

OBJ/1002/EE/3

Summary 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 Summary

- 1.1 I am the senior partner at Volterra Partners, an economic consultancy which specialises in the social and economic impacts of developments & infrastructure projects. I have estimated the economic benefits of a wide range of projects across the country, including new rail lines and leisure and tourist attractions.
- 1.2 The Rother Valley Railway (RVR) would extend the Kent and East Sussex heritage railway (KESR) from Bodiam to Robertsbridge Junction, which is connected to national rail services that run between London and Hastings. The connection is claimed to bring economic benefits as it will increase the catchment of the KESR, in particular allowing rail visitors which could not previously visit if they did not own a car. The KESR has attracted an average of 86,000 visitors each year between 2013 and 2019.
- 1.3 In 2018, Steer estimated the economic benefits of the proposed connection.¹ Steer present two cases for visitor increases: 22,000 in the central case (covering the impact of RVR) and 94,000 in the total case (covering RVR and a KESR Investment Programme). A daily visitor spend figure of £42.55 (2018 prices) is applied to the additional visitor numbers to estimate economic benefits. Volunteer and worker spend is also estimated. The benefits are reported in the table and figure below. Combining the construction, central case and investment programme benefits over the period 2019 to 2030, Steer conclude a cumulative benefit of **£35m in the total case**.

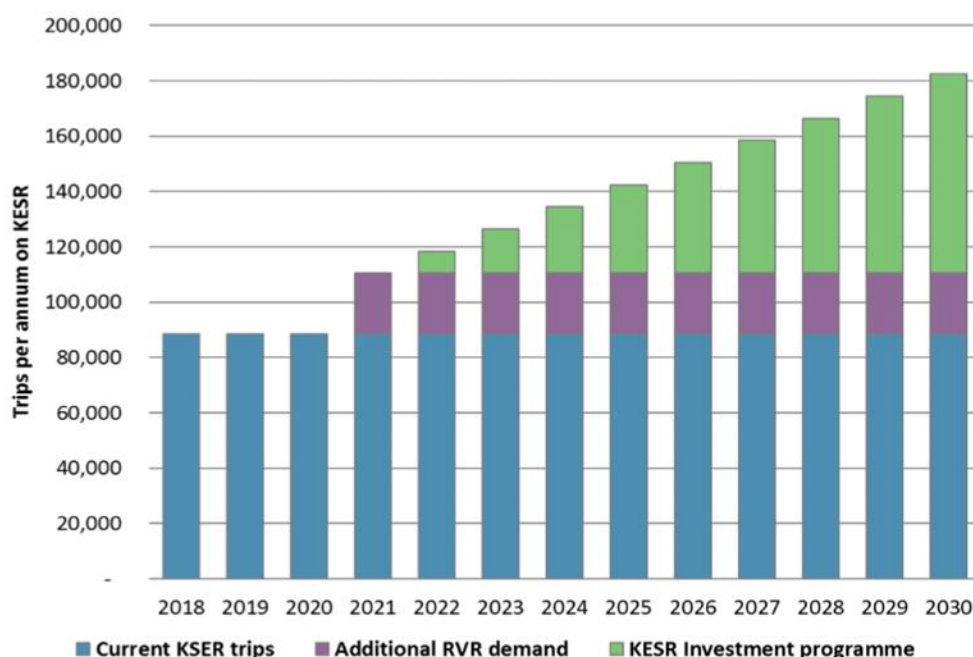
Table 1: Summary of the Potential Annual Economic Impact of the RVR (2018 prices)

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

¹ RVR/09

Figure 1: KESR Demand Profile



Source: Steer, 2018. RVR/09

- 1.4 I was asked to review the Steer report and provide my view on the validity of its conclusions. The construction phase benefits are temporary in nature, and the estimates for volunteer and worker spend are relatively small. I have therefore focused the bulk of my review on the operational phase benefits. Whilst I agree with the methodology of multiplying visitors by spend per visitor, I find the estimates themselves overstated.
- 1.5 My first concern is that the visitor numbers are inflated, slightly so for the central case but extremely so for the investment scenario.
- 1.6 For the central case:
- The uplift forecast for the KESR (15% or 13,300) has been based on benchmarking at Bluebell railway, which connected to a main line at East Grinstead station in FY13 and saw a 32% uplift that year. Steer point to two reasons why this benchmark should be approximately halved for the RVR case: the fact that the 32% was only seen in the first year of the connection but approximately halved for subsequent years; and, the fact that the 32% uplift should be applied to 'regular' KESR passengers only, where regular passengers account for approximately half the total. Both of these are entirely valid adjustments to make to the Bluebell benchmark, but if both 'halving' adjustments were applied, the 32% should be quartered, taking it far lower than 15%.
 - In addition to this, the central case assumes an uplift of 5% on Bodiam castle visitors. Whilst I am unclear where the 5% is derived from, I do think it appropriate to assume some uplift given Bodiam is a very beautiful National Trust property and in close proximity. However, I would disagree that these visitors should necessarily all be considered additional to previously described uplift. Sheffield Park and

Gardens, a similar National Trust property, is within walking distance from Sheffield Park station on the Bluebell railway. It is possible, therefore, that the 32% benchmark already accounted for at least some passengers which were motivated by the potential to pair their visit with a National Trust property. To estimate the extent to which this overlap occurs would require the relative attractiveness of each joint-trip to be estimated which is not available. However, the point is that it is not conservative to assume that *all* Bodiam visitors are additional to the KESR ones.

