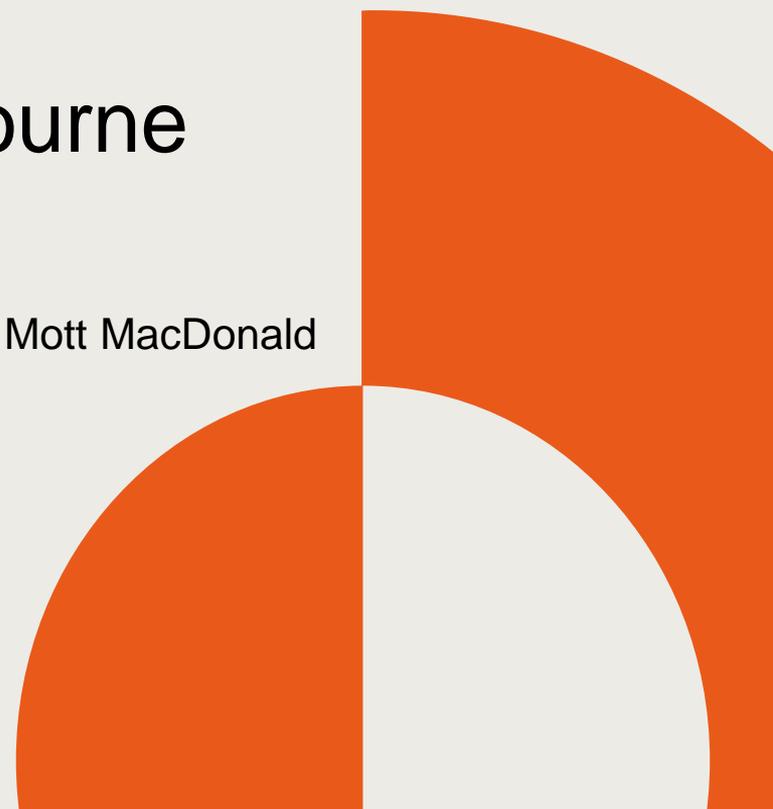


High Speed Rail Services to Hastings, Bexhill and Eastbourne

Strategic Economic Case – Key findings, 2017 study

Stephen Cox, Head of Economic & Social Development, Mott MacDonald



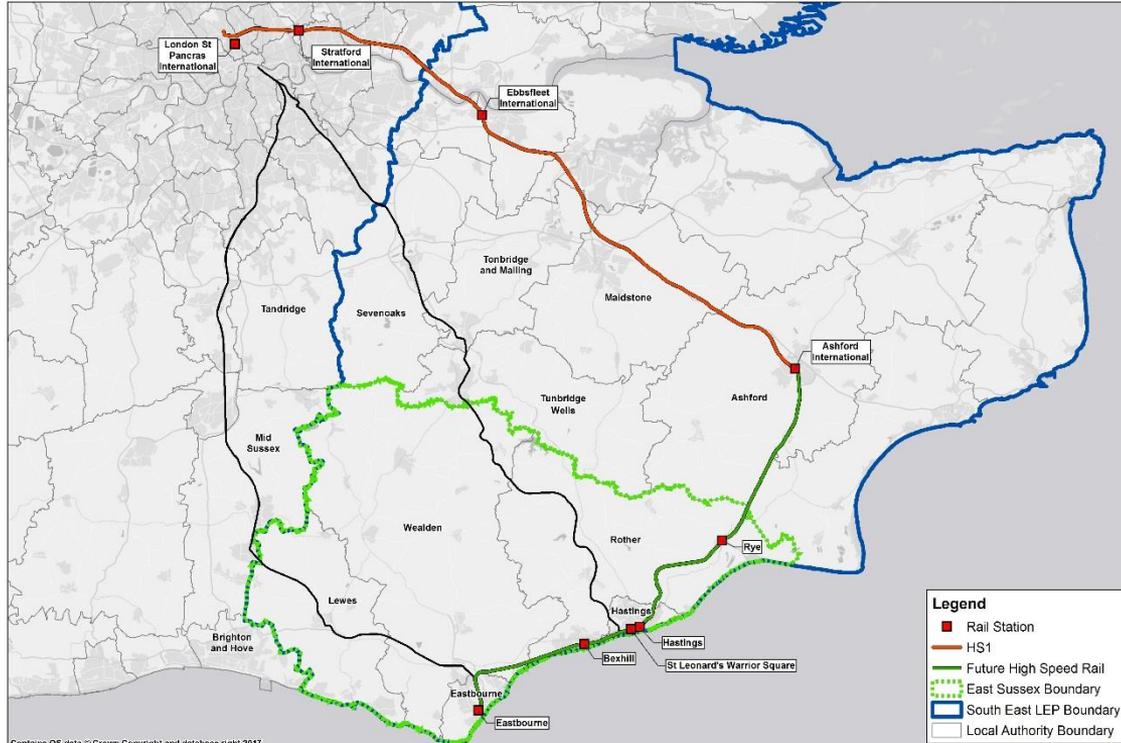
Contents:

