demographic profile of the KESR visitors. In fact, there is very little data on the visitor profile of any heritage railways. In the absence of any detailed demographic information, I would hypothesise that visiting a heritage railway appeals to two main groups of people: firstly, heritage rail enthusiasts, and secondly families with young children looking for a day out.
- 3.9 The only source I have been able to find regarding the demographics of heritage railways dates back to 2002 and would seem to support this. It quotes a 1995 Statistical Survey Report, which found that visitors to heritage railways are typically family groups

⁴ Temple, 2014. Environmental Statement for Rother Valley Railway (RVR/25)

(65%) and couples (27%).⁵ And it quotes a further 2000 survey of visitors to one railway which found that 56% were interested in railways and 44% wanted a day out or had a general interest in museums. About 50% of adults were visiting with children.⁶

Staffing

- 3.10 Steer outline the current staffing of the railway as follows:

“Currently, the KESR employs 28 paid staff to operate components of the railway and associated activities. The majority of staff are unpaid volunteers; the KESR has almost 500 volunteers, many of whom actively contribute to the day-to-day running of the railway...On a typical day, the railway requires approximately 30 volunteers and eight paid staff. Around 10-15 additional volunteers work on maintenance most days during winter.”

- 3.11 The KESR accounts show that the largest expense of the railway is the ‘salaries and wages’ of staff. This is almost equal in terms of expense to the ‘locomotive and rolling stock operating expenses’.

Pricing

- 3.12 A day travel card costs £19.00 for an adult and £13.00 for a child, with £45.00 for a family pass (2020 prices).⁷ Discounts are available for families of three or four. Upgrades to first class passage are £2.00 per passenger or £6.50 per family ticket. A membership starts from £10.00.
- 3.13 The KESR website notes that different tickets are available, but it is unclear what these are (for example, tickets for shorter journeys could be available at lower prices than the full day pass ticket).
- 3.14 Special events are sometimes priced differently; for example, the fish and chip train costs £28.95pp, the Real Ale Train and Cider Express both cost £29pp, and the Crimbo Limbo event in December lists £15.00 (adult), £9.00 (child) and £35.00 (family).

Table 3: KESR ticket price

Ticket Type	Price
Adult day pass	£19.00
Child day pass	£13.00
Family day pass (3 or 4 members)	£45.00
Membership	From £10.00. Includes free travel on three return journeys & discounts on future journeys

Source: KESR website

KESR Financials

- 3.15 I have looked through the KESR financials and summarised the headlines in the table below. Income between FY13 and FY19 averaged £2.1m in comparison to £2.0m expenditure, eliciting an average net income of £79k. Commercial income (charitable

⁵ Association of Railway Preservation Societies (ARPS) and Association of Independent Railways (AIR), 1995, Statistical Survey Report. OBJ/1002/EE/2-8

⁶ Association of Railway Preservation Societies (ARPS) and Association of Independent Railways (AIR), 1995, Statistical Survey Report. OBJ/1002/EE/2-8

⁷ KESR website

activities, mostly from operating the railway, and other trading activities) accounted for an average £1.8m of income over the past five years, and is always below expenditure. The railway therefore relies upon donation and legacy income (average £283k per annum but volatile each year) to remain financially viable.

Table 4: KESR income streams and expenditure FY13-FY19

	FY13	FY14	FY15*	FY16	FY17	FY18	FY19	Avg** FY13- FY19
Charitable Activities	£992k	£915k	£707k	£898k	£1.0m	£997k	£1.2m	£998k
Other Trading Activities	£763k	£722k	£680k	£819k	£863k	£879k	£877k	£821k
<i>Total Commercial Income</i>	<i>£1.8m</i>	<i>£1.6m</i>	<i>£1.4m</i>	<i>£1.7m</i>	<i>£1.9m</i>	<i>£1.9m</i>	<i>£2.0m</i>	<i>£1.8m</i>
Donations and Legacies	£318k	£441k	£126k	£162k	£394k	£149k	£232k	£283k
Exceptional Income***	£132k	£0	£0	£0	£0	£4.9k	£7.7k	£24k
Total Income	£2.2m	£2.1m	£1.5m	£1.9m	£2.3m	£2.0m	£2.3m	£2.1m
Total Expenditure	£1.9m	£1.9m	£1.5m	£1.9m	£2.1m	£2.2m	£2.3m	£2.0m
Net Income	£261k	£202k	£39k	-£53k	£208k	-£132k	-£13k	£79k

Source: KESR accounts FY13 to FY19 (OBJ/1002/EE/2-1 to OBJ/1002/EE/2-7). FY13 and FY14 are the 12 months to December in each year. *FY15 is the 10 months to October 2015. FY16, FY17, FY18 and FY19 are the 12 months to October in each year. **For this reason, the averages for FY13-FY19 exclude the partial FY15. ***Exceptional income in FY13 refers to bond redemption (issued in 1998 to assist with financing the extension of the railway to Bodiam). In FY18 and FY19, exceptional income refers to share of associated income

- 3.16 Dividing charitable activities income by passenger numbers gives a proxy for the average ticket price paid of £11.30. Dividing total commercial income by passenger numbers gives a proxy for spend at the railway per passenger, which gives an average of £20.70. This is comparable to the £18.14 (2018 prices) found in the Steer report.⁸

Table 5: KESR commercial income per passenger FY13-FY19

	FY13	FY14	FY15*	FY16	FY17	FY18	FY19	Avg** FY13- FY19
Passengers	94k	84k	79k	80k	88k	81k	87k	86k
Charitable activities income per passenger (average ticket price proxy)	£10.50	£10.90	£8.90	£11.20	£11.70	£12.30	£13.30	£11.30
Total commercial income per passenger (spend at the railway proxy)	£18.70	£19.50	£17.40	£21.40	£21.50	£23.20	£23.40	£20.70

⁸ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): Table 4-14

	FY13	FY14	FY15*	FY16	FY17	FY18	FY19	Avg** FY13- FY19
Total income per passenger (including donations & legacies)	£23.40	£24.80	£19.00	£23.40	£25.90	£25.10	£26.10	£24.00
Total income per passenger (excluding donations & legacies)	£20.10	£19.50	£17.40	£21.40	£21.50	£23.30	£23.50	£20.90
Expenditure per passenger (operating costs per passenger proxy)	£20.70	£22.40	£18.50	£24.10	£23.60	£26.70	£26.30	£23.20
Profit per passenger (total)	£2.80	£2.40	£0.50	(£0.70)	£2.40	(£1.60)	(£0.20)	£0.80
Profit per passenger (excl. donations & legacy income)	(£0.60)	(£2.80)	(£1.10)	(£2.70)	(£2.10)	(£3.50)	(£2.80)	(£2.20)

Source: KESR accounts FY13 to FY19 (OBJ/1002/EE/2-1 to OBJ/1002/EE/2-7). *FY15 is the 10 months to October 2015.

**Averages for FY13-FY19 include the partial FY15 here because they are averages per passenger and so should not be skewed by the partial year.

- 3.17 Total income per passenger (including donation and legacy) is £24.00, compared to commercial income (without donation and legacy) per passenger of £20.90. Total expenditure per passenger is £23.20. The railway therefore makes a profit per passenger of approximately £0.80 only if donations and legacies per passenger remain at the current rate. Without donations and legacies, the railway makes a loss per passenger of c. £2.20 (assuming no costs are affected by any drop in donation and legacy income).
- 3.18 This would imply that, at the current income-to-expenditure ratio,⁹ additional passengers on the railway will damage commercial viability unless donation and legacy income increases in proportion with the additional passengers. Whilst donations might be considered more likely to increase in proportion with passenger numbers (e.g. higher awareness of the railway, more footfall for on-the-day donations etc), legacy payments tend to be more 'one-off' and may not increase to the same extent. Alternatively, if current expenditure was not a direct function of the number of passengers but instead a proportion of it were fixed, then the cost increase as a result of the additional passengers would occur at a smaller rate than the current income-to-expenditure ratio. The extent to which this might be the case is not known. However, it is logical to state that, for the doubling of passengers anticipated by the investment case, the new passengers would have to elicit a profit of at least £0.80 each (over new costs) in order to completely negate the existing reliance on donations and legacies for

⁹ From the financial years available, there is a zero correlation (0.02) between a change in passenger numbers and a change in costs per passenger.

financial viability. For the 25% increase in passengers anticipated by the central case, the profit per new passenger would have to be £3.20 over new costs.

- 3.19 The potential damage to commercial viability may be even more relevant considering costs (particularly locomotive and rolling stock operating expenses and staff costs) have been rising in recent years, and would increase further as a result of the scheme (e.g. extra track to run, more wages), although decreasing staffing costs is noted as a key priority in the FY18 accounts which could help mitigate this.
- 3.20 There is not sufficient information available publicly about the current operations of the railway, nor any business plan for its extension to include the RVR, but my review of the accounts leads me to conclude that on the current basis, the railway does not make a significant profit per passenger (indeed once legacy and donations are excluded, it makes a loss), and therefore, would need to consider a different operational structure (i.e. one geared towards making more profit) if it were to benefit financially from the extension and become more commercially viable. This assumes that operational costs do not rise disproportionately to income streams, which is a significant unknown.
- 3.21 Any economic benefits arising as a result of the railway attracting more passengers (whatever their magnitude) can only materialise if the railway is financially and commercially viable, and thus keeps running. My high level review of their accounts leads me to conclude that the donations and legacies income stream would need to rise in proportion to any increase in passenger numbers, or operating costs on a per passenger basis would need to fall considerably, in order for this to be the case. The fact that the railway currently relies upon receipt of legacies and donations in order to break even must surely be considered a significant risk factor. This concern is reflective of one of the reasons why the application to reinstate the railway in 1967 was refused. As is set out in Andrew Highwood's Proof of Evidence, the Minister of Transport at that time (Barbara Castle) was not convinced that the railway would be sufficiently profitable to meet the ongoing maintenance and operational costs in perpetuity and did not consider that reliance on private benefactors was capable of overcoming this concern..
- 3.22 Were donations and legacy income to remain constant in absolute terms, or even decline (as would certainly be possible in poorer economic climates) the railway would either have to find ways to increase income, cut costs, or it would become loss making.

4 Heritage Railway Case Studies

4.1 Steer (2018) referred to a number of case studies where a heritage railway has been extended to join a National Rail line, which I have listed here along with others that I have deemed relevant:

- Bluebell Railway (joined to East Grinstead station in FY13)
- North Norfolk Railway (joined to Sheringham station in FY10)
- North Yorkshire Moors Railway (joined to Whitby station in FY07; second platform at Whitby in FY14)
- Bodmin & Wenford Railway (joined to Bodmin Parkway in 1990)
- Spa Valley Railway (joined to Eridge in 2011)
- Severn Valley Kidderminster (joined to Kidderminster in 1984)
- Lavender Line (no national rail connection but chosen to be relevant as is relatively nearby in East Sussex)

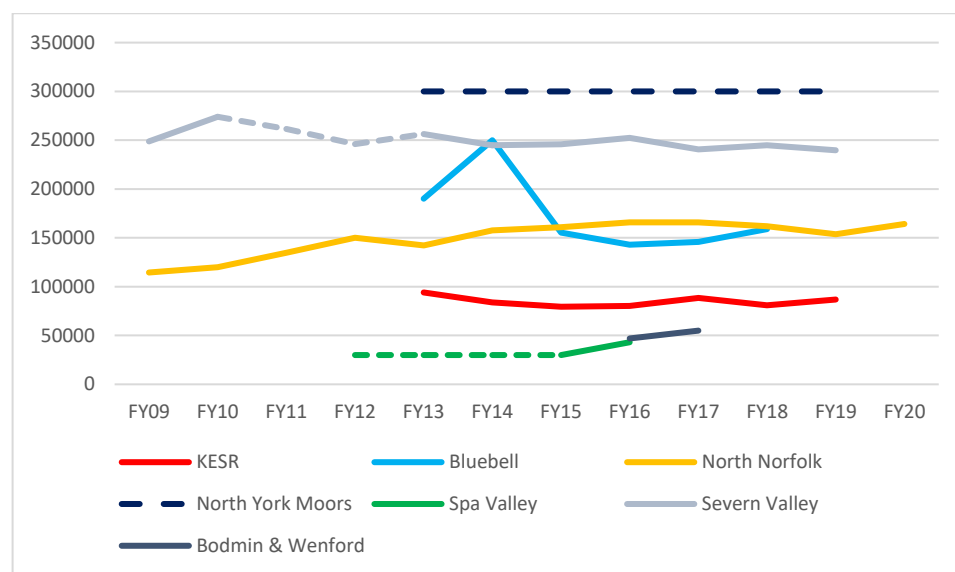
4.2 These may not necessarily have all experienced a connection to national rail in recent years, but still offer other relevant comparators such as passenger numbers.

