Economic Impact of the Severn Valley Railway

A (Draft) Report to Advantage West Midlands

July 2009

SQWconsulting

Contents

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1: Introduction

1.1 In January 2009, SQW Consulting was commissioned by Advantage West Midlands (AWM) to carry out an economic impact assessment of the Severn Valley Railway (SVR). The aims of this study were to establish:

- the contribution that SVR currently makes to the West Midlands economy, taking full account of activity supported within and external to the business
- how much of this contribution was lost as a consequence of the severe flooding that took place during the summer of 2007
- how effective has the route to recovery from the flooding been and what contribution did other organisations make; specifically, what was the role of AWM
- how far has the profile of the SVR market changed as a result of the publicity generated by the flood damage.

Background

1.2 In 2008, SQW carried out research on behalf of AWM looking at the impact of the 2007 flooding on the West Midlands economy as a whole and the role of Advantage West Midlands (AWM) in responding to the floods. This research estimated that the economic impact of the floods in terms of lost output and expressed in terms of Gross Value Added (GVA)[1] amounted to between £159 million and £182 million. The region's tourism industry was especially badly hit including the Severn Valley Railway, one of the region's major tourism attractions.

1.3 The economic impact of the floods on the SVR was used as a case study in this previous research. The severe flooding caused landslides at 50 locations on the 16 mile SVR route between Kidderminster and Bridgnorth and also delayed the opening of SVR's new visitor and education centre at Highley. The total cost of repairs was estimated to be between £2.5 and £3 million which was funded by AWM, the Heritage Lottery Fund, Government Office West Midlands (providing ERDF support) and a public appeal fund.

1.4 Due to the floods and subsequent closure of the SVR there were an estimated 172,500 fewer visitors to SVR in 2007 (a drop of 75%) compared to the previous year, resulting in nearly £3.5 million in lost income for SVR. However this was covered by insurance and the main economic impact was on other local businesses linked to the railway. The loss in earnings to suppliers and other tourism related businesses based elsewhere in the West Midlands as a consequence of the disruption to SVR was estimated by SQW to be nearly £3.8 million. This represented the equivalent of around 100 jobs (FTEs) lost in the West Midlands economy.

[1] GVA quantifies the value added to materials and other inputs in the production of goods and services and is the most commonly used measure of economic impact

1.5 In light of the significant investment and support that AWM has provided to the SVR in recovering from the 2007 floods, the Agency was keen to establish the contribution that SVR makes to the regional economy generally and the extent to which local tourism businesses rely on visitors that are attracted by SVR.

Methodology

1.6 The study has involved the following key tasks:

- desk-based review of regional tourism research reports and visitor surveys
- consultation with SVR management and analysis of passenger survey data and SVR financial data
- stakeholder consultations – this involved speaking to AWM's Partnership Managers for Worcestershire and Shropshire, the Destination Management Partnership Managers from Worcestershire and Shropshire, Shropshire County Council, Wyre Forest District Council and Business Link West Midlands
- business survey – this involved telephone interviews with 22 businesses that were identified by SVR as important local tourism businesses located close to the railway. The aim of this survey was to explore the links between themselves and the SVR and determine the extent to which they depend on SVR visitors for their own business.

Report structure

1.7 The remainder of the report is structured as follows:

- Section 2 – local tourism context
- Section 3 – profile of the SVR
- Section 4 – economic impact of the SVR, looking at the current contribution of the railway to the West Midlands economy and how much of this impact was lost following the 2007 floods
- Section 5 – stakeholder views on impact of SVR – including the importance of the SVR to local communities and businesses, in the context of the 2007 floods and subsequent recovery process
- Section 6 – business views on impact of SVR – covering similar issues to those discussed with stakeholders
- Section 7 – conclusions and implications
- Annex A – consultees
- Annex B – comparison with other heritage railways
- Annex C – economic impact calculations

2: Local tourism context

2.1 This section sets out the tourism context in the West Midlands and the rationale for AWM's support for the SVR and the West Midlands tourism industry more generally.