- Introduction
- Strategic context
- Economic impact
 - Key channels
 - Core analysis
- Summary



Study purpose and rationale

Proposed high speed rail service



Contains OS data © Crown Copyright and database right 2017

© Mott MacDonald Ltd. This document is issued for the early stage only and is for specific purposes connected with the captioned project only. It is issued not as intended for any other purpose, or used for any other purpose. We accept no responsibility for the consequences of this document being relied upon by any other party, or being used for any other purpose, or containing any error or omission which is due to an error or omission in data supplied to use by other parties.

0 5 10 15 20 25 Kilometers

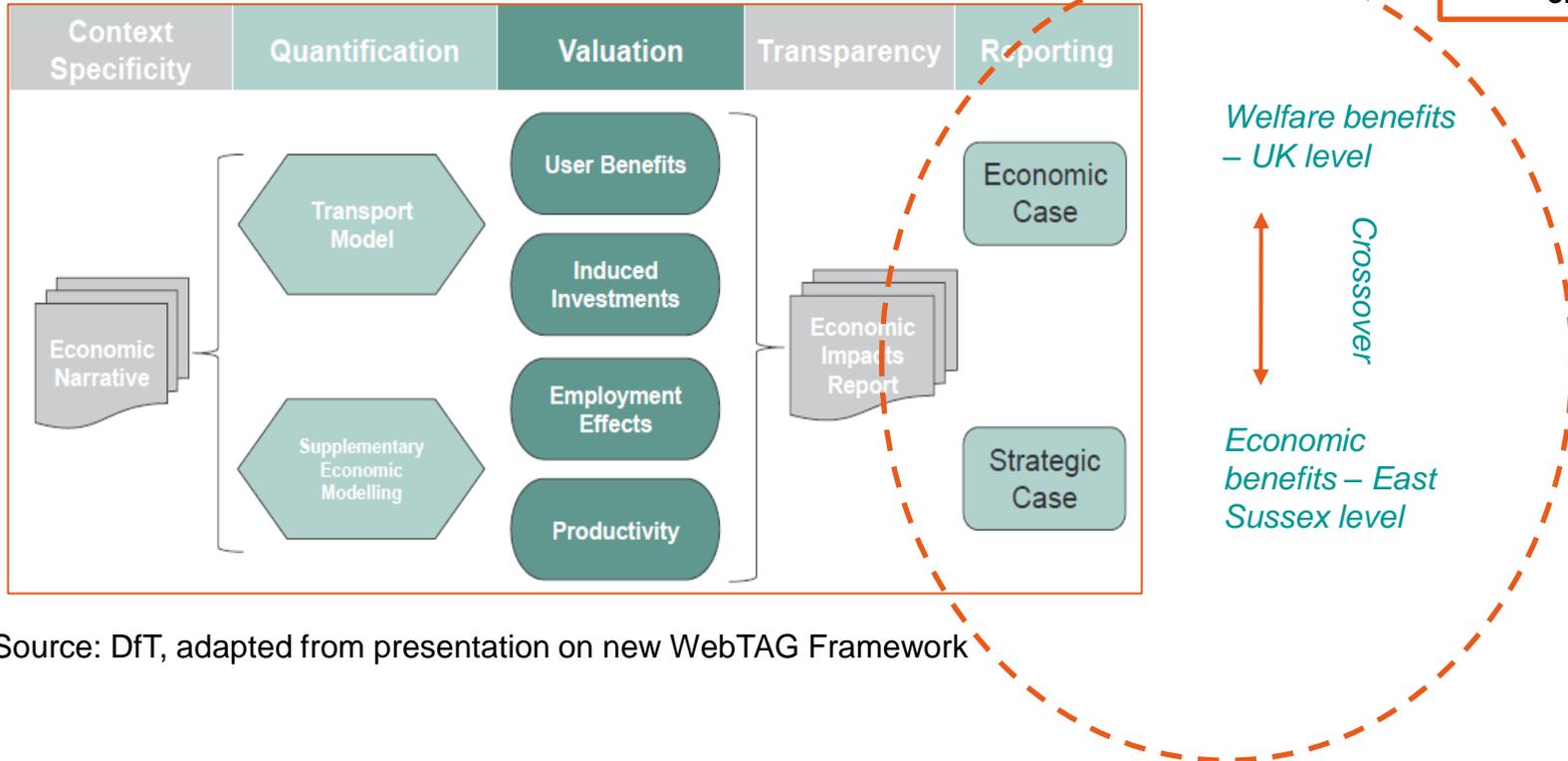
M
MOTT
MACDONALD

Source: Mott MacDonald

- Strategic economic case for High Speed Rail (HSR) services to Hastings, Bexhill and Eastbourne
- 2015 study – conclusive that the scheme would support economic growth
- South Eastern Franchise renewal / Kent Route Study
- 2017 Rail Summit