Passenger numbers

4.3 Passenger numbers at each of these railways are displayed in the figure below, where RVR is also displayed for comparison. The red points on the figure indicate the year in which a National Rail connection was made (where appropriate). There are not perfect and consistent data sources for passenger numbers for all of these railways, so the below pulls together the best available source for each railway, where dotted lines indicate estimated numbers. Notably, financial years vary for each railway and passenger numbers for the Lavender Line are not available.

4.4 As can be seen from the figure, KESR passenger numbers (shown by the red line) are towards the lower end of the spectrum but could be considered just below average after excluding North Yorkshire Moors Railway which is a slight outlier at the upper end.

Figure 2: Financial year passenger numbers at heritage railways



Sources: **KESR** KESR Company Limited Report and Financial Statements FY13 to FY19 (OBJ/1002/EE/2-1 to OBJ/1002/EE/2-7); **North Norfolk** North Norfolk Railway Accounts FY09 to FY20 (OBJ/1002/EE/2-9 to OBJ/1002/EE/2-20); **Bluebell** Bluebell Railway, 2018. Provisional Numbers Show Healthy Visitor Increase in 2018 (OBJ/1002/EE/2-21); Railway Magazine, 2016. RAILWAYS REPORT HEALTHY VISITOR FIGURES FOR 2016. (OBJ/1002/EE/2-22); BBC, 2014. Bluebell Railway extension attracts thousands more visitors. (OBJ/1002/EE/2-23); **Spa Valley** Spa Valley Railway, No date. Voluntary Commercial Manager Job Advert (OBJ/1002/EE/2-24); **Severn Valley** (OBJ/1002/EE/2-25); **Bodmin & Wenford** Railway Magazine, 2018. 2017: A STEADY YEAR FOR OUR HERITAGE RAILWAYS. (OBJ/1002/EE/2-26); **North York Moors** North York Moors Historical Railway Trust Ltd Accounts, FY19 (OBJ/1002/EE/2-27).

Notes: Spa Valley visitor numbers averaged 30,000 in the four years to 2015. Exact North Yorkshire Moors Railway numbers are not known, but the accounts state that the railway consistently attracts over 300,000 visitors a year; For Severn Valley Railway, passengers between 2010 and 2014 were estimated using the known passenger to ticket sold ratio.

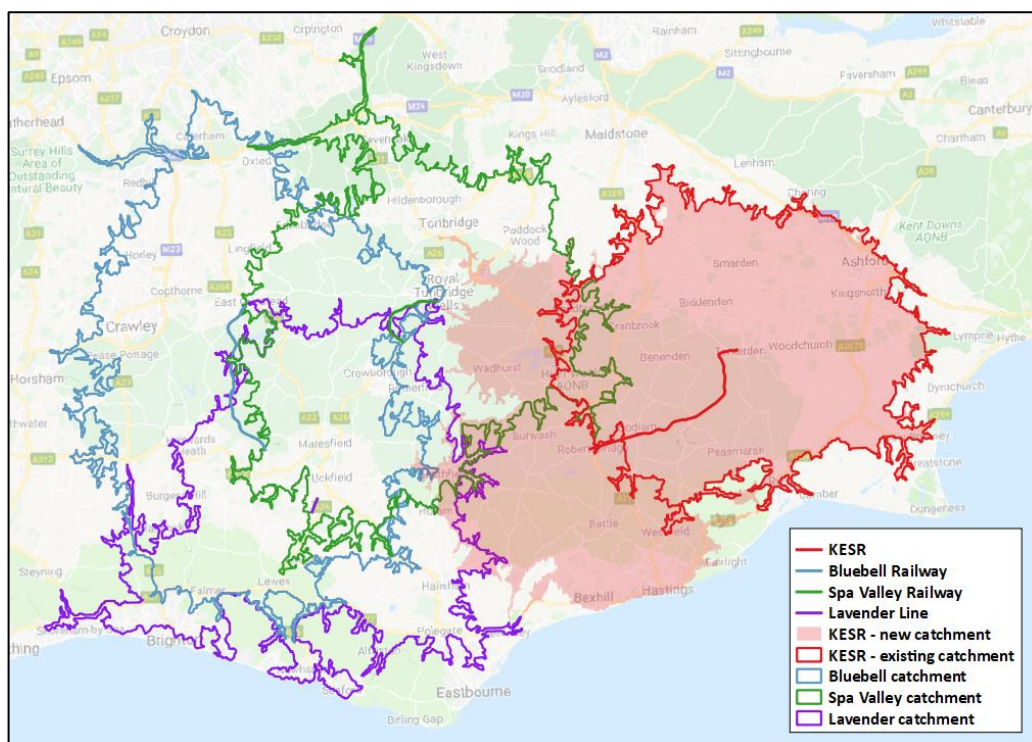
Catchments

- 4.5 The figures below show the estimated 30-minute drive and 90-minute public transport catchments around the existing and proposed KESR and the three other heritage railways near to KESR. Points at which a visitor can access the railway are accounted for: for example, there is no parking at some stations so the drive catchments will not include these stations. The catchments for each railway have been estimated using Google travel time analysis, with departure at 10am on a weekday in May.¹⁰
- 4.6 The 30-minute drive catchment is chosen as an example of how the catchment would change as a result of the extension. However, as Steer note¹¹ in their analysis, the additional demand generated from this increased car catchment would be affected by factors including the attraction of Robertsbridge in comparison to Tenterden, as well as the availability and cost of parking at Robertsbridge.

¹⁰ This analysis had to use a random departure date in the future given current uncertainty over public transport timetables due to COVID-19 impact.

¹¹ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.15

Figure 3: 30-minute drive catchment



Sources: Googlemaps, Volterra calculations

- 4.7 Steer note that the majority of KESR passengers arrive at Tenterden in a car, hence this is the point around which the current KESR drive catchment has been based and it contains approximately 159,000 people. Currently, the catchment does not overlap significantly with any of the nearby railways' 30-minute drive catchments. The scheme will extend the catchment west, such that the combined Tenterden & Robertsbridge 30-minute catchment (346,000 people) equates to an 118% increase in the existing catchment.¹² However, existing passengers could access the railway from one of the other stations, thus this approach would underestimate the current 30 minute drive catchment, and overestimate the increase in catchment as a result of the extension.
- 4.8 The new catchment begins to overlap into the eastern parts of other railway lines' catchments, potentially opening each one of these up to more competition. This is particularly true of the Spa Valley Railway (identified by the green line in the figure). Notably, the other three railways already experience quite considerable overlap in their catchments with each other. I have not mapped the 60 minute catchments, but these would extend further eastwards and to the north¹³, overlapping still further into the catchments of the other three railways in the area. Thus, whilst the extension would increase the drive catchment, it is worth noting that the majority of this catchment can already reach one of the other existing railways within a reasonable

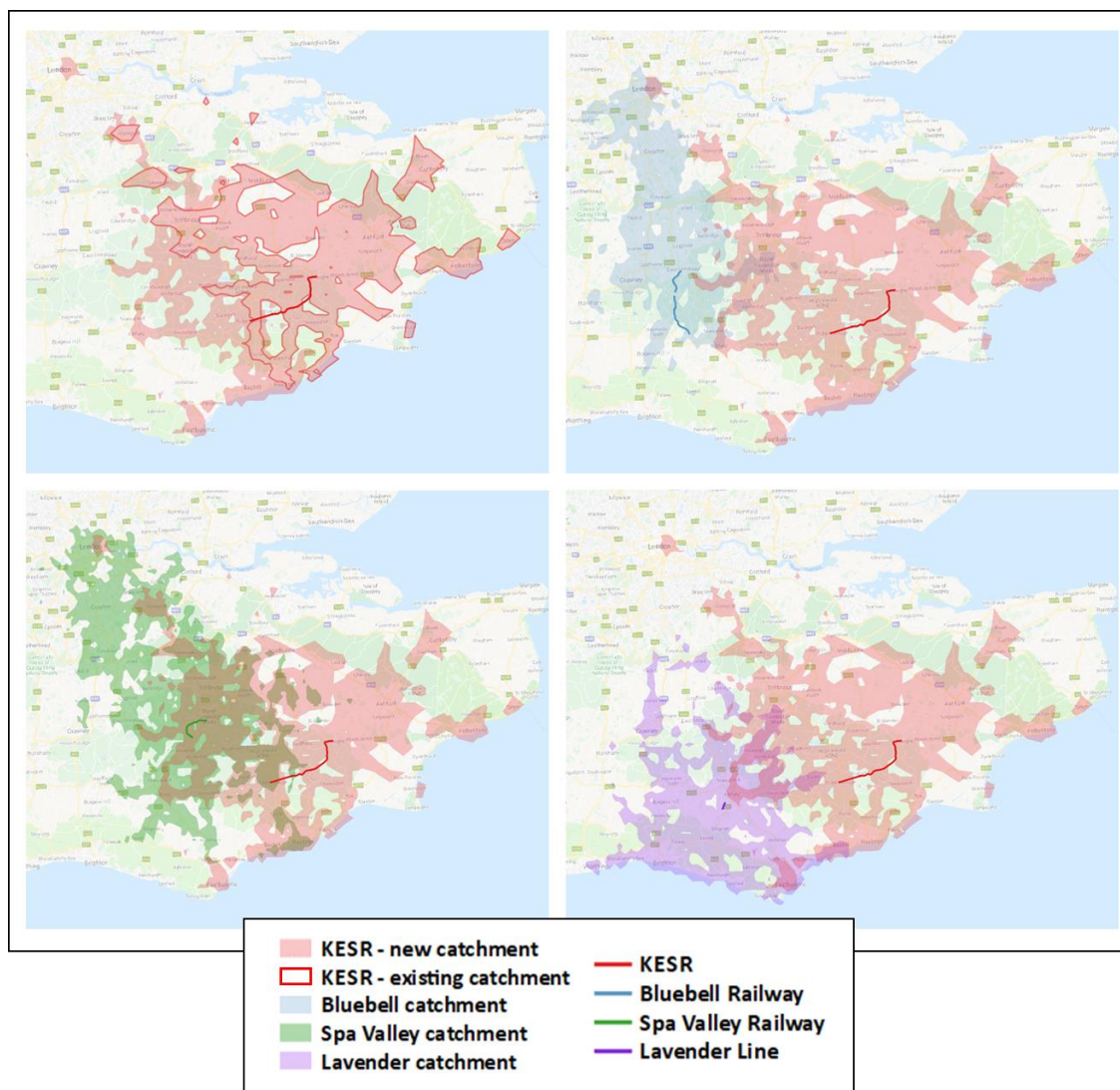
¹² Notably, these population estimates are different from those provided by Steer, who note the existing catchment around Tenterden to be 224,400 and the proposed around Tenterden & Robertsbridge to be 472,400 (+111%) (see Steer 2018 paragraph 4.14). The differences in exact population estimates are likely to be due to a difference in methodology in the way that partial overlaps of local area populations have been assigned to the catchments; the estimated increases of 111% (Steer) and 118% (my estimate) between the existing and future catchments are comparable.

¹³ See Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): Figure 4-3

drive time, which would be a relevant factor in considering the extent to which further demand from these extended drivetime catchments would be generated.

