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High Speed Rail Services to Hastings, Bexhill and Eastbourne

Strategic Economic Case
Executive Summary

October 2017

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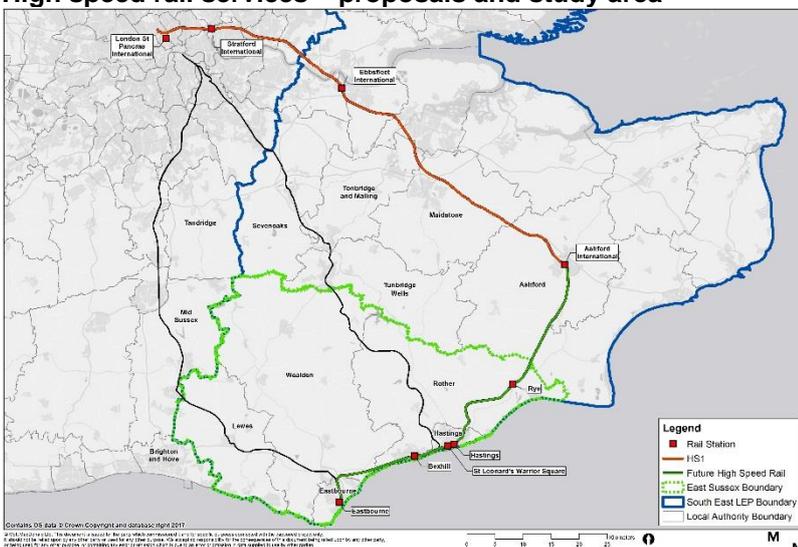
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Executive summary

High Speed Rail Services – transforming connectivity

Introducing high speed rail services between London St Pancras and Hastings, Bexhill and Eastbourne will provide significant journey time reductions and thus provide a step change in connectivity and accessibility for the coastal communities of East Sussex. For instance, journey times between Hastings and London will fall from a current 1hr 40 minutes to 1hr 10 minutes via the Marshlink and HSR line to St Pancras. The reduced journey times put all three towns much more firmly within the economic sphere of London and the South East, transforming the image of the area to potential residents, investors and visitors.

High speed rail services – proposals and study area



Source: Mott MacDonald

Supporting London

Given the level of growth envisaged within London and the South East, which continues to dominate prospects for the UK economy, improving connectivity with the capital is critical to securing the economic future of East Sussex.

The central agglomeration of jobs in central London is set to continue with approximately 850,000 people commuting to work in London from outside of the city in 2015, equating to approximately 18% of all jobs in London. This represents a growth in commuting of around 150,000 people over the previous decade. This suggests that city centre employment growth, the high cost and limited supply of housing, and other factors such as enhanced wider transport connectivity have all driven commuting from outside the city over recent years. Recent migration figures demonstrate that the study area is already becoming a popular relocation choice for city

dwellers in search of a better quality of life and high speed rail would further accelerate this process.

Furthermore, strategic infrastructure investment such as high speed rail whilst simultaneously assisting with alleviating bottlenecks on London’s growth will assist in rebalancing and redistributing some of the growth from London and the rest of the South East.

Catalyst for economic growth

Regeneration has been a cornerstone of economic development policy in Hastings, Bexhill and Eastbourne for many years. Over the last decade, via joined up activity across the public, private and voluntary sectors, public perceptions of the area have been transformed. Over £200m of public sector money has been invested in the area with recent examples, including the newly completed Hastings Pier and the Bexhill-to-Hastings Link Road, unlocking substantial employment and housing space. The study area’s reputation as a cultural centre continues to strengthen with flagship projects such as the iconic De La Warr Pavilion, Jerwood Gallery and Towner Art Gallery stimulating new cultural economic activity. Images and perceptions of dilapidated seaside resorts are being transformed in the light of new investment and a commitment by the public, private and voluntary sectors to address economic development challenges.

Despite this, the current relatively poor levels of strategic connectivity to, from, and within East Sussex impact detrimentally on the overall image and perception of the area as a location for business investment. High speed rail could act as a ‘game changer’ attracting investment and ensuring the area is a more desirable place to live and work, ultimately leading to lower out migration of skilled labour and in-migration of higher income earners thereby helping to address the imbalances within the housing stock (particularly in Hastings).