Strategic context

2.2 According to AWM, tourism brings in 140 million visitors to the West Midlands, generating over £5 billion to the economy and supporting more than 130,000 jobs. Additionally, business tourism is now worth over £6.6 billion and offers employment to more than 100,000 people[2]. The region's major attractions include:

- the Royal Shakespeare Theatre at Stratford-upon-Avon
- Alton Towers theme park
- the National Indoor Arena
- Birmingham Symphony Hall
- Warwick Castle.

2.3 Other major attractions are included in VisitBritain's Visitor Attractions Report. The top ten in terms of visitor numbers during 2007 are highlighted in Table 2-1 below[3]. In 2008 the SVR attracted 238,000 visitors for the nine months after its reopening following flood repairs. Although the SVR does not feature in the 2007 visitor attractions list because of the floods impact, it is clear that it ranks alongside the other largest attractions in the region.

2.4 If the SVR's 2007 visitor numbers had been similar to 2008, this would have put the attraction at around seventh or eighth on the top ten list. It should be highlighted however that this is not a comprehensive list as it only includes the attractions that have voluntarily provided visitor numbers to VisitBritain. For example, the West Midlands Safari Park which is not on the list attracts 750,000 visitors.

[2] http://www.advantagewm.co.uk/what-we-do/improving-places/tourism.aspx
[3] This list is based only on the visitor attractions that provide visitor numbers to VisitBritain and subsequently some of the larger attractions may not appear on this list. SVR does not feature because its numbers were reduced significantly due to the floods.

Table 2-1: Major attractions in the West Midlands (2003-07)

Attraction	2003	2004	2005	2006	2007
Lickey Hills Visitor Centre and Country Park	550,000	550,000	550,000	550,000	550,000
Cadbury World	523,075	536,446	564,100	534,438	503,617
Waterworld	400,000	390,000	DK	450,000	470,000
Coombe Country Park	348,712	433,744	410,203	410,980	461,550
Royal Air Force Museum	181,204	245,597	216,170	207,048	352,908
Shakespeare's Birthplace	352,501	403,291	DK	365,787	350,724
Coventry Transport Museum	96,635	258,498	250,764	283,075	315,597
Jinney Ring Craft Centre	300,000	300,000	250,000	270,000	260,000
Wyre Forest Visitor Centre	190,000	DK	250,000	240,000	240,000
Trentham Monkey Forest	DK	DK	DK	227,000	229,000

Source: VisitBritain (2008) Visitor Attraction Trends in England (DK=Don't know)

2.5 In the most recent Regional Economic Strategy, tourism is identified as one of the priority business clusters for the West Midlands[4]. AWM's activities are structured around three themes and under the place theme, the Agency aims to maximise the region's cultural offerings by promoting the key tourism assets.

2.6 The rationale for AWM's support for major visitor attractions such as the SVR is their importance in terms of generating 'spill-over' benefits for other tourism related businesses in the local economy. When people come to visit these major attractions, they do not simply spend money at the attraction but also in nearby towns on food, drink and accommodation. Supporting high quality tourism attractions can also assist with promoting business tourism which as highlighted earlier has become a priority area for the West Midlands economy.

Structure of tourism support

2.7 AWM and the Tourism West Midlands Board lead on strategic marketing of tourism in the West Midlands. At the sub-regional level public and private sector partners have joined together in Destination Management Partnerships (DMPs) which aim to deliver local marketing and promotion, but are also involved in e-business, research and quality improvement. The two DMPs relevant to the SVR and who have been consulted as part of this study are Destination Worcestershire and Shropshire Tourism. Business Link is responsible for providing direct support to tourism businesses in the West Midlands.

2.8 SVR was one of the founding members of the West Midlands Key Attractions Group which is supported by AWM. This is a committee of representatives from each attraction and AWM provides promotional support such as website development and the production of marketing material. SVR's involvement in this group prior to the 2007 floods meant that it already had a high profile and so was well-positioned to make the case for public sector support.