- 4.9 A 90-minute public transport catchment has been chosen as I view this as the likely upper limit of what would be considered a reasonable time to travel for a daytrip for this kind of leisure activity. It is worth noting that 87% of Steer's 'new rail catchment' of over 5 million people would need to travel for over 90 minutes in order to access the railway¹⁴.

Figure 4: 90-minute public transport catchment



Notes: The KESR website notes the nearest rail stations currently as Headcorn and Ashford. A catchment which includes these stations and a taxi to Tenterden has been included in the PT catchment. The Lavender Line also does not have a national rail connection. A 75-minute catchment is therefore displayed, to account for a 15-minute taxi required between the nearest national rail station and the heritage rail. Similarly, a 75-minute catchment is included for rail catchment around Tunbridge Wells to account for the 15-minute walk to the Spa Valley Railway.

- 4.10 For the 90-minute public transport catchments, the total catchment around KESR is estimated to have increased from 684,000 to 1.2m (+527,000) people as a result of the

¹⁴ See Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): Table 4-4

scheme (Table 6).¹⁵ What is perhaps most notable from the catchments presented in the maps, is that the extension of the KESR catchment increases overlap with other heritage railway catchments, mostly with the Spa Valley Railway.

- 4.11 Steer refer to the new catchment as being a ‘wholly untapped rail market’.¹⁶ However, of the new catchment, my analysis finds that 90% of this population are already within a 90-minute public transport journey of another heritage railway (or already within the KESR catchment), highlighting the competitive market in this area for this type of leisure activity in this part of the UK. This means that, despite the scheme opening up an increased catchment for KESR, a large majority of this catchment could already have gone to visit a heritage railway if they wanted to.
- 4.12 Steer state that “the potential scale of the London ‘day trip’ market is significant”¹⁷, finding that “the key London rail access market would come from South East London, from the boroughs of Croydon, Bromley, Southwark, Lewisham, Greenwich and Bexley, which collectively have a population of 1.86 million people.” However, there are several factors which would determine how much demand might be derived from this catchment. Even on Steer’s own analysis, these people would have to travel for more than 90 minutes each way, and on my own analysis, many of these people can already access an alternative heritage railway (or KESR itself) within a 90 minute travel time by public transport.
- 4.13 The maps show that much of the overlap in catchments is focussed on London residents; both Bluebell and Spa Valley catchments include areas of south London which would present direct competition for KESR in acquiring these residents as potential visitors.
- 4.14 Considering the combined road and public transport catchments, the table below shows the 2018 population estimate within each catchment. Overall, it can be seen that KESR will have a far smaller combined catchment than Bluebell and Spa Valley (which benefits from being in Tunbridge Wells, a large population as it is and highly accessible from London).

¹⁵ This 1.2m is different from the 674,000 reported in Steer, since Steer reported the rail catchment only around the proposed scheme. This report, on the other hand, includes all public transport around the scheme and also includes ‘rail alternatives’ for schemes which do not have a direct rail link but whose websites state access by rail is available with a taxi. This explains the large difference between 674,000 and this 1.2m. Indeed, when only rail and bus catchments are run (excluding the rail alternatives), the population is estimated to be 783,000 – far closer to the 674,000 figure from Steer, with the difference coming from the inclusion of bus access.

¹⁶ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.38: ‘It is difficult to accurately forecast the precise initial increase in patronage, in the absence of specific information regarding individuals’ propensity to travel by rail to access heritage rail, which would be extremely difficult to obtain. However, the access to an wholly untapped rail market and increased road catchment with the RVR will undoubtedly open up KESR to potential visitors who would not visit (or would visit less often) without the scheme.’

¹⁷ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.18

Table 6: Catchment comparison

Line	30-minute Drive	90-minute Public Transport	Combined
KESR - Existing	159,000	684,000	700,000
KESR - Proposed	346,000	1,211,000	1,240,000
Bluebell	514,000	2,888,000	2,995,000
Lavender	311,000	1,103,000	1,121,000
Spa Valley	467,000	3,575,000	3,589,000

Source: Volterra calculations, based on 2018 mid-year population estimates. Catchments set at a departure time of 10:00am in May 2020. Notably, the KESR catchment estimates differ from those listed in Steer; see footnotes for more detail.

- 4.15 The FY18 accounts note that competing attractions (as these railways are) provide a risk to income, and list the following principle risk and uncertainty: *“Competing tourist attractions - the market in which the charity operates is considered to be relatively competitive, and therefore the attractions of competing tourist destinations could result in losing income to them. The charity manages this risk by providing quality and innovative attractions to engender public interest in the charity's heritage locomotives and other assets.”*¹⁸
- 4.16 As a result of the catchment competition, the quality of each offering is a key consideration. It is notable, for example, that the Spa Valley Railway is clearly much shorter than the KESR and, despite having a much larger catchment covering much of London, has only half the visitor numbers, so may be considered a less attractive offering despite being in a better location. In the case of Bluebell, Steer outline¹⁹ that there is a 55-minute direct train every half hour from London Victoria to East Grinstead whereas there is only an hourly direct service from London Bridge to Robertsbridge which takes 70-minutes, so this would potentially be a more attractive proposition for London rail visitors on both accessibility (it is quicker to get to Bluebell) and scheduling (the Bluebell rail connection is more frequent). This is particularly true in the context of Distance Decay Theory, which demonstrates that demand or volume declines exponentially as a distance from a source increases.
- 4.17 It is plausible that in its initial years, the novelty of the new accessibility of the KESR would mean that potential passengers choosing between one or another might prefer KESR. However, after this time, passengers are more likely to choose ease and accessibility over novelty, hence the KESR might not always be the preferred attraction. This would potentially imply an initial boost to passenger numbers followed by an easing off. Furthermore, if increased demand at KESR is to the detriment of passengers using other heritage railways in the area, this would reduce the additionality and thus economic benefit of any such generated activity.
- 4.18 Notably, the amount of competition will depend upon the customer. For a railway enthusiast, there will be little competition as they will be happy to visit multiple railways within one year – the variety would almost increase the attractiveness of each railway for an enthusiast. However, for a family looking for a day out with their young children, the ease of the trip and the length of time it would take would certainly provide competing factors. Given the above finding that 65% of visitors to railways are

¹⁸ The Kent & East Sussex Railway Company Limited FY18 Trustee's Report and Financial Statements (OBJ/1002/EE/2-6)

¹⁹ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.36

family groups, it appears that the latter type of customer is more likely, hence this local competition is clearly an important factor.

National Rail uplifts

- 4.19 For the railways which have made a National Rail connection, the table below shows the uplift in passenger numbers the year of the National Rail connection opening and the year following that connection.

Table 7: Passenger uplift following National Rail connection in known case studies

Railway	Year of Connection	Passengers			
		in Year of Connection	in Year Following Connection	Unit Increase	% Increase
Bluebell	FY13	190,000	250,000	60,000	32%
North Norfolk	FY10	120,000	135,000	15,000	12%
North Yorkshire Moors	FY07	278,000*	320,000	42,000	15%

Sources: **North Norfolk** North Norfolk Railway Accounts FY09 to FY20 (OBJ/1002/EE/2-9 to OBJ/1002/EE/2-20); **Bluebell** Bluebell Railway, 2018. Provisional Numbers Show Healthy Visitor Increase in 2018 (OBJ/1002/EE/2-21); Railway Magazine, 2016. RAILWAYS REPORT HEALTHY VISITOR FIGURES FOR 2016. (OBJ/1002/EE/2-22); BBC, 2014. Bluebell Railway extension attracts thousands more visitors (OBJ/1002/EE/2-23); **North York Moors** North York Moors Historical Railway Trust Ltd Accounts, FY19 (OBJ/1002/EE/2-27).

Notes: * 2006 figures used here due to lack of data for North Yorkshire Moors passengers in 2007

- 4.20 As can be seen from the table, each railway did experience a passenger boost in the year following the connection to national rail, of between 12% and 32% or, as a unit increase, between 15,000 and 60,000 passengers.
- 4.21 In the case of Bluebell, it has been reported that, in FY14 (the first year after the connection), approximately 50,400 people attended the attraction via East Grinstead station, equating to 85% of the total increase in passengers – a clear uplift as a result of the station. However, in FY15 and FY16, despite reporting 25,000 passengers arriving at East Grinstead, the railway has experienced an overall fall in passenger numbers by 18% and 23% relative to the 190,000 before the connection. The conclusion I reach from this, therefore, is that whilst the connection to National Rail might be expected to generate an initial boost, it is by no means guaranteed that this increase in passenger numbers can be sustained.

Table 8: Bluebell passenger numbers

	FY13 (Year of Connection)	FY14	FY15	FY16	FY17	FY18
Total	190,000	250,000	156,000	143,000	146,000	159,000
Uplift compared to FY13		30%	-18%	-23%	-23%	-16%
Arriving via East Grinstead		50,000	25,000	25,000	25,000	

Sources: **Passenger numbers** Bluebell Railway, 2018. Provisional Numbers Show Healthy Visitor Increase in 2018. (OBJ/1002/EE/2-21); Railway Magazine, 2016. RAILWAYS REPORT HEALTHY VISITOR FIGURES FOR 2016. (OBJ/1002/EE/2-22); BBC, 2014. Bluebell Railway extension attracts thousands more visitors. (OBJ/1002/EE/2-23); **East Grinstead passenger numbers** Steer, 2018 (RVR/09), based on information provided by Bluebell Railway

- 4.22 The East Grinstead arrival numbers also show that, while National Rail connections may be a convenient way for a number of passengers to access the railways, they are not necessarily guaranteed to increase total passenger numbers on a consistent basis in the long term.
- 4.23 Steer have presented no clear evidence, and nor have I been able to find any examples, to suggest that these initial boosts in visitor numbers can be maintained indefinitely after extensions/connections to National Rail have been made. This is further supported by the case of the North Yorkshire Moors Railway, which saw a passenger increase in FY08 to c. 320,000 after their FY07 connection to Whitby station, however numbers are now reported to be 'over 300,000'²⁰ which was previously also reached before FY07.²¹

Special services

- 4.24 Like the KESR, the comparator railways operate special services which attract a large proportion of their visitors. The North Norfolk railway offers Steam and Diesel Galas, Beer Festivals, Vintage Transport weekends and the ever growing 40's event.²² The North Yorkshire Moors Railway Steam Gala attracted 4,000 visitors over three days, up 14% on the previous year.²³ The Severn Valley 'one-off' Pacific Power event in 2016 attracted 14,000 visitors.²⁴ The Bluebell's FY17 Flying Scotsman event attracted 20,000 visitors over seven days in April and Santa specials attracted 15,000 over nine days in December.²⁵
- 4.25 All comparators offer a Santa special, with Bluebell running services from East Grinstead or Sheffield Park station, North Norfolk services running from Sheringham, North Yorkshire Moors services running from Pickering and Grosmont, Spa Valley services depart from Eridge, Severn Valley from Kidderminster and Bodmin & Wenford from Bodmin General station. Notably, all but Bodmin & Wenford offer special services from a station which has a national rail connection.²⁶
- 4.26 This demonstrates a crucial difference for the case of the KESR, where it is not clear to what extent they envisage running special services from Robertsbridge. In the Steer report this is noted as an occasional possibility²⁷ for the central scenario, and an example of a potential initiative²⁸ in the investment scenario – by no means a certainty. This could have implications for the railway's ability to maximise the benefits of an increased catchment as a result of the National Rail connection; given that c. 45% of passenger demand is at these special events, by not offering them from Robertsbridge the railway would be decreasing their potential for increased passenger numbers. However, to do this, events running from Robertsbridge would have to be additional to those already running from Tenterden, given that the existing events are at full capacity.

²⁰ North York Moors Railway Trust FY19 Accounts (OBJ/1002/EE/2-27);

²¹ The Northern Echo, 2008. Full steam ahead for railway celebrating a year of success. (OBJ/1002/EE/2-28);

²² Eastern Daily Press, 2016. North Norfolk Railway passenger figures were record-breaking last year. (OBJ/1002/EE/2-29).

²³ North Yorkshire Moors Railway, No date. North Yorkshire Moors Railway celebrates record breaking passenger numbers over Steam Gala. (OBJ/1002/EE/2-30).