- Furthermore, and potentially most significant in determining the cumulative benefits of the proposals, the report assumes a persistence of benefits over the 10 year period, which I believe is optimistic. This is not a trend which has been seen at other benchmark railways.

1.7 For the total case:

- The 180,000 visitors is based on benchmarks. I find it blunt to fix this number without considering that there may be other reasons (such as catchment) why those benchmarks are able to achieve those numbers which are outside the control of any investment programme.
- The 94,000 additional passengers represent 106% increase in existing passenger numbers. However, the highest increase seen at any of the other railways across any number of years is 45% at North Norfolk between FY09 and FY16. The 94,000 is 1.5 times higher than the largest nominal increase seen in any of the benchmarks (+60,000).
- The 94,000 additional passengers represent a 327% increase on the central case figures, whereas in my work, any upper case (unless informed by detailed evidence) would typically be around +10% to +50% on the central case.
- I have seen no evidence of what the investment programme would involve that would reliably generate 72,000 new visitors. Suggestions made by Steer include also running special services from Robertsbridge (they currently only run from Tenterden), or undertaking extensive marketing. The central case itself relies on some marketing. In short, no evidence has been provided of what the investment programme would involve, which would support the substantial increase in new visitors assumed, **nor are there benchmarks which back up the scale of step change assumed.**

1.8 My second concern is that the daily spend figure of £42.55 (2018) is high. It is calculated from a weighted ratio of day visitor spend (£31 – 93% of visitors) and overnight visitor spend (£196 – 7% of visitors) based on figures from the GB Tourism Survey 2016 for Rother.

- I have estimated the 'fixed cost' of each day visitors' spend in Rother as £20.70 (2020 prices) on KESR ticket, catering and retail. The average day visitor would need to spend an additional £11.40 in order to make up the spend assumed in Steer (£32.10 in 2020 prices). I have calculated rail journey times from London and on the KESR and I have visited the site. I conclude it unlikely that the average visitor will be able to spend £11.40. The most feasible spend option in terms of time and accessibility for a rail visitor that will be on foot is if the visitor gets off at Bodiam and eats in one of the F&B options nearby (which Steer do acknowledge is the most likely place for additional spend to occur). But it is not conservative to assume this

will be the case for all visitors. Similarly, there are other, less feasible but still possible spend opportunities such as around Tenterden, but the round trip from London or Hastings to Tenterden via the KESR is long (about 6 hours) and should not be assumed to apply to the average visitor. Steer point to a number of ‘nearby’ attractions, but my site visit found that barely any of these are feasible for a rail visitor on foot.

- Steer use an entire spend per overnight trip figure (£196) for a trip which is 4.1 nights long. This assumes that the entire £196 is generated as a result of the RVR. However, the KESR is just one of many attractions in Rother. It is far more conservative to assign just a day’s spend to the RVR (£48). This would generate an average spend figure of £32.18 – 25% lower than the £42.55 used.

- 1.9 Steer were clear in their report that the investment scenario was hypothetical. They also stated that not all of the economic benefits would be attributable to the RVR. This brings me to one of my main concerns; that, whilst Steer report the bounds of their assumptions, their numbers are not responsibly used when arguing the benefit case. The 2021 RVR Updated Statement of Case² and other key support documents quote the total case £35m of economic benefits as the expected benefits of the scheme. However, this should not be taken as realistic or expected for the reasons I have outlined.
- 1.10 Whilst I do believe the scheme will generate some benefits, I do not believe they will be anywhere near as large as that reported by Steer’s upper scenario. My own estimate for year 0 (the year the connection is made) is £469,400 (compared to Steer’s £1.1m) and £2.6m over the 10 years in the central case. An investment case of +50% results in £3.8m benefits over 10 years; **almost tenfold lower** than Steer’s £35m.
- 1.11 Finally, regardless of the actual benefits, both Steer estimates and my own are considered **non-significant in Environmental Impact terms** to the Rother economy (Steer’s highest scenario accounts for 1.4% of monetary benefits and 0.9% of jobs; my own estimates account for just 0.1% of tourism value and less than 0.1% of jobs). This conclusion does not change when considering the impact of COVID-19.

² RVR/66

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