- Key scheme assumptions (different to 2015):
 - Extension to Eastbourne and additional stops
 - HSR services delivered by 2024.
 - Line speed and infrastructure improvements go ahead.

Methodology

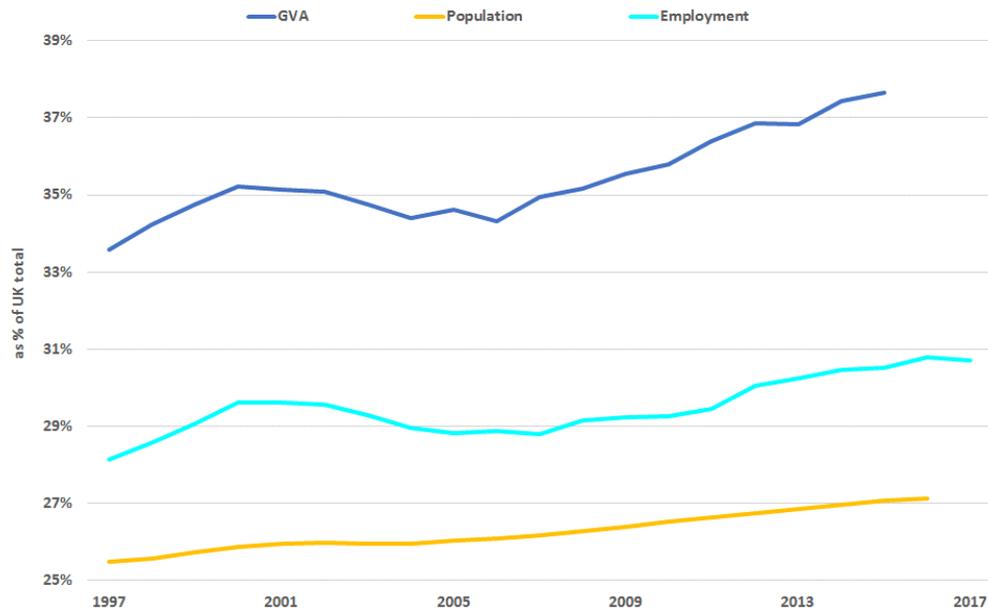
WebTAG: Framework to assess economic benefits:



Source: DfT, adapted from presentation on new WebTAG Framework

Connectivity to London remains critical

London and the South East: as % of UK population, GVA and employment



Source: Population Estimates 1997-2016, Regional Accounts 1997-2015 and Workforce Jobs 1997-2017, all Office of National Statistics (ONS).

- London set to dominate economic growth in the UK.
- Need to address overheating pressures – increased labour supply and ability for suppliers/businesses to grow outside of capital [or new ones locate in East Sussex]
- Re-balancing the national economy - central to UK policy
- Focus on infrastructure investment to deepen labour markets / improve connectivity
- Huge growth opportunities within wider area – Thames Gateway, Stratford International and Ashford.