Hastings – image and perceptions holding back investment



“Folkestone has the HS rail link and this has made a difference to our business. We initially located here due to reasonable business rates and the support from the local council but also because we could get into London within 50 minutes. That makes it easier to meet with clients and is faster and less hassle than places without that high speed link.”

Folkestone based media business

Source: *Businesses’ Perceptions*, Catherine Williams Research limited, for Hastings Borough Council, 2016

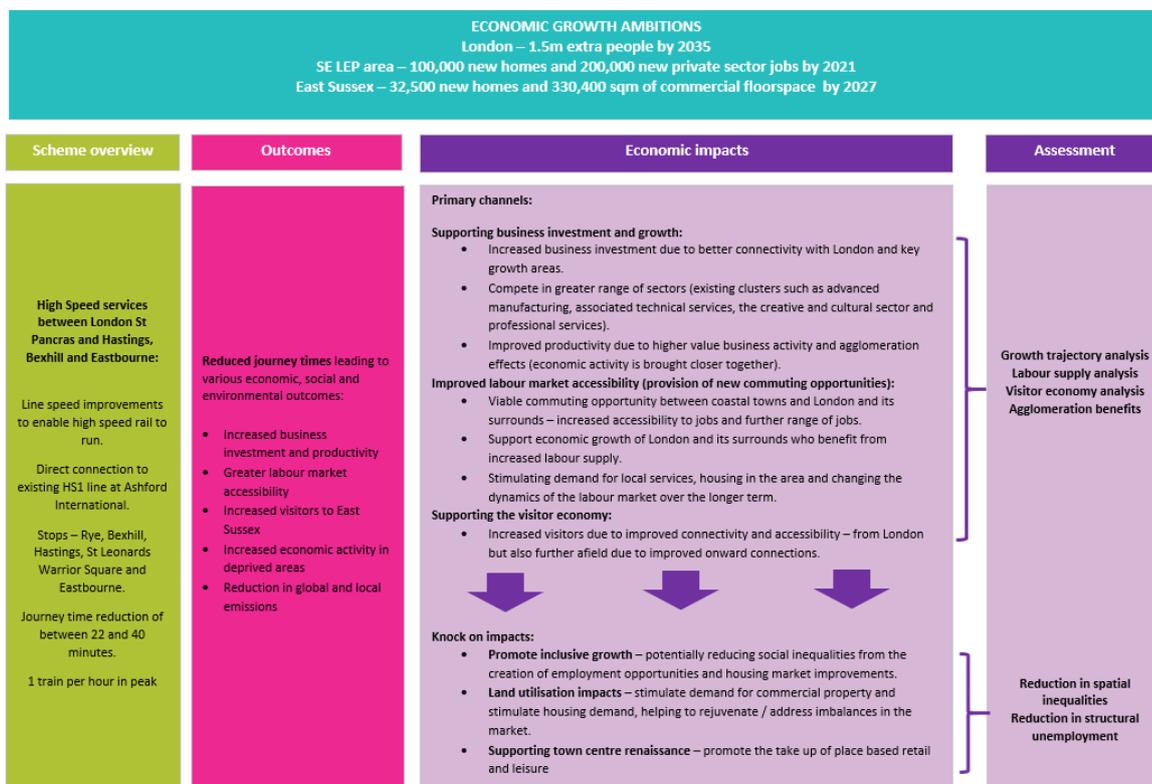
The foundations are now in place to ensure that the area is ready to capitalise on growth opportunities linked to the capital or within the wider South East, such as a strong supply pipeline of established premises and development sites (employment and housing) coupled with an inviting cultural and quality of life offer for existing and new residents. Transforming strategic connectivity in many ways remains the final missing link in regeneration policy, which if now addressed will help to complete the transformation of the overall image and perception of the coastal towns.

How will the scheme promote economic growth?