[4] Advantage West Midlands (2007), *Connecting to Success, West Midlands Economic Strategy*

Profile of visitors to West Midlands

2.9 In terms of establishing a profile of visitors to the West Midlands, a range of visitor surveys have been carried out for different geographies. According to Tourism West Midlands research in 2005, 89% of trips to the West Midlands were made by day visitors spending nearly £2.5 billion per annum.[5] Staying visitors accounted for 11% of trips and spent over £2 billion in the regional economy. Using these figures it is possible to establish average expenditure per day/night figures, highlighted in Table 2-2 below.

Table 2-2: Average visitor expenditure per day in the West Midlands (2005)

	Day visitors	Staying visitors
Total expenditure	£2,472,000,000	£2,020,000,000
No of trips	90,500,000	11,500,000
No of bed nights	-	33,800,000
Spend per day	**£27.31**	**£59.76**

Source: Tourism West Midlands (2005) Tourism and Leisure Cluster Overview

2.10 The figures in Table 2-2 show that in 2005, around 11.5 million trips were made by staying visitors. Using UKTS (UK Travel Survey) and IPS (International Passenger Survey) data it is possible to see how the number of staying visitors to the region has changed over recent years (Table 2-3). The 2005 visitor numbers in Table 2-3 appeared to have been revised down since the TWM research but it still shows an overall decrease in the number of staying visitors coming to the West Midlands from 10.8 million trips in 2004 to 9.6 million trips in 2008. There is a corresponding drop in staying visitor expenditure. Due to the current recession, it is likely that the number of staying visitors, especially from overseas, will decrease further at least temporarily. This highlights the importance of maintaining high levels of day visitors and this market has always been a strength of the West Midlands tourism industry, largely because of its location and accessibility.

Table 2-3: Recent trends in number and expenditure of staying visitors to WM

Year	UKTS trips	UKTS spend	IPS trips	IPS spend	Total trips	Total spend
2005	9.1m	£1,502m	1.7m	£533m	10.8m	£2,035m
2006	8.4m	£1,145m	1.7m	£557m	10.1m	£1,702m
2007	8.4m	£1,184m	1.7m	£522m	10.1m	£1,706m
2008	7.8m	£1,149	1.8m	£614m	9.6m	£1,763m

Source: UKTS and IPS

2.11 Although the regional figures provide useful context, it is important for this study to consider more local characteristics and spend figures in order to establish estimates of SVR visitor spend in the local economy.

[5] Tourism West Midlands (2005), *Tourism and Leisure Cluster Overview*

Profile of visitors to Worcestershire and Shropshire

2.12 Both of the DMPs in Worcestershire and Shropshire have recently commissioned visitor surveys. The main findings from the Worcestershire research were that:

- Just over half (56%) of visitors to Worcestershire are day visitors. Just over one in ten visitors (11%) are part of a touring group and nearly one in three visitors stay overnight (31%). Overseas visitors account for 6% of all visitors to Worcestershire
- Over 70% of day visitors are from the region (West Midlands) – nearly 50% from the West Midlands Metropolitan Area alone. The next biggest day visitor market for Worcestershire is the South West region with 11% of day visitors.
- The main sources of UK overnight visitors are Hampshire (5%), Lancashire, London/Middlesex, Surrey and South Wales (all 4%). USA (24%) and Australia (19%) are the main suppliers of overseas visitors
- Average day visitor spend is estimated to be £15.73, average UK overnight visitor spend per trip £96.53 (£21.94 per night) and average overseas overnight spend per trip £116.87 (£40.26 per night).[6]