Key economic challenges persist

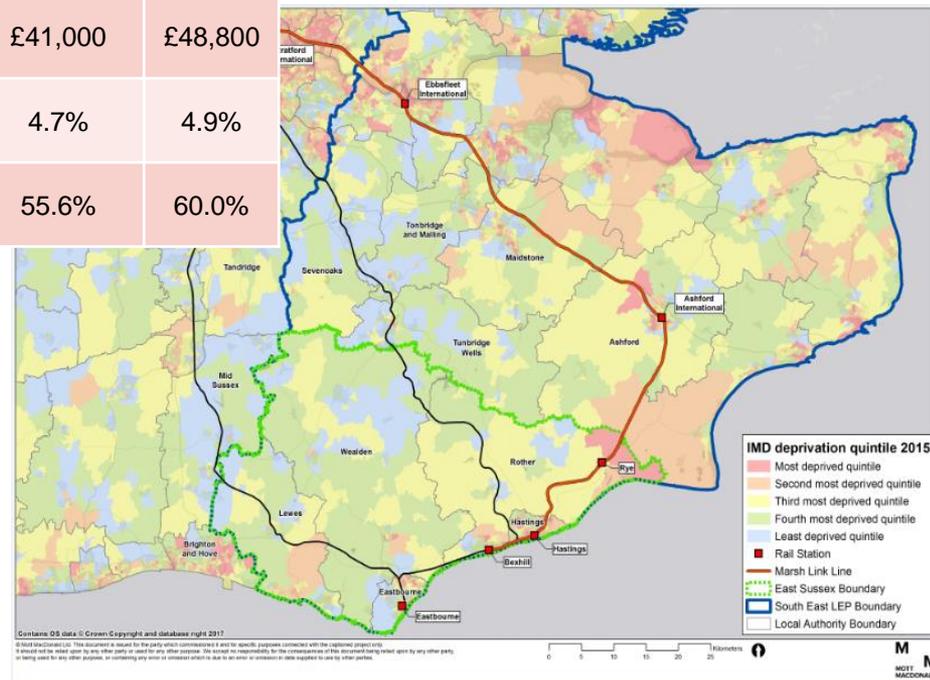
Key economic indicators (selection)

	Hastings	Rother	Eastbourne	East Sussex	UK (*GB)
GVA per worker, 2015*	£42,100	£40,400	£42,000	£41,000	£48,800
Unemployment rate, 2016	10.4%	3.5%	4.0%	4.7%	4.9%
Resident employment rate, 2016	51.2%	50.1%	54.2%	55.6%	60.0%

Source: Business Register and Employment Survey (BRES), Regional Accounts and Annual Population Survey. Unemployment rate is of 16-64 cohort and resident employment rate of 16+ population

- Relatively low value-added economy
- Underlying worklessness issues
- Severe pockets of deprivation
- BUT significant opportunities