High speed rail services, via markedly improving the connectivity of East Sussex, will transform the economic growth prospects of the area via three key channels:

- Supporting business investment and growth:** enhanced connectivity will transform the entire investment proposition of the coastal towns of East Sussex. It will enable it to both compete for footloose business investment in the region, and permit indigenous businesses to expand given they can now serve a wider market catchment. The study area will be able to compete for and build on the strengths of existing clusters such as advanced manufacturing, the creative & cultural sector and elements of professional services given suppliers, key markets and customers can be reached more effectively.
- Provision of new commuting opportunities and thereby stimulating housing growth:** the service will provide a viable commuting opportunity between the study area and London and the stations in between. High income earners working in London may choose to reside in the area given the relatively low property prices and quality of life benefits. This will stimulate demand for local services, housing in the area and change the dynamics of the labour market over the longer term.
- Visitor economy and growth:** The service also presents the opportunity to enhance and build on the strengths of the existing visitor economy. This will be achieved by promoting links to new markets within London itself, but also further afield given the significant improvements in onward connectivity provided by services to London St Pancras and Ashford International.

High Speed Rail: Economic rationale and potential economic impacts



Source: Mott MacDonald

Significant potential benefits

The wider economic benefits, driven by the connectivity improvements, are anticipated to be very high. The impacts have been modelled by combining both the team's knowledge of the local economy and the Department for Transport's (DfT's) Transport Appraisal Guidance (TAG) recommendations for the assessment of wider economic impacts. Given the study's emphasis is on understanding how the scheme could assist and drive forward East Sussex's regeneration and growth agenda, the focus remains on presenting wider economic benefits for East Sussex (the strategic case) but net UK level benefits are also explicitly covered.

Overall, at an East Sussex level, the impacts have been modelled primarily by assessing the benefits that could emerge from land utilisation changes and impacts through increased business investment (inward and indigenous), demand created through the provision of new commuting opportunities and increasing the volume and profile of visitors to the study area. Based on this analysis the following benefits are attributable to the enhanced rail scheme for the study area:

- 730 jobs and £29.9m of GVA per annum, equivalent to £435.9m of GVA over a 30 year time horizon (2017 discounted values and 2017 prices), from supporting employment land utilisation. Separate labour supply analysis, using conventional transport modelling techniques, shows an additional 770 jobs attributable to the scheme, and the total GVA effect across all locations, not just East Sussex, served by the connectivity improvements.
- Visitor economy benefits from stimulating overnight trips and increasing the tourism spend on tourism day trips, equivalent to 561 jobs and £19.9m of GVA per annum and £275.3m of GVA over a 30 year time horizon¹ (2017 discounted values and 2017 prices).
- Supporting delivery of the significant levels of housing planned in East Sussex both in the current plans and in the longer term, particularly in Hastings, Rother, Eastbourne and South Wealden.

These benefits at an East Sussex level amount to 1,290 jobs and £711.2m of GVA over a 30 year time horizon (2017 discounted values and 2017 prices). These impacts are considered robust given the high level of momentum behind regeneration efforts and strong evidence that high speed rail will stimulate both current and future demand for commercial and housing development. Indeed, a positive decision on high speed rail is likely to significantly influence future revisions to the local plans and associated housing and employment targets.

In addition to this supplementary economic analysis, transport modelling has been undertaken to examine the level of wider economic benefits at a UK level, which amount to £285.6m over a 60-year appraisal period. These are welfare benefits which can be directly added to the economic case within the conventional transport business case.

Taking into account all benefits assessed for East Sussex, the high speed rail service could provide economic benefits in the range of £711.2m of GVA in total over a 30 year time horizon and 1,290 jobs per annum (once all benefits are realised). These are significant wider economic benefits considering the scheme is anticipated to cost in the range of £210-£269.3m².

¹ Relates to 2017 discounted values and 2017 prices.

² Kent LTPP Route Study Hastings and Bexhill High Speed Services Pre-GRIP Feasibility Report.

Table 1: Economic impacts – summary

		East Sussex (30 years, 2017 discounted values and 2017 prices)	East Sussex (30 years, 2010 discounted values and 2010 prices)	UK (60 years, 2010 discounted values and 2010 prices)	Unit
A	Growth trajectory analysis	£435.9m	£267.6m		GVA
B	Labour supply analysis		£606.0m	£16.3m	GVA and GDP
C	Agglomeration benefits			£230.7m	GDP
D	Visitor economy benefits	£275.3m	£169.0m		GVA
E	Reduction in spatial inequalities		£3.6m	£6.9m	Welfare benefits
F	Reduction in structural unemployment		£19.7m	£31.7m	Welfare benefits
	TOTAL (East Sussex = A+D+E+F, excluding agglomeration) (UK= B+C+E+F)	£711.2m	£459.9m	£285.6m	

Source: Mott MacDonald