2.13 According to the Shropshire research:

- Almost two thirds (65%) of visitors to Shropshire are day visitors. Just over one in ten visitors (11%) are classified as being in the touring group and those staying overnight accounted for almost one in four visitors to Shropshire (23%)
- Of all visitors, only 4% were visiting from overseas
- Just over two thirds (67%) of all day visitors were from within the region. The North West region (13%) and Wales (13%) are the next biggest suppliers of day visitors to Shropshire. In Shropshire, Australia (22%) and the USA (14%) are the main suppliers of overseas visitors
- Average day visitor spend is estimated to be £13.62, average UK overnight visitor spend per trip £99.11 (£23.60 per night) and average overseas overnight visitor spend per trip £116.87 (£27.19 per night).[7]

2.14 Visitor survey data that is more specific to the SVR and its local communities can be found in the destination benchmarking surveys undertaken as part of the AWM funded 'Better Welcome Programme'. This programme provided additional funding for all of the region's main market towns including Bewdley and Bridgnorth, both located on the SVR route. The main survey results in relation to these two towns are set out below.

[6] Heart of England Tourism (2005), *Worcestershire Visitor Survey 2005*
[7] The Research Solution (2007), *Shropshire Visitor Survey 2007*

Table 2-4: Bewdley and Bridgnorth Visitor Survey results

Bewdley survey results	Bridgnorth survey results
Day visitors made up 75% of visitors – 12% were described as day visitors on holiday and 13% were staying visitors	Day visitors made up 74% of visitors – 16% were described as day visitors on holiday and 11% were staying visitors
80% of visitors came from the West Midlands	80% of visitors came from the West Midlands
For staying visitors, the average length of stay was 3.2 nights. The most common type of accommodation used was B&Bs/guest houses (applying to nearly a quarter of staying visitors)	For staying visitors, the average length of stay was 3.3 nights. The most common type of accommodation used was B&Bs/guest houses (applying to nearly a quarter of staying visitors)
Eating and drinking represented 47% of visitor spend, 20% was spent on accommodation, 19% on shopping, 10% on transport/fuel and 2% on entertainment	Eating and drinking represented 37% of visitor spend, 17% was spent on accommodation, 34% on shopping, 9% on transport/fuel and 3% on entertainment
Average day visitor spend was estimated at £14.21 (£6.56 on eating and drinking, £3.37 on shopping, £1.26 on entertainment, £2.26 on travel and £0.76 on other)	Average day visitor spend was estimated at £14.75 (£5.59 on eating and drinking, £6.68 on shopping, £0.20 on entertainment, £2.08 on travel and £0.20 on other)
Average staying visitor spend was estimated to be £76.38[8] (£13.03 on accommodation, £34.81 on eating and drinking, £19.58 on shopping, £1.49 on entertainment, £5.40 on travel and £2.07 on other)	Average staying visitor spend was estimated to be £72.80 (£10.73 on accommodation, £31.56 on eating and drinking, £21.41 on shopping, £5.39 on entertainment, £3.43 on travel and £0.28 on other)

Source: Better Welcome Programme – Destination Benchmarking Surveys for Bewdley and Bridgnorth (2007)

2.15 In our view this estimate for overnight visitor expenditure provides a more realistic figure than the estimates provided in the Worcestershire and Shropshire visitor survey research. Similarly, it would not be appropriate to use the average West Midland expenditure figures as these would not accurately reflect the spending patterns of SVR visitors.

2.16 We have combined the two sets of figures from the Bewdley and Bridgnorth visitor surveys on day visitor and staying visitor expenditure adjusting them to 2008 prices and used these are used in our economic impact calculations for off-site expenditure. **The average SVR visitor spend figures that we have used in our calculations are therefore £14.84 for day visitors and £76.45 per night for staying visitors**.