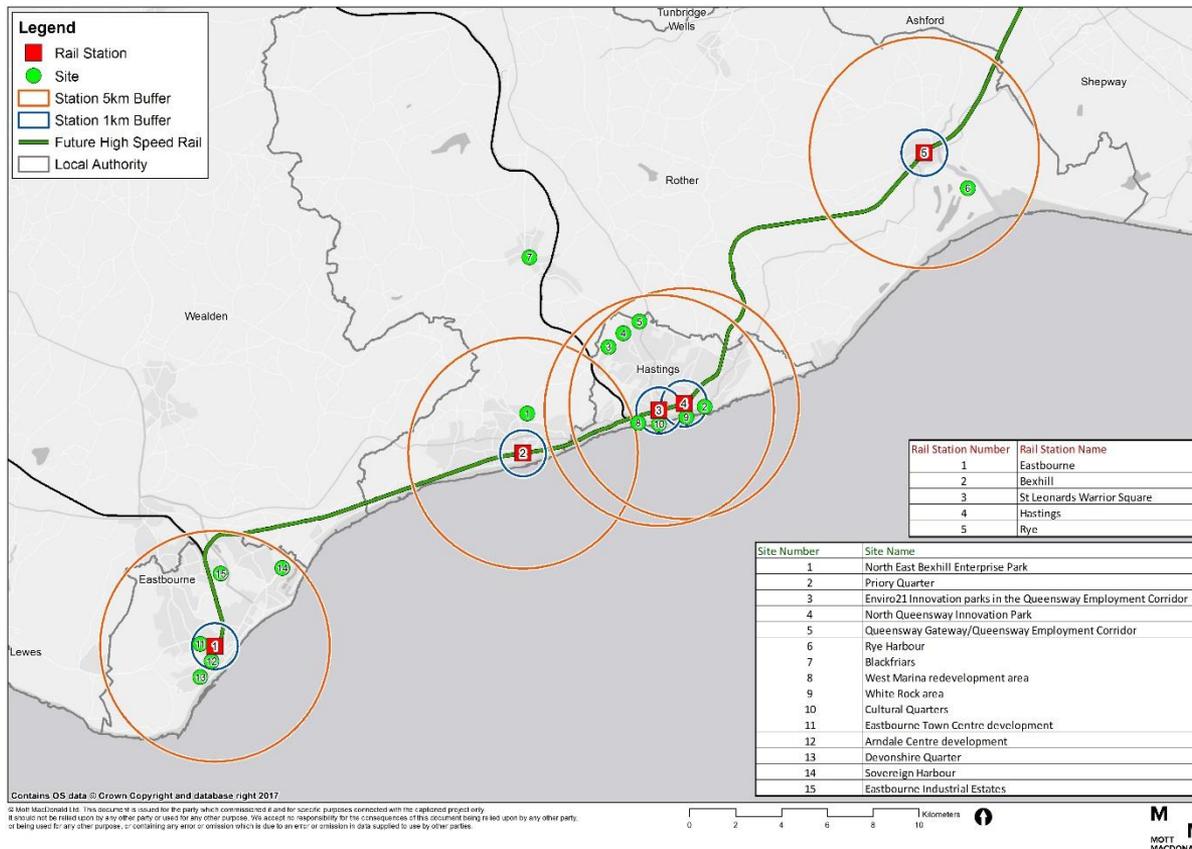
Deprivation, 2015



Contains OS data. © Crown Copyright and database right 2017.
© Mott MacDonald Ltd. This document is issued for the party which commissioned it and for specific purposes connected with the regional project only.
It should not be relied upon by any other party or used for any other purpose. We accept no responsibility for the consequences of this document being relied upon by any other party,
or being used for any other purpose, or containing any error or omission which is due to an error or omission in data supplied to us by other parties.

Regeneration response

Key developments in and around Hastings, Bexhill and Eastbourne



- Importance to East Sussex growth - three LAs collectively account for 43% of housing and 66% of floorspace targets.
- Regeneration – cornerstone of economic development policy.
- Strong portfolio of development sites now being targeted.
- Significant housing growth also planned in South Wealden.

• Connectivity –final and weakest policy area to address

How will the scheme support economic growth? (1)

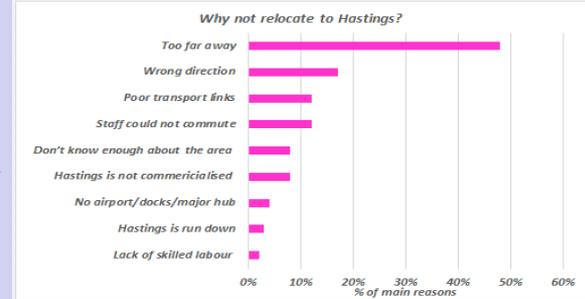
Core channels:

- Supporting business investment and growth
- Provision of new commuting opportunities and thereby stimulating housing growth
- Visitor economy and growth
- In turn number of knock on impacts:
 - Promoting inclusive growth
 - Land utilisation impacts (employment and housing sites)
 - Supporting town centre renaissance

How important is image and perception?