²⁴ SVR Wiki, No date. SVR Passenger Numbers. (OBJ/1002/EE/2-25).

²⁵ Bluebell Railway PLC, 2018, Annual Report and Financial Statements for the year ended December 2017. (OBJ/1002/EE/2-31);

²⁶ All stations listed in the paragraph apart from Bodmin General, Sheffield Park and Pickering have national rail connections

²⁷ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 2.36 & 4.4

²⁸ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.73

Conclusions

- 4.27 KESR passenger numbers are currently towards the lower end of the spectrum relative to the comparator railways.
- 4.28 Special services are important to generating passenger numbers.
- 4.29 Connections to national rail services on other heritage lines are shown to have increased passenger numbers by between 12% and 32%, equating to between 15,000 and 60,000 passengers, in the first year after the connection has been made. However, these uplifts are not necessarily able to be sustained consistently into the future. All of the examples show a one year increase in passenger numbers followed by a considerable drop back down to numbers more comparable to pre-expansion levels.
- 4.30 The increased rail catchment is stated by Steer to be a 'wholly untapped' catchment, however of the new catchment opened up by the scheme, the majority of these people would have to travel for more than 90 minutes (closer to 2 hours) to access the KESR, and 90% of these people can already currently access another heritage railway (or KESR) within 90-minutes by public transport. The travel time, ease and frequency of this travel, and alternative competition are all very relevant factors in determining any additional demand that may result.

5 Analysis of Steer Report Findings

Summary of the Steer findings

- 5.1 In 2018, Steer were asked to estimate the economic impact of the proposed RVR connection. The table below outlines the estimated benefits between 2019 and 2030. The timescales for these benefits have clearly now shifted, but for the purposes of my assessment I assume that the broad quantum of benefits claims by the RVR remains of a similar magnitude and based upon similar assumptions about passenger growth and spending.

Table 9: Impacts between 2019 and 2030

Table 1.1: Total Local Economic Benefit - Construction Phase plus 10 years of Operation (£m, 2018 prices)

Impact	Impacts (£m, 2018 prices)	Units / Period
Rother Valley Railway local construction benefits (£m)	6.48	2 years (2019 & 2020)
<i>Construction jobs</i>	34	<i>Temporary FTE over 2 years (2019 & 2020)</i>
Rother Valley Railway operation stage benefits (£m)	10.81	10 years (2021 to 2030)
<i>Operational stage jobs</i>	20	<i>Permanent FTE (2021-2030)</i>
Total local benefit of Rother Valley Railway (£m)	17.29	12 years (2019 to 2030)
KESR Investment Programme benefits (£m)	17.66	10 years (2019 to 2030)
Total local benefit of Rother Valley Railway and KESR Investment Programme (£m)	34.95	12 years (2019 to 2030)
<i>KESR Investment Programme jobs</i>	65	<i>Jobs by year 10</i>

Source: Steer, 2018. RVR/09

- 5.2 The construction phase was reported to take place in 2019 and 2020 and is expected to support 34 construction FTEs over the two years. It is estimated to provide £6.5m in local construction benefits (derived from applying regional and local construction multipliers to the direct construction spend).
- 5.3 The operational phase impacts between 2021 and 2030 are split into two cases:
- Central case**
- 5.4 This case covers only the reinstatement of the missing link. It is estimated to generate:
- An additional 22,000 visitors to Rother per year, comprised of an initial 15% uplift in KESR passenger demand (+13,000) and a 5% uplift in Bodiam Castle demand (+9,000) where visitors use national rail and connect to KESR to get to Bodiam Castle.
 - Based on a visitor spend of £42.55 per day (£1.06m per year), a volunteer of spend of £1,900 per year and a worker spend of £17,900 per year, there is expected to be £1.1m of spend per year (providing a cumulative benefit of £10.8m over 10 years) and 20 jobs.
- Investment case**
- 5.5 This case covers a 10-year investment programme which aims to increase passenger numbers gradually over time. The programme is assumed to generate a new passenger number high of 72,000 in its 10th year. When combined with the 88,400 existing

passengers and the 22,000 additional passengers in the central case, this generates a visitor number of c. 180,000, 'comparable with other heritage railways'.

- 5.6 This investment programme is stated to elicit:
- In its 10th year (2030), an additional 72,000 visitors to Rother per year and support 65 jobs.
 - Based on the same visitor and volunteer spend above, there are expected to be cumulative benefits of **£17.7m** between 2021 and 2030, where more benefits are realised in the latter half of the 10-year period given the higher passenger numbers. From 2030 onwards, when the investment case has reached its objectives, this is estimated to generate annual spending of £3.5m per annum.
- 5.7 Combining the construction, central case and investment programme benefits over the period 2019 to 2030 Steer concludes a total cumulative benefit of **£35m**.
- 5.8 The report then estimates annual operational benefits of RVR after 2030 as shown in the table below. These essentially assume a continuation of the visitor and spend numbers found in the year 2030 above for both the central and investment cases.
- The central case benefits from 22,000 additional annual visitors to Rother, with visitors contributing £1.1m annual spend and supporting 20 jobs.
 - The investment programme brings an additional 72,000 additional visitors to Rother per year, with visitors contributing £3.5m annually and supporting 65 jobs, as estimated for the 10th year of the investment programme (2030) found above.
 - Combining the central case and investment programme provides an additional **£4.6m** of annual local economic benefits and 85 jobs from 2030.

Table 10: Summary of the Potential Annual Economic Impact of the RVR (2018 prices)

Annual Benefits (£ p.a. 2018 prices)	Central (reinstatement of RVR only)	Additional Growth (KESR Investment Programme, by Yr 10)	Total (in 2030)
Additional visitor trips to Rother (annual)	22,000	72,000	94,000
Visitor spend	1,061,000	3,446,500	4,525,500
Volunteer spend	1,900	6,200	8,100
Direct employment impacts	17,900	58,500	76,400
Total additional spend	1,080,800	3,531,200	4,612,000
Total additional jobs	20	65	85

Source: Steer, 2018. RVR/09

Use of the findings

- 5.9 The Updated Statement of Case (RVR/66) cited the Steer report findings in its economic benefits section as:

"The delivery of the Rother Valley Railway has been forecast (in the Economic Benefits report by Steer, a leading UK specialist consultant) to generate local economic benefits of up to £35.0 million over the two-year construction period (2019 - 2020) and the first ten years of operation, and up to £4.6 million of local economic benefits per year from 2030. It will generate approximately 34 jobs in the construction phase (temporary full

time employment (“FTE”) over two years) and up to 85 in the operational phase (FTE permanent jobs).”

- 5.10 The RVR note for Office of Rail and Road (RVR/75) states:
- “the RVR will generate local economic benefits of up to £35 million over a two year construction period and the first ten years of operation, and up to £4.6 million per annum of local economic benefits from 2030. It will generate approximately 34 jobs in the construction phase and up to 85 in the operational phase”*
- 5.11 Letters of support from the general public also quote the figures. Given the reliance from supporters of the scheme on the highest claims with regards these economic benefits, I judge it to be of crucial importance how much certainty there is around the scale of benefits claimed.
- 5.12 It is important to note that the 2014 ES (RVR/25) concluded that the economic benefits would not be significant in EIA terms. This means, that regardless of the scale of economic benefits, they were deemed ‘insignificant’ in the context of the local, regional or national economies.
- 5.13 In March 2021, an ES update was conducted (RVR/70-01). For socio-economics, the 2021 ES concludes that the 2014 ES (RVR/25) findings are considered to remain valid. The 2021 update made a point of noting the positive spend effects that Steer have estimated and said these “could well be a significant positive effect of the Proposed Scheme”. The 2021 update states that the Steer report is a “robust and well considered assessment”. However, the 2021 update only summarises the findings of the central case of the Steer report, and no mention is made of the investment case.

Analysis of the Steer claims

- 5.14 Whilst I do believe that the scheme will have some economic benefits, I am concerned that:
- The visitor numbers estimated by Steer are inflated, slightly so for the central case but extremely so for the investment scenario. Whilst Steer were clear that the total scenario was hypothetical, I do not think it was made clear in the documents listed above that the numbers present a maximum scenario, based on the successful implementation of an investment programme the details of which are extremely vague and which, based on rough calculations, would struggle to meet the stated visitor figure of c. 180,000;
 - The trip spend claims of £42.55 per day (2018 prices), which underpins all of the estimates, is overstated; and
 - The persistence of these benefits is overly optimistic. The benchmark examples clearly show that whilst many heritage railways have achieved an increase in passenger numbers in the first year after an expansion, this is very difficult to maintain, with the examples showing figures dropping back down to previous years levels very quickly after such investments are made.
- 5.15 Given that the daily spend is applied to the visitor figure to provide an overall economic benefit, and this is then cumulated over a ten year period, the fact that all three of these assumptions are, in my opinion, inflated elicits a considerably exaggerated set of claimed benefits.

- 5.16 The following sections discuss these concerns in more depth and form the basis for my conclusions.

Visitor numbers

Central case

- 5.17 The central case estimates that there will be an uplift of 22,000 visitors to Rother from 2021 onwards, comprised of a 15% uplift in total 88,400 KESR demand (13,300) and a 5% uplift in total 175,000 Bodiam Castle visitors (8,800) who will use the KESR to reach the Castle. Combining these two uplifts, the 22,000 additional visitors equates to a 25% rise in total passenger numbers. Steer state²⁹ that the majority (85%) of these visitors will be rail visitors capitalising on the National Rail link to Robertsbridge and as a result will likely be coming from London.

15% uplift in KESR demand

- 5.18 Considering the 15% uplift in total KESR demand, Steer note that their uplift is benchmarked by the experience of the Bluebell Railway citing *“the Bluebell Railway is the most similar to the KESR in terms of passenger numbers, proximity to London, a recent and direct connection to the National Rail network, and the use of the track by a single operator”*. I would agree that it is the most similar comparator. Bluebell saw 32% uplift in total demand the year after the connection. It can be seen that the 15% is just under half that of the Bluebell uplift of 32%.
- 5.19 Steer do not explain precisely how or why they have applied the 32% benchmark to arrive at a figure of 15%, but state that they use ‘professional judgement’ to arrive at the figure, which could be how they explain the difference. However, even ‘professional judgment’ must have a basis. The Steer report refers to two factors which could account for this.
- 5.20 Firstly, Steer note that *“overall visitor numbers at Bluebell have reduced since 2013, suggesting that the initial uplift following opening could be higher than the longer-term demand effect”* and that *“in the years since the extension opened [which saw 50,400 passengers at East Grinstead] visitor demand accessing directly by rail at East Grinstead has consistently been around 25,000 trips per annum”*. It is therefore possible that the 15% assumption for RVR is connected to the halving of demand from the national rail station and the overall decrease in passenger numbers on the Bluebell Line.³⁰ The Steer report implies that this was the reason, when it states that : *“the overall implied increase is lower than that observed on the Bluebell Railway, in recognition of the fact that the longer-term visitor uplift is likely to be lower than that in the initial year or so after opening.”*
- 5.21 Secondly, Steer note that *“our assessment of additional demand is based on a forecast increase in ‘regular’ KESR visitors rather than those for specific events, such as the Day Out with Thomas and Santa Specials. This is because the ‘events’ are, in general, fully*

²⁹ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.40

³⁰ For example, East Grinstead passenger numbers after the first year (25,000) equate to 13% of 190,000 – the passenger number in the year before the connection – which is fairly similar to the 15% figure used when referring to total KESR demand (it elicits 12,000 additional passengers, comparable to 13,300).

booked and there is therefore no scope (i.e. no additional capacity) to accommodate additional demand". Therefore, Steer could have applied the 32% increase to only regular passengers (48,600, or just over half total demand) which would give a 15% increase in the total overall. This is particularly relevant given that, contrary to KESR, Bluebell were able to offer special services at East Grinstead which could have been responsible for some of the demand uplift observed, however it is unclear to what extent.