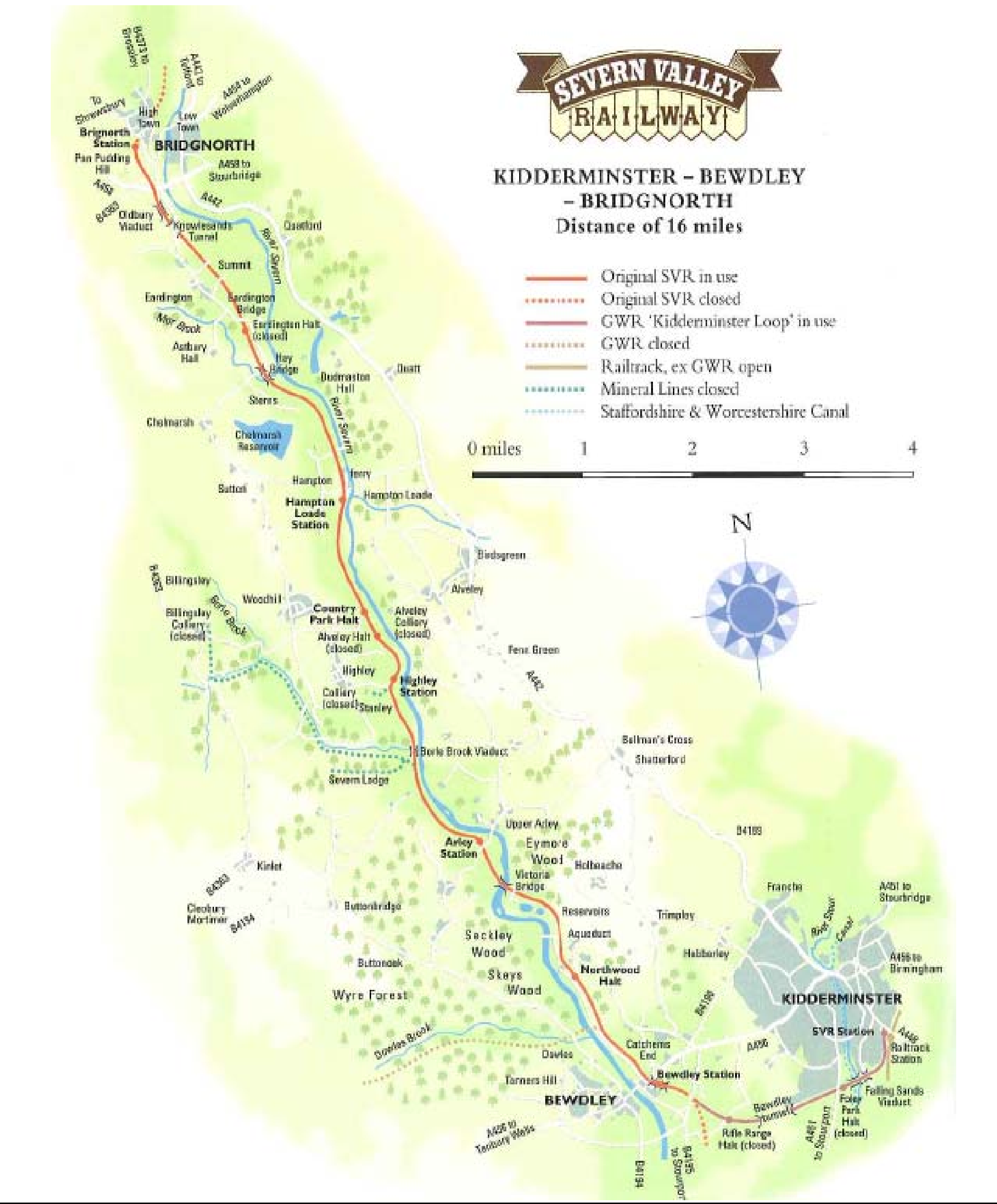
[8] As highlighted in the Bewdley and Bridgnorth visitor survey reports, the average staying visitor spend figure is based on a 24 hour period.

3: Profile of Severn Valley Railway

Location

3.1 The Severn Valley Railway is one of the most popular heritage steam railways in the UK, with regular steam-hauled passenger trains travelling 16 miles between Kidderminster in Worcestershire and Bridgnorth in Shropshire. The route follows the course of the river Severn through the villages of Bewdley, Arley, Highley and Hampton Loade (Figure 3-1).