“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

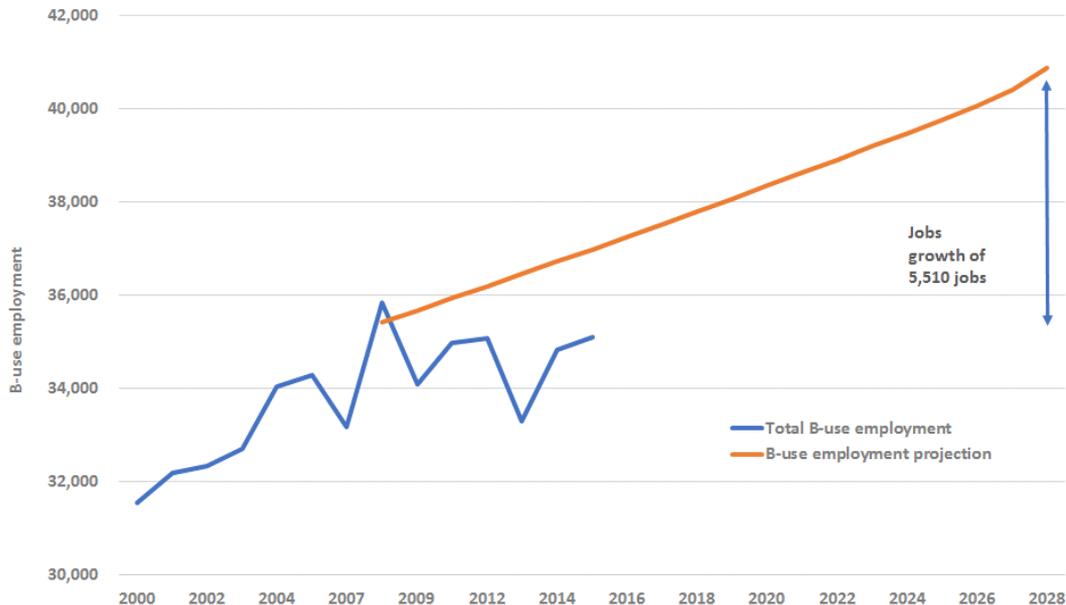


“The impact on the town could be amazing. Easier and faster transport links would attract people in as Hastings has a good location by the seaside and also has lower cost property. Therefore more people would make the choice to live in Hastings due now to its cheaper property but also the ability to commute into London. This would raise the impression of the town and improve the profile and positivity of the town. It would see house prices rise, which again reflects that it is a desirable place and it would change the profile from more lower class to something higher. It would be really good for Hastings.” Eastbourne based Legal business

Source: Businesses' Perceptions, Catherine Williams Research Ltd, for Hastings Borough Council, 2016

Growth trajectory analysis

B-use employment growth and projections 2008-2028



Source: BRES, Annual Population Survey (APS). Total employment estimated by adding total employees from BRES with self employment figures from APS. B-use employment assumed to be 30% of the total

- Local plans - 14,100 jobs and 5,500 B-use jobs over planning period (supporting 218,000m² floorspace development).
- Reasonable 'policy on' growth ambitions.
- Uncertainty as to whether these can be achieved.
- Local ambition – to exceed targets / review of plans.
- Update – examine potential growth post 2028, apply attribution rate and estimate the scheme could support in range of:
 - 730 B-use jobs
 - £29.9m of annual GVA benefits
 - £435.9m of GVA over a 30 year time horizon (2017 discounted values and 2017 prices)

Tourism impacts

- Key channels:
 - Attracting more visitors from London
 - Opening up new tourism markets
 - Potential for developing new tourism offer
 - Specific opportunities
- Tourism growth scenarios – baseline versus growth scenario:
 - Higher share of SE overnight tourism
 - Higher spend per tourism day trip
- Overall results – difference between two scenarios:
 - Extra £85.3m of tourism expenditure
 - Directly support 1,600 jobs and with multiplier impacts, 2,200 jobs
 - 25% attribution to the scheme:
 - 561 jobs and £19.9m of GVA per annum by 2031



Significant potential benefits

- Full results**

	Present value of benefits (£M)		
	<u>East Sussex (30 years, 2017 discounted values and 2017 prices)</u>	<u>UK (60 years, 2010 discounted values and 2010 prices)</u>	<u>Unit</u>
A: Growth trajectory analysis	£435.9m		GVA
B: Labour supply analysis		£16.3m	GVA and GDP
C: Agglomeration benefits		£230.7m	GDP
D: Visitor economy benefits	£275.3m		GVA
E: Reduction in spatial inequalities		£6.9m	Welfare benefits
F: Reduction in structural unemployment		£31.7m	Welfare benefits
EAST SUSSEX - TOTAL IMPACT (A+D+E+F)	£711.2m		
UK – TOTAL IMPACT (B+C+E+F)		£285.6m	

Summary – comparison to 2015 study

- Draft results**

	Present value of benefits (£M) / jobs per annum	
	2015	2017 – update
EAST SUSSEX - TOTAL IMPACT (A+D+E+F; excluding agglomeration [B])	£354.3m	£711.2m
UK – TOTAL IMPACT (B+C+E+F)	£123.7m	£285.6m

- Substantial increases at East Sussex and UK levels driven by:
 - Scheme changes (opening date and stops)
 - Changes in methodology – more consideration of UK level impacts.
 - Stronger UK macroeconomic context
 - Momentum that has built up already around HSR



Thank you