- 5.22 In my view, these are both key issues which should be taken into account when applying the Bluebell benchmark to additional KESR passenger estimation. However, since either point, on its own, would result in an approximate halving of demand from the 32%, the decrease to only 15% is too small to account for both points.
- 5.23 If both factors were applied, then the result would be as follows. First, the projected increase will only relate to the 48,600 regular passengers. Second, while there may be a greater increase (of the order of 32%) in the number of regular passengers in the first year or so, comparison with the Bluebell line suggests that this will settle back down to around 15%. 15% of 48,600 is 7,290, which is only 8% of the total number of passengers currently using KESR (88,400).
- 5.24 A further point of difference between the two lines which Steer did not note regards the relative attractiveness of the journey from London. It is true that, particularly in the case of rail visitors from London who would like to ride on a steam train (any steam train), that Bluebell and KESR lines compete quite strongly. However, as seen from Figure 4, Bluebell's public transport catchment covers more of south London than KESR's (as the train ride is 55 minutes every half hour to East Grinstead versus 70 minutes every hour to Robertsbridge) hence, on accessibility variables, it is a clear winner. Therefore, KESR's acquisition of new rail visitors may not be as successful as that of Bluebell. This is also relevant to the overlapping catchments with the other railways (particularly Spa Valley) found above. Taken in conjunction with the two factors which Steer have acknowledged, this reinforces my concern that the 15% estimate is too high.

Bodiam castle uplift

- 5.25 Steer quote annual Bodiam castle visitors at 176,000, and assume a 5% uplift as a result of the extension, equating to 8,800 additional visitors. Bodiam Castle is a beautiful National Trust property, and having visited with my young family, I can see the attraction. It is also accessible via a relatively short walk from Bodiam station.
- 5.26 I am not sure how Steer arrived at the 5% and it is very difficult to ascertain the basis for this assumed uplift. I agree that the catchment for the castle would increase as a result of the link; it seems reasonable to assume that there are some south London residents, including families with young children, who have low car ownership and were previously unable to visit the castle, but would now be able to. The same could be true of some Hastings and south coast residents, although this is less likely given higher car ownership than London residents³¹. The journey would require a resident to

³¹ Steer, 2018, Rother Valley Railway Economic Impacts Report(RVR/09): paragraph 4.29

ride the train to Robertsbridge, get on the KESR and ride that to Bodiam, walk to the castle, have a look around and then make the same journey on the way back, which is a plausible journey. However, it is difficult to conclude reliably that this is a journey which as many as 8,800 people will decide to do each year, solely as a result of the extension.

- 5.27 Bodiam's visitor numbers have varied quite considerably from year to year for the eight years I have been able to collate data, ranging from a low of 157k in FY19 to a high of 190k in FY16 and with year to year variations ranging from -12% to +10%.³² The assumed +5% uplift that Steer use is therefore within this range, however as this magnitude of fluctuation has already been seen to occur year to year historically, it would be very difficult to reliably ascertain that an increase of 5% could be solely attributed to the RVR and the added public transport connectivity to the castle that it would deliver.
- 5.28 Regardless of what the exact number is, it is not as relevant as my disagreement with Steer over the appropriateness of assuming that these visitors should be considered entirely additional to the increase in the number of KESR passengers which would result from the new connection to National Rail in any event. Steer's separation of the uplifts implies that the uplift in Bodiam Castle visitors is a totally separate additional market to KESR demand, about which I disagree. Connectivity to Bodiam Castle already exists via the current KESR services, and thus the attractiveness of the castle to visitors to make joint trips will already be implicit within the existing KESR passenger numbers to some degree. Furthermore, Kent and East Sussex are known for having a wide ranging and diverse tourism offer, with the combination of attractions driving tourist demand rather than one specific attraction. Splitting this out as a completely additional future market is inappropriate in my opinion, particularly without any context or basis for the 5% uplift claimed.
- 5.29 In particular, it is worth noting that if the Bluebell line is taken as the relevant benchmark, there is an attraction which could act in the same way as Bodiam Castle on the KESR, namely Sheffield Park and Garden, which is also a very popular National Trust property, attracting 288,000 visitors a year (versus Bodiam's 180,000)³³ and is within walking distance of Sheffield Park Station. The walk from Sheffield Park Station to the Garden is longer (16-minutes versus 8-minutes at Bodiam) and so the option is relatively less attractive, so it is likely that less people would select it as a viable option. However, the fact that it is possible at all means that some of the uplift seen at Bluebell could have included additional passengers which were using the railway to visit Sheffield Park and Garden. Consequently, Steer's assumption that there will be a completely separate, additional uplift in the number of Bodiam Castle passengers is not conservative, and could be double counting some passengers.

³² National Trust Annual Reports FY13 to FY18 (OBJ/1002/EE/2-32 to (OBJ/1002/EE/2-37).

³³ National Trust Annual Report FY18 (OBJ/1002/EE/2-37)

Figure 5: Bodiam Castle and Sheffield Park and Gardens



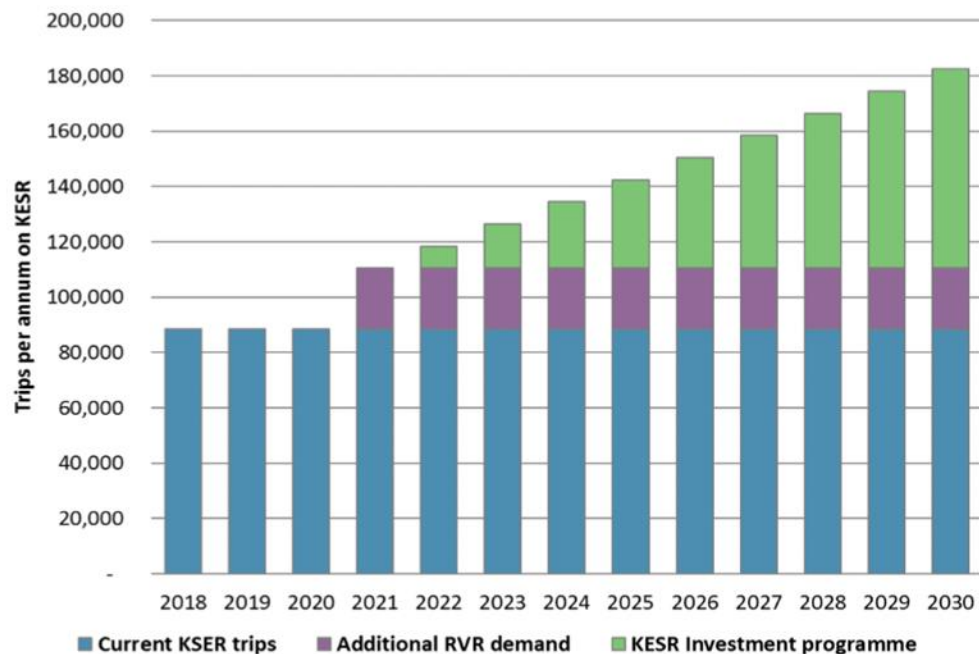
Summary

- 5.30 In summary, the estimated additional 22,000 annual visitors is, in my opinion, overstated. This equates to a 25% rise in overall visitor numbers (and a 45% increase in regular passengers) which relies on achieving the rate seen at Bluebell, but is (i) at the top end of the range presented (12%-32%) in my previous analysis, and (ii) is assumed to be sustained into the future.
- 5.31 However valid my concerns regarding the central case passenger numbers are, it is notable that the overstatement in the central case is small compared to the targets of the investment case which, I believe, are highly unrealistic as I will discuss now.

Investment case

- 5.32 The KESR investment programme is estimated to bring passenger numbers up to between 150,000 and 180,000 per annum by 2030, 'comparable to other heritage railways'.
- 5.33 The figure below outlines the programme which shows numbers reaching c. 180,000 by 2030 and this is what Steer base their 'total case' benefits on. It is debateable if this figure is 'comparable to other heritage railways'; the Bluebell and North Norfolk Railway passenger numbers are closer to 160,000, as seen in Figure 2.

Figure 6: KESR Demand Profile



Source: Steer, 2018. RVR/09

- 5.34 The 72,000 additional annual passengers from the programme represent an increase of 81% from the existing passenger number 88,400, which seems to attribute a significant impact to the investment programme. Combined with the central case, the 94,000 additional passengers represent an increase of 106% over existing passenger numbers. An increase of this size has not been seen at any of the comparator railways displayed in Figure 2, where the highest increase across any number of years is 45% seen at North Norfolk between FY09 and FY16.
- 5.35 In the work I do, I would often provide a central and upper-case scenario for various estimates of economic impact because all professionals in my field would agree that estimation is not an exact science. However, the upper cases I would normally consider would typically be around +10% to +50% of the central case. Indeed, Steer themselves refer to 'the inherent uncertainty in forecasting' and state that they have included a +/-30% range around their own central case assumptions³⁴. This upper 'investment case' scenario of 94,000 is over four times (+327%) that of the central case (which, for the reasons above, I already believe is exaggerated) - which puts into context the huge stretch between the two cases.
- 5.36 I find it quite blunt to fix a passenger number of c. 180,000 without considering the existing passenger numbers at all. The KESR operated at 88,400 passengers in 2017, compared to the Bluebell at 190,000 (before the connection) and North Norfolk (115,000 before the connection), which are now both attracting around 160,000 passengers. This could be a result of a larger catchment – indeed Table 6 shows that Bluebell has a much larger catchment than KESR. There may also be reasons why the KESR numbers are not as high as the comparison railways that has nothing to do with

³⁴ Steer, 2018, Rother Valley Railway Economic Impacts Report (RVR/09): paragraph 4.47

accessibility, such as the specific offering at the railway. Furthermore, as noted previously, there are four heritage railways on offer within relatively close proximity, and which have considerable overlaps in their catchments. Therefore, it is not necessarily valid to assume that the KESR can ever reach comparable passenger numbers.

- 5.37 Steer note that the investment plan would depend on the completion of the RVR ‘missing link’ and that ‘the expenditure plan is not fully committed’, but they do give some examples about what the plan could support, including:
- *More ‘special’ events (e.g. Day out with Thomas), in particular utilising the potential for events at Robertsbridge;*
 - *New events, such as training, history and farming events;*
 - *A “working vintage” railway museum, with training facilities and provision for apprenticeships for local young people; and*
 - *Extensive marketing.*
- 5.38 It is not clear from the report whether these are Steer suggestions or if Steer are noting that these are possibilities outlined in a draft investment programme of some kind. Certainly, I have not seen any such investment programme and, without any details of what it might entail, it seems unreasonable to place significant weight on this potential (very significant) upper scenario.
- 5.39 One example is an extension of special events in particular utilising the potential for events at Robertsbridge. The increased special service initiative would likely have a positive impact on KESR demand given the demand profile of current passengers (45% are special service visitors) and the full capacity of the current KESR special events. If we assume that the KESR investment programme enables them to attract new passengers on both special and regular events in the same way that Bluebell did (where Bluebell were able to run special services from East Grinstead), then the 32% benchmark increase could simply be applied to total KESR passenger numbers, equating to +27,500 and totalling 114,000.
- 5.40 Where, then, are the additional 66,000 being generated from to equate to 180,000? It is far from clear whether Steer’s other posited initiatives of new events, working vintage railway museum and extensive marketing would be able to achieve the additional 66,000 posed in the investment programme.
- 5.41 Incidentally, Steer mention that KESR would need marketing to realise the 22,000 additional demand from the central case anyway, so what is the ‘extensive marketing’ proposed initiative in the investment plan – even more marketing? It is also important to note that there are a number of examples of Bluebell marketing and advertising at the time of their East Grinstead connection, such as their ‘opening festival’ over a weekend. If these efforts were comparable to the ‘marketing’ that KESR state they will employ in the investment programme, then the effects of such marketing would already be captured in the 32% uplift achieved at Bluebell and should be not considered additional.
- 5.42 Moving away from percentages, it should be noted that the largest absolute increase in passenger numbers identified in the benchmarks was 60,000, and this was not sustained for all future years. The investment scenario (when combined with the

central case) for RVR equates to an absolute rise in passenger numbers of 94,000 – over 1.5 times the maximum absolute rate seen elsewhere, and is assumed to remain constant from 2030 onwards indefinitely. In my professional opinion, these are very bullish assumptions on which to rely.