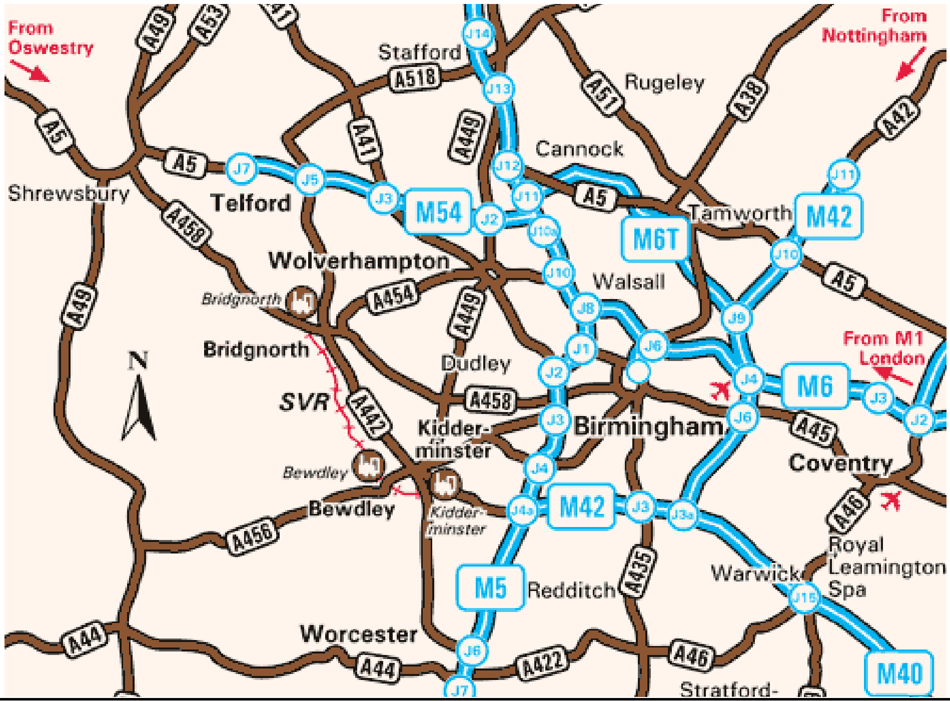
Figure 3-1: SVR route between Bridgnorth and Kidderminster



Source: Severn Valley Railway Visitor Guide

3.2 The SVR is located in the heart of the West Midlands in close proximity to the region's major cities and the motorway network as shown in Figure 3-2 below.

Figure 3-2: Location of SVR in West Midlands



Source: SVR website

History

3.3 The original Severn Valley line was built between 1858 and 1862, and linked Hartlebury, near Droitwich, with Shrewsbury, a distance of 40 miles. Stations along the route included Stourport-on-Severn, Bewdley, Arley, Highley, Hampton Loade, Bridgnorth, Coalport, Ironbridge, Buildwas, Cressage and Berrington.

3.4 Severn Valley Railway operated commercially for 101 years, from 1862 until 1963. Although beneficial in terms of the development of the local area, the railway was never financially successful. Its main sources of revenue came from freight traffic, mostly of an agricultural nature, and coal traffic from the Highley area. However, increased use of lorries and family motor cars from the 1930s onwards resulted in a steady decline in freight traffic and passenger numbers. Most of the Severn Valley line north of Bewdley was closed by British Rail in 1963 and the track north of Bridgnorth was dismantled. The few remaining passenger services stopped in 1970.

3.5 Efforts to restore and preserve the Severn Valley Railway started in the late 1960s and progressed in stages until 1984 when the final section of line from Bewdley to Kidderminster was completed and a new Kidderminster Town station was built on the former railway goods yard site. The development and maintenance of the Severn Valley Railway as a heritage tourism attraction over the last 40 years has been dependent on donations, fund-raising campaigns and a significant contribution by volunteers from around the country.