- 5.43 Overall, I can say that I find this ‘total’ scenario highly unrealistic. With regards to the central case, the fact that Steer have assumed 25% total uplift, at the top end of the other benchmarks, seems fairly bullish, particularly given that they state this increase will be regular visitors only, when Bluebell (32% increase) had the capacity to offer special services at East Grinstead. To reach this 25%, I would have thought that KESR, like Bluebell, would want to offer special services from Robertsbridge (this would have to be accompanied by an increase in capacity or frequency). But this appears to be something they are relying on to hit the investment scenario numbers as well.

The impact of permission restrictions on the feasibility of Steer visitor number increase assumptions

- 5.44 The 2017 planning permission for RVR states that *‘Movement of trains across the A21 shall only be permitted outside of the morning and evening peak travel times which, for the purposes of this condition are 07:00-09:00 for the morning period and 17:00-19:00 for the evening period. Such periods shall apply from Monday to Friday and also apply to bank holidays.’*
- 5.45 The current timetable does not run over any of these restrictions.
- 5.46 The Steer report assumes a certain increase in passenger numbers, which could be accommodated in a number of ways by the KESR:
- Introduce earlier services starting after 8:15am (from Tenterden) and after 9:00am (from Robertsbridge). However, I don’t think this is a particularly attractive option for tourists, so there may be little demand for services this early, plus volunteers who run the KESR may not be inclined to run it this early;
 - Ensure existing trains are running at full or close to full capacity (I have not been able to estimate current operating capacity so the effectiveness of this is unclear);
 - Add capacity to existing trains (e.g., an extra carriage); or
 - Run more trains during operating hours (this will be restricted by the number of crossing points on the track which I have not been able to estimate).
- 5.47 There is not sufficient information presented about current and potential future operating capacity of the KESR to be sure of how the planning restrictions might influence the feasibility of Steer’s visitor number increases.
- 5.48 Acknowledging these uncertainties, it may be the case that the 22,000 additional passengers from the central case could feasibly be accommodated by one or more of the above methods. However, it is far less likely that the 94,000 additional passengers from the investment case could be. A near doubling of capacity whilst being restricted by the planning permission peak time and being restricted by seasonality of demand would likely require a lot more trains (depending on existing occupancy). Taking an example where we know occupancy is high (and hence additional trains would be required to increase capacity) - Santa specials offer eight trains per day, only departing

from Tenterden and some only going as far as Northiam (with the others going to Bodiam). There is not much time left in the timetable to double the number of these services. In the material I have reviewed, it has not been made clear whether there is sufficient capacity and/or operating times to accommodate the near doubling of attendee numbers identified in the investment case. Further detail would be needed to ascertain the practicality of being able to accommodate such numbers.

- 5.49 Acknowledging all the uncertainties, the overarching finding supports my analysis above; that I find the 'total' scenario unrealistic.

Average trip spend

- 5.50 Steer calculate an average trip spend of £42.55 (2018 prices) per person based on:
- £31 per person for day trips
 - £196 per person for overnight trips
 - 93% of domestic visitors being 'day trip' visits based on the ratio between the number of tourism day visits and overnight holiday tourism visits to Rother from the Visit Britain survey

where the spend per visitor is weighted by the proportion of trips that are day versus overnight. These assumptions provide an overall estimate for visitor spend of £1.06m per annum (in the central case) and a further £3.5m per annum from 2030 onwards in the investment case (giving a total of £4.6m per annum from 2030 onwards).

- 5.51 To estimate indirect and induced spend, Steer used a 1.22 multiplier based on Tourism South East economic impact model of tourism in the Rother District. Steer report that it is in line with the mid-range of multipliers for tourism expenditure for different districts across the SE based on Cambridge Tourism impact model, and it is lower than the Oxford Econometrics multiplier of 1.3 when looking at the effects of heritage tourism, and lower than the HCA guidance local multiplier of 1.38 for private sector recreation investments.
- 5.52 I believe that the 1.22 multiplier used is reasonable when reviewing Steer's reasoning behind their selection as summarised in the point above. That said, Steer have not explicitly considered deadweight, displacement, leakage and overall additionality which I would have expected them to account for when considering the different geographies over which certain benefits might be felt (for example if the new passengers use KESR instead of making a trip on Bluebell then this might be a benefit at the local level but would be displaced activity at the sub-regional level).
- 5.53 When considering the visitor expenditure benefits claimed at the Rother level, I believe that both the day trip and the overnight spend are high. There is not much time or budget in one day to reach the £31 assumed, particularly when many users will be families and some of the passengers to whom this daily spend is assigned are therefore children. Regarding the overnight spend, I do not think that the RVR connection should be seen as solely responsible for eliciting all the spend of an overnight trip given the joint tourist offering that the area provides as a whole. I think that, at the very least, the figure should not be considered average spend of a passenger, as I will discuss now.

Day trip spend

- 5.54 Steer's justification for their daily spend figure is as follows:
- 5.55 *"An average spend per person of £30.00 (2016 prices) for day trip visitors, based on the 2016 Visit Britain GB Day Visitor Survey. This is considered prudent since:*
- *it is less than the spend per trip for a tourism day visit to England and South East England (£34.38 and £35.55 respectively); and*
 - *while it is greater than the figure for Rother (£19.23), this is reflective of how the £19.23 figure represents an average of all tourism day visits to Rother, including trips visiting friends or family or outdoor pursuits such as walking or cycling, for which the main activity is effectively 'free'. In the case of visiting the KESR, visitors will (by definition) be spending £10 – £20 on visiting the railway itself, in addition to that spent on local facilities and attractions (such as Bodiam Castle and/or local pubs and restaurants) and on travel to/from Rother, and hence the average spend per visit will inevitably be greater."*
- 5.56 To consider how feasible the Steer day trip spend is, it is first relevant to consider the fact that, before these visitors have even thought about spending on entry to local attractions or local shops, they have incurred a number of fixed costs. These are estimated in the table below.

Table 11: Fixed costs of KESR passengers from SE London via NR (2020 prices)

Item	Cost
Return travel from residence to Robertsbridge	£16.10 - £20.80
KESR spending (per day – ticket, catering and retail)	£20.70
Total	£36.80 - £41.50
Total in Rother	£20.70

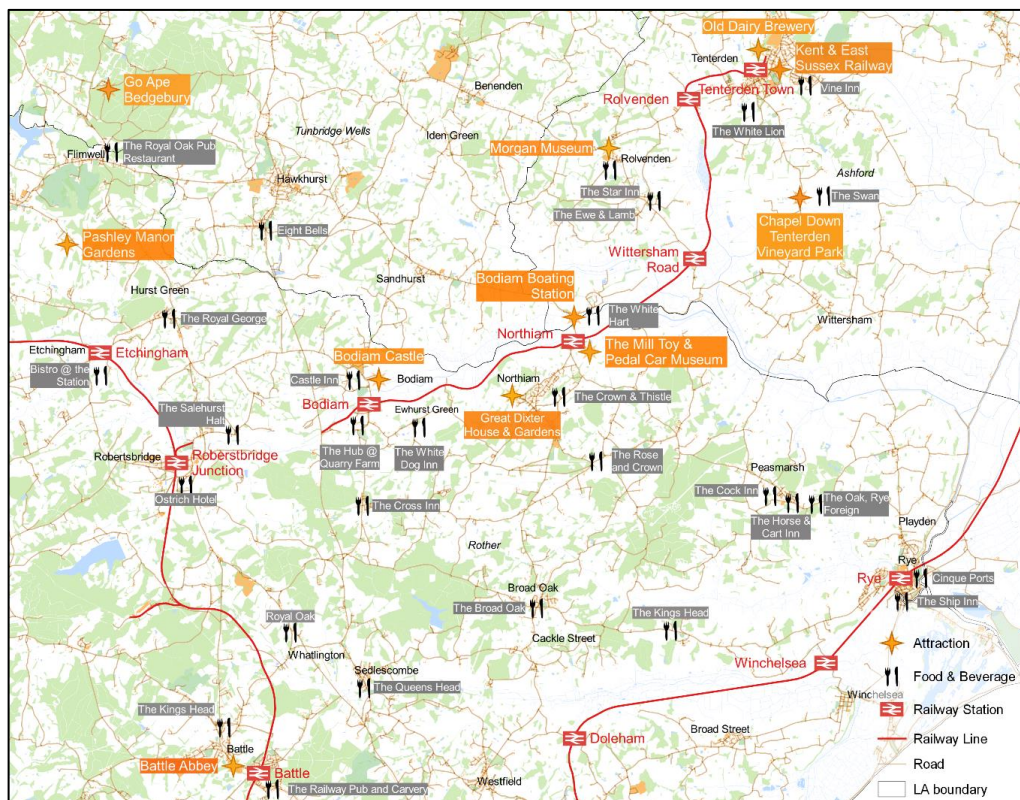
Notes: The lower bound of the return National Rail travel from south London to Robertsbridge has been calculated by taking an average journey cost from each of the six London boroughs defined by Steer for an adult, an adult with a railcard, and a child. This is a highly conservative estimate. The upper bound of the return national rail travel is taken from Steer (£20 in 2018 prices), which is an adult estimate and so not conservative once child passengers / adults with railcards are accounted for. The KESR spending is derived earlier in this report, by taking average commercial income per passenger between FY13 and FY19.

- 5.57 Considering all the fixed cost of a visitor's trip, an average visitor will have already spent £36.80. Of this, between £16.10 and £20 would have been spent in London on the underground and/or the national rail service. Spending in Rother would be £20.70, where all would have been spent on the KESR itself.
- 5.58 The day trip spend quoted by Steer is £30.00 (2016 prices) which equates to £32.10 (2020 prices, based on 1.7% CPI³⁵). In order for the day spend in Rother to reach the budget assumed in Steer, the average visitor would need to spend an additional £11.40 (2020 prices).
- 5.59 Steer note throughout their report that the additional KESR visitors will be able to spend on additional tourist attractions within Rother, notably Robertsbridge, Bodiam Castle and Tenterden town centre. Steer also note other attractions in the area as

³⁵ ONS, Consumer Price Inflation, February 2020. Notably, this inflation rate is different to that used by Steer, hence current day prices differ slightly.

being Great Dixter House and Gardens, Sissinghurst Castle, the 1066 Battlefield and Battle Abbey, and the towns of Rye, Battle and Hastings. Whilst Steer put emphasis on Bodiam and Tenterden, I have considered the others they mentioned here in the context of feasibility of ‘local spend’.

Figure 7: Local attractions



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Note: see Appendix OBJ/1002/EE/2-38 for travel times to attractions

- 5.60 I am concerned about the inference that spend would occur at a lot of these ‘local attractions.’ As Steer note, the majority of the new visitors are assumed to be arriving by rail, hence will mostly be on foot or public transport for the entirety of their day trip. Therefore, their ‘local spend’ will be limited to offerings within walking distance of the KESR stations or with public transport links. Having looked into the attractions, I do not think that it is feasible in terms of time or accessibility (on foot or public transport) to necessarily fit in any of these visits, nor that spend at these could increase the average passenger spend to the amount set out in the Steer report.
- 5.61 I will now go through each of the attractions to demonstrate my point. Notably, I agree with Steer that the most likely places for additional spend to occur are Bodiam Castle and Tenterden, and that a round trip to either (with a stopover) is feasible. However, the latter would require a very long round-trip (around 6hrs) and I certainly do not think that there would be enough time in a day for many people to deem it achievable or enjoyable to visit both.

Robertsbridge

- 5.62 Having recently been to Robertsbridge, I did not see many spend options for visitors. The George Inn (a five-minute walk from the station) could be a reasonable place to have lunch if the timings worked, and there is a café and an Indian restaurant. A market was advertised for Saturdays but, given that this is only for one day a week, it is not valid to include it as an option for spend of the average passenger.
- 5.63 A café was open when I went, and two of us had lunch. Two sandwiches and two carbonated drinks cost less than £9 – only £4.50 additional each. It would certainly be possible to spend £11.40 each, but we must remind ourselves that this needs to be the average for the figures presented to be an accurate reflection.
- 5.64 In terms of time feasibility, it is possible that a visitor coming on national rail to Robertsbridge would have some time to kill between their arrival in Robertsbridge and the departure of the KESR. However, Steer note that Bluebell's success was due to the collaboration between the national rail and heritage rail timetables, so if this were also the case with the KESR then there would not likely be much opportunity at this stopover to spend time or money. On the return journey, it is the same point in that there may be some stop over time between trains. But, in this instance, these passengers may be even less incentivised given that most people don't want to break up a journey back home – usually you are keen to get home by this point.
- 5.65 This is in keeping with many of the letters of objection, which quote RVR themselves noting that the scheme would not bring many benefits to Robertsbridge, and instead the benefits would be realised on the KESR itself and Tenterden.

Bodiam Castle

- 5.66 Entry to Bodiam Castle costs £9.80 for an adult and £4.90 for a child, and some may be National Trust members who would not pay entry at all. Hence, castle entry would not reach the £11.40 required. This could be boosted further by spending at the National Trust café opposite the Castle, or by having lunch at the Castle Inn pub opposite the car park. If a visitor chose to do this, I do believe that they would more than cover the daily spend in Rother of £32.10.
- 5.67 In terms of time feasibility, the round trip from one of the SE London boroughs in the Steer catchment to Bodiam station and back is an estimated 4hr19m.³⁶ Adding, for example, the 8 - to 10-minute walk from the station to the Castle, an hour for the Castle and an hour for lunch or refreshments would make the whole trip just over 6 and a half hours, and I believe that many people would consider this a reasonable (if not a slightly long) time to spend on a day out.
- 5.68 As I said above, this is, I believe, the most feasible and realistic day trip and opportunity for additional spend of all the possibilities listed in Steer.

Great Dixter House and Gardens

- 5.69 The entry for this attraction is £12.00 for adults (£10.00 gardens only) and £3.00 for a child (£2.50 gardens only), so only adult entry could make up the £11.40 required.

³⁶ Based on the knowledge that the current operation from Tenterden to Bodiam is 10.5 miles long and takes an average of 50 minutes one way (an average time 4.76 minutes per mile), and that the missing link from Bodiam to Robertsbridge is approximately 3.4 miles long, equating to 17 minutes from Robertsbridge to Bodiam and 67 minutes for the entire 14 mile length. I have assumed a conservative 10 minute wait for KESR at Robertsbridge and a 10 minute wait for the NR service back to London.

- 5.70 The nearest station to this attraction is Northiam. The key difference here is that the 27 minute walk is along a main road with no footpath and which appears dangerous at times going around sharp, blind corners. The number 2 bus could take passengers along this road as an alternative, but these only run once every one-two hours, so would likely add a lot of time to a journey and the lack of frequency of which, in all likelihood, would act as a deterrent to the whole stopover.³⁷ Bus tickets are £3.50 (adult return) and £1.80 (child return) which would help to increase daily spend a bit, but more so for the adult than the child.
- 5.71 These same concerns apply to any food or retail options in Northiam; I barely saw any spend options within safe walking distance of the KESR station.
- 5.72 Given that the round trip from one of the SE London boroughs to Northiam and back is an estimated 4hr52m, adding on a long walk or wait for a bus, a look around Great Dixter House and Gardens and back again to the station turns the day trip into a fairly long one, and one which I am not sure many visitors would consider reasonable or worth the effort. I therefore rule this out as an option for any considerable spillover spending or economic benefits. Notably, it is possible that passengers arriving by car might visit Great Dixter (as they can already), but as Steer state that the vast majority of new passengers would arrive by rail / public transport, this again would make it unreasonable to assume any significant spending would occur here. Furthermore, since KESR already stops at Northiam, any existing passengers accessing the KESR by car can already pair this with a trip to Great Dixter. It does not seem feasible to me that this would make up any significant proportion of additional spending from new visitors who, by definition, would predominantly be accessing the RVR by rail.

Morgan Museum

- 5.73 The entry to this museum is £4.00 for an adult and £1.00 for a child, so entry to this attraction alone would not contribute much towards the visitor spend the £32.10 which Steer suggest.
- 5.74 The nearest KESR station to this museum is Rolvenden, however it is again a fairly long walk (29 minute) with limited public transport options (same as explained above).
- 5.75 Rolvenden itself (where the museum is) has a couple of spend options, but again it would take a KESR passenger a bit of an effort to be able to reach them given the inaccessibility from the KESR station.
- 5.76 The round trip from one of the SE London boroughs to Rolvenden and back is estimated to be 5hr45.³⁸ Therefore, it is unlikely to me that the average passenger would be willing to make such a detour as it would add either a long walk or long wait for a bus as well as time looking around the museum.
- 5.77 Like Northiam, Rolvenden is an existing stop on the KESR. Anyone accessing KESR by car is therefore already able to pair a trip on the railway with a visit to the Morgan

³⁷ Stagecoach, 2020. Timetable for Number 2 Bus. Accessed March 2020. Notably, the 292 also runs this route, however it is only operational when Homewood School is in session and offers six services per day at morning, lunch and end of school.

³⁸ This is worked out using the same method as above, knowing that the KESR trip from Rolvenden station to Tenterden station is 1.5 miles hence would take approximately 7 minutes.

Museum. Such visitors are therefore unlikely to make up any significant proportion of additional spending.

Tenterden and the Old Dairy Brewery

- 5.78 Tenterden is a very attractive town (the “Jewel of the Weald”) with a number of spend options including cafés, restaurants and pubs, multiple retail outlets and the Old Dairy Brewery where a tour costs £10. All of this is within walking distance of the KESR station, making it easily accessible to KESR passengers.
- 5.79 My only concern with relying on this as a valid spend option for a significant proportion of the additional passengers is the time it would take out of a person’s day. The round trip from one of the SE London boroughs to Tenterden and back is an estimated 6hrs, which itself is a fairly long day. It is possible that there is a 20m wait or something between KESR trains in which the passenger wanting to return would have some time to kill and might buy a coffee or something at a local shop. But the brewery tour, as listed on the website, is 1.5 hrs. I do not think that it is fair to say that many passengers arriving from London would find they had the time to fit this in and would not engage with the offering anyway if they had children given legal age restrictions. It is therefore feasible that some passengers would spend some money here, but it is by no means likely to be of sufficient level or amount for this to be a large driver of the ‘average’ spending figures.

Additional catchments

- 5.80 Notably, Steer identify additional visitor catchments (other than London rail visitors) such as rail visitors from Hastings or new road visitors. However, new rail visitors from Hastings are likely to be small for two main reasons:
- The Hastings population is smaller than London, and has higher car ownership; and
 - Steer report that cars from Hastings would be discouraged from driving to Robertsbridge to avoid putting pressure on the car park, instead encouraging them to drive to Northiam or Tenterden.
- 5.81 In both cases, the Hastings visitors (current and future) may therefore be considered majority road visitors to Tenterden/another existing KESR station. Since they could do this journey before the connection, people who do this might not be considered new visitors. Therefore, Steer place the focus their new visitors on the rail visitors from London, and so this is what I have done above in assessing the realism of their claims. Here I provide a brief overview of how the above analysis applies to these other two catchments.
- 5.82 Although the rail journey to the site will be less costly for these two catchments (since the rail journey from Hastings to Robertsbridge is less expensive than that from London and driving is cheaper than rail), the opportunities for spend in Rother itself will be the same for all catchments - perhaps with an additional opportunity for spend on a car park for road visitors. Therefore, the Rother spend cases laid out above would generally apply for visitors from all catchments.
- 5.83 In terms of the length of the trip, the train from Hastings to Robertsbridge is c. 25-minutes and the road catchment to Robertsbridge is stated by Steer to be a 30-minute drive. Therefore, both catchments have approximately an hour less travel each way

(two hours total) than those travelling by rail from London. In this way, it makes the day trip a far more feasible one in terms of time. The round trip including a Bodiam Castle visit and lunch would take just over four hours and a round trip to Tenterden including an hour in Tenterden itself is four and a half hours. At a push, the decreased travel time between their residence and Robertsbridge could even mean that the daytrippers have enough time to stop at both Bodiam Castle and Tenterden in the same trip, increasing their total spend.

- 5.84 However, as I have stressed above, just because it is more feasible does not mean that it is justifiable to assume that this would be the case for the *average* visitor from either of these catchments. In reality, given that I demonstrated above that the round trip from London is a fairly long one (c. 6hrs), I would imagine that visitors from these other catchments merely see their 4hr trip as an average or normal length, and will not necessarily be looking to fill the 'spare' 2 hours with additional spend. Rather, it is more likely that the average visitor from these catchments will just leave home later and arrive back earlier than the London visitors doing the same trip.

Summary

- 5.85 In conclusion, I think that if the new day visitors arriving from SE London by rail decided to only go as far as Bodiam and to buy lunch there, it is perfectly plausible that they could reach the £32.10 (2020 prices) daily spend assumed by Steer. Also, if a visitor were particularly incentivised to ride all the way to Tenterden and to spend on the options there, then they could also be considered to reach the £32.10.

However, it is simply not conservative to assume that these patterns of behaviour apply to the average passenger, since many will choose not to visit Bodiam or to go all the way to Tenterden due to time constraints. It is far more likely that those new passengers would bring a picnic lunch and spend hardly anything extra in the local area during their trip. For many, I do not think it is likely that the £32.10 will be reached, particularly if the passenger is a child or the party contains several children (which is quite likely given the target market). This is not least because the tickets are cheaper for children, but also everything takes a lot longer with children, and it may be that the time estimates for a journey which I have made above are elongated once children are added to the trip.

Use of the overnight spend per trip figure

- 5.86 Steer justify their overnight spend per trip figure as follows:

"An average spend per person of £174.89 (2016 prices) for overnight visits, based on the average spend per 'holiday' visit to Rother from the Visit Britain GB Tourism Survey 2016. Based on an average number of nights per visit of 4.1, sourced from the survey, this implies an average spend per day of £42.48"

- 5.87 I believe that assuming 7% of visitors stay overnight and then attributing the full overnight spend per trip figure of £196 (2018 prices) disproportionately inflates the spend that should be attributable to the scheme, and should not have been used in the calculation for the £42.55 which informed the economic benefits of the RVR extension. By applying this figure, Steer are effectively assuming that 7% of visitors stay overnight and do so for an average of 4.1 nights, and that this **entire trip is generated as a result of the RVR**. In the investment case, this equates to 6,600 people taking four-

day holidays, generated entirely as a result of the RVR, and attributing the associated economic benefits of this to the proposals.

- 5.88 KESR is just one of many tourist attractions in Rother. In general, it is Kent and Sussex as a whole that might induce an overnight tourist to spend a holiday there, rather than the accessibility of a specific attraction. I do not think that it is conservative to assume that entire overnight trip spend would be attributable to the scheme. This is particularly true after considering the three competing heritage railways in the same area and, more so, a visitor wanting a four-day visit to Kent is highly likely to use a car in order to get around, in which case proximity to Robertsbridge station is unlikely to be what makes the decision for you.
- 5.89 If being extremely generous, I probably would have assumed that spend on just one of the 4.1 days of an overnight visit reported by Visit Britain (c. £48 – 2018 prices) was generated by the KESR attraction, since it is likely that overnight visitors will only ride the KESR for one day and therefore you might feasibly assume that tourists already planning an overnight stay extend their visit by one day. Utilising this in the calculation provides an average spend of £32.18 per KESR visitor – 25% lower than the figure used in Steer. This clearly has implications for the overall benefits claimed in the Steer report to be as a result of the scheme.
- 5.90 I do note Steer's comment associated with table 4-11: *"The results show that, should the target number of KESR visitors be achieved, the potential annual economic benefit could be in the order of £3.25 million per annum. While not all of this can be attributable to the Rother Valley Railway, it is seen as critical in enabling the long-term growth to take place"* (where the £3.25m is spend associated with investment case only).
- 5.91 This implies that Steer also agree with my own comment and brings me back to one of my main concerns with this case; that, whilst Steer's report noted the bounds of their assumptions, the numbers in the report were not responsibly used when arguing the benefits case for the proposals.