3.6 In recent years, restoration, maintenance and repair facilities have been built at Bridgnorth, Bewdley and Kidderminster. This has included a boiler repair shop built in Bridgnorth in 1990 and a carriage storage and maintenance building constructed in Kidderminster in 2003 with financial support from the Heritage Lottery Fund. Kidderminster Town Station was also upgraded in 2006 with a new concourse canopy and hospitality facilities.

3.7 The most recent capital investment has been the new £5 million Visitor and Education Centre in Highley, The Engine House. This facility benefited from significant support from the Heritage Lottery Fund, the European Regional Development Fund and Advantage West Midlands. Although its opening was planned for 2007, this was delayed until 2008 because of the extensive flood damage to the railway.

3.8 On June 19th and July 20th 2007, the railway suffered severe flood damage causing landslides at 50 locations between Bewdley and Bridgnorth. Although there was a limited service between Bewdley and Kidderminster, the majority of the line was closed for nine months whilst repairs were carried out. It is estimated that the cost of repairs was around £3 million with support provided by AWM, the Heritage Lottery Fund and Government Office West Midlands (providing ERDF support). There was significant media coverage of the flood damage at the railway and a public appeal fund was also set up which within six months had reached £500,000. The railway’s not-for-profit status proved to be extremely beneficial in terms of applying for grant funding for the flood repairs.

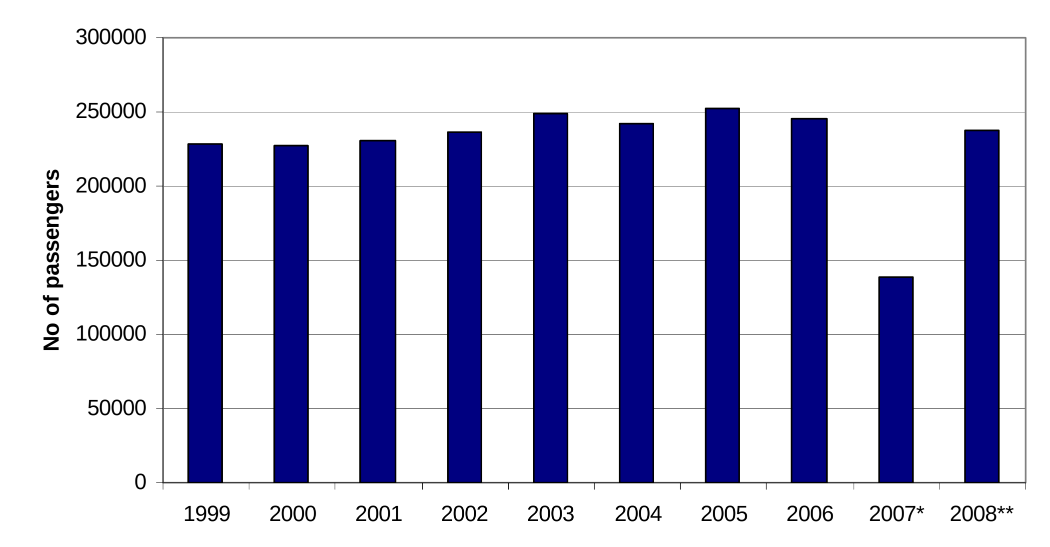
Profile as a visitor attraction

3.9 Over the last decade the number of visitors coming to the SVR has consistently been above 200,000, with the exception of 2007 when the extensive flood damage resulted in the attraction being closed for half of the year. In 2008, after the SVR reopened in March 2008, it attracted 238,000 during the nine remaining months of the year. This makes it one of the most popular visitor attractions in the region.

3.10 Train services operate every weekend throughout the year and daily during local school holiday periods and from early May to late September. The journey from Kidderminster to Bridgnorth