Summary

- 5.92 Overall, I believe that the overnight spend per trip figure has been misused in calculating the overall spend per trip attributable to the RVR, and the whole £196 should not have been used. Regardless of whether the assumed day trip spend is achievable for the average visitor, the big driver in the high spend is the misuse of this £196.
- 5.93 I would also like to note that Steer provide a sense check for their visitor spend figure by calculating an economic value to turnover ratio of 2.7 (dividing the estimated £1.1m spend figure by the total yield as derived in Steer) and state that this is the average of what has been reported at other heritage railways.³⁹ However, this benchmark average is calculated from four heritage railway values: 0.8, 1.9, 2.1 and 6.0, where 6.0 is clearly an outlier and is associated with the North York Moors Railway which could have more facilitatory conditions for economic value than the KESR has. The average without this outlier is 1.6, which suggests that the ratio calculated for KESR is too high.

³⁹ From the Parliamentary Group Report into Heritage Railways See table 4-13 in the Steer report (RVR/09).

Volunteer spend

- 5.94 Steer note that KESR estimate an average of two additional volunteer days per day of operation, a reasonable increase of the current number which is 30. Given 178 days per annum of operation, there would be the need for 356 additional volunteer days each year. Steer assume 10% would stay overnight (they may have come from far away), spending an average rate of £44.54 (from GB Tourism Survey 2016). Over the course of a year this gives a direct impact of £1,600 which, when the multiplier is applied, gives a total additional impact of **£1,900** per annum.
- 5.95 This seems reasonable as it does not use a very high average spend figure for volunteers staying overnight and does not value any of the economic impact of day volunteers, who could, in theory, spend on food or retail throughout the day.

Direct employment benefits

- 5.96 Steer state that there will be an average of 1.5 additional paid workers per day of operation as a result of the scheme. They quantified worker wages by applying the average hourly rate (£7.83 per hour) to the average hour working day (7 hours), factoring by the number of days of operation (178). This gives a direct impact of £14,600. Applying the same multiplier gives indirect and induced impacts of **£17,900**.
- 5.97 There are currently an average 8 paid staff per day of operation. The additional 1.5 paid workers per day of operation estimated by Steer represents c. 19% increase in paid workers per day of operation. This seems quite reasonable given the 25% increase in total visitor numbers in the central case (although I do believe this increase to be fairly high as explained above).
- 5.98 I would like to note that here, I would instead have assumed that these workers will be paid from the visitor spend which is going to the KESR (ticket prices) and that the local benefits from these workers spending would be included in the multiplier added to this visitor spend. I would not count employee wages as an additional benefit to worker spend, nor apply the multiplier to the total wage since some of that wage could have been spent outside the local area. By considering direct employment benefits separately, I believe that they have double counted some benefits.
- 5.99 However, the value of £17,900 per year is barely enough to support one new job, so the impact of the double count is fairly small.

Direct job calculation

- 5.100 Steer note *“Research carried out by Deloitte for Visit England in 2013 suggests that each £54,000 of tourism spend is associated with an additional job.”* They then apply the 54,000 to the total spend to provide the following jobs estimates: 20 full-time jobs in the central case (based on spend of £1.08m), 65 jobs in the investment case (based on spend of £3.5m) and hence a total of up to 85 jobs (based on total spend £4.6m).
- 5.101 I would like to note that, even if the £42.55 is correct, a large proportion of this spend is going on the KESR ticket, retail or food options on the train. For the sake of ease, say £20 (or half). This KESR spend is used to fund the running of the railway itself – supply chains, workers, coal and water. Does this classify as spend in Rother? I do not have access to the KESR’s supply chain information to analyse where this expenditure is

occurring. It is worth noting however that approximately half of their expenditure each year is on 'locomotive and rolling stock operating expenses' which is unlikely to be retained within Rother.

- 5.102 Taking an approximate half of the spend as being truly 'local' would severely impact the estimates for tourism jobs supported – decreasing from 20 to 10 in the central case. This is the 'leakage' factor I have noted earlier (see paragraph 5.44) which if carrying out a thorough assessment at different geographical levels, I would have expected to have seen addressed explicitly within the analysis.

6 Conclusion

- 6.1 In conclusion, I believe that the central scenario put forward by Steer overstates the increase in passenger numbers that are reasonably achievable as a result of the National Rail connection, particularly when regarding the benchmark case of Bluebell.
- 6.2 All of the passenger increase estimates are assumed to be consistently achieved for all future years, despite the fact that in the benchmark scenarios this has not been the case – each one saw a one off one-year increase after which passenger numbers dropped off considerably.
- 6.3 Of greater concern is the consistent reference to the benefits of the ‘total’ scenario in documents such as RVR’s statement of case (RVR/66), which uses the benefits estimation as justification for the scheme. These benefits are part of a hypothetical scenario which I do not believe to be realistically achievable.
- 6.4 Firstly, the ‘total’ scenario assumes c. 180,000 annual passengers ‘comparable to other railways’ which I do not think is realistic; rather, I think that it is quite blunt to fix a passenger number without considering the low existing KESR passenger numbers relative to other railways before their national rail connection. Also, the achievement of these passenger numbers depends on the successful implementation of an investment programme, the details of which are extremely vague.
- 6.5 Steer’s assessment assumes that the total case could increase existing passengers by over 100%, including the 22,000 additional passengers acquired as part of the central scenario. The largest increase in visitor numbers seen at the benchmarks over any number of years is 45% at North Norfolk (between FY09 and FY16).
- 6.6 Furthermore, the benefits estimation in both the central and total scenarios relies on an average spend per passenger which I believe to be overstated. Considering the £32.10 day visitor spend, and the fact that the majority of these new trips are supposed to be undertaken by rail / public transport, I have estimated the time it would take for a south London resident (from the six borough catchment stated by Steer to be the key new rail access market) to do a round-trip in one day and have done a field trip to the area local to the railway. Following this, I think that the opportunity to spend on additional attractions or food and drink are fairly small, particularly for a visitor who is limited to walking or public transport.
- 6.7 I think that a trip to Bodiam Castle and back with a stopover for lunch is the most likely to be attractive, it is feasible within a day and could elicit an average spend of £32.10. However, I do not think that it is reasonable to assume that this would apply to all passengers. The overstatement of the day visitor spend is particularly relevant after considering KESR ticket price discounts and the fact that many visitors will have already spent money on National Rail fares. It is far more likely that those new passengers would bring a picnic lunch and spend hardly anything extra in the local area during their trip.
- 6.8 Considering overnight spend, I think it was inappropriate for Steer to attribute the entire overnight trip spend of £196 – 2018 prices (over 4.1 nights) to the RVR. Rather, the joint tourism offering in Kent and East Sussex should have been factored in, where

only a proportion of an overnight trip spend should be considered attributable to any one attraction. Indeed, Steer do acknowledge that this cannot all be claimed as a direct result of the RVR.

- 6.9 Overall, whilst I do believe that the RVR scheme will deliver some economic benefits, I am concerned that these have been considerably overstated in the Steer report for the various reasons set out above. I believe that, despite Steer stating the hypothetical nature of the benefits associated with the 'total' or 'investment' scenario, this was not clearly noted in the statement of case (RVR/66) or any other reference to the benefits, thus potentially giving these benefits and in particular the upper scenario more weight than is appropriate.

My estimate

- 6.10 Overall, I would challenge Steer's estimates on three key points:
- What is a reasonable increase in passenger numbers;
 - To what extent the initial increase (whatever it is) is purely a boost to the first year, and drops away afterwards; and
 - The daily spend figure, the most material factor within which is the assumption that the £196 (2018 prices) is fully attributable to the scheme when, in reality, only a proportion of it should be considered attributable.
- 6.11 I believe that, in year 0 (the first year) there will be an initial boost to visitor numbers as a result of the scheme. Taking the middle percentage from the benchmarks, I would apply an increase of approximately 15% to the average KESR passenger numbers from the last six years, which would be equivalent to 12,700 additional passengers. It is conservatively assumed that this uplift includes any additional Bodiam visitors. This is comparable to that which was seen at other railways. After the first year, I believe that this will drop off, as it did with other railways, and this is reasonable given the competing attractions in the area (particularly Bluebell) which could elicit problems in maintaining passenger growth at KESR. I have assumed an approximate halving in demand as was seen at East Grinstead from year 1 (to c. 6,400 passengers). In the case of the comparators, passenger numbers actually reduced right back to pre-investment levels within a couple of years. I see no reason why RVR would be different to this.
- 6.12 I estimate the total spend figure for the average passenger to be £30 (2020 prices). This is based on a day trip spend of £28.90 (£20.70 on the KESR as derived above, and £8.20 spend elsewhere in Rother) and an overnight spend of £45.60 (uplifting £174.89 to 2020 prices and dividing by 4.1 – the nights reasonably attributable to the scheme). Using the same 93% day trip assumption as in Steer, this equates to an average spend per visitor of c.£30. Of this, approximately two thirds (£20.70) goes on the KESR itself and one third accrues to other businesses in Rother.
- 6.13 I have added Steer's £1,900 volunteer spend which I have uplifted into 2020 prices. I have applied the same 1.22 multiplier to the total spending as in Steer. I have excluded the direct employment benefits that Steer added, as I believe that these are included within the effects of the multiplier. Overall, the total additional spend in Rother in year 0 is £469,400 (compared to Steer's £1.1m). It should be noted that were supply chain information from the railway available, it would be appropriate to then account for the leakage of some of these benefits outside of the local area.

- 6.14 To calculate cumulative benefits, I have applied an inflation rate to the spend estimates over the ten year period. Applying a net present value (NPV) over the ten year period at a discount rate of 2% elicits a total benefit of £2.6m (compared to Steer's £10.8m) in the central case.
- 6.15 Were I to be asked to produce an 'investment case' or 'ambitious' scenario, given the lack of available information around what such a scenario might include, I would typically apply a percentage range around this central scenario. Even if I were to consider an upper scenario of +50% above my central case, this would result in ten year benefits of £3.8m in total, which compares to Steer's 'up to £35m' figure – almost tenfold lower.
- 6.16 Regardless of what the actual benefit figure is, it is important to note that, in environmental impact assessment terms, the scheme's promoters conclude (and I agree) that the socio-economic impact will not be significant. The updated ES (2021) (RVR/70-01) reports that claimant rates in Rother are low and that the area is not deprived by national standards. The Coronavirus pandemic is not expected to increase the sensitivity of the future receptors; all official forecasts anticipate recovery to pre-pandemic levels by 2024. The impact of the restrictions are not considered likely to persist even without the scheme. Steer note that Rother business turnover supported by tourism was £292m in 2015, supporting 4,871 FTEs (9,836 jobs). Therefore, even if the (highest scenario) £4.6m annual spending and 85 jobs quoted in Steer were realised, it would only equate to a 1.4% increase in the monetary benefits and a 0.9% increase in tourism jobs in Rother. This percentage increase lessens further when using my own estimates (0.1% of tourism value, <0.1% of jobs). Indeed, the socioeconomic chapter of the original ES (2014) (RVR/25) utilised findings from the two Manchester Metropolitan University (MMU) studies on the scheme and found that benefits are not likely to accrue over a much wider area than Salehurst (which spans Robertsbridge and Bodiam KESR stations), and that the benefits are expected to be minimal.
- 6.17 I am the mother of two young children, live in South West London, enjoy outings in Kent and East Sussex, am a member of the National Trust. I own a car but am also a regular user of public transport. In summary, I could well be considered the audience the RVR is seeking to attract. I am also a professional economic consultant. I believe I have fairly and neutrally considered the economic benefits claimed in respect of the RVR. In conclusion, whilst I agree that the RVR would have some economic benefits, I believe they have been materially overstated.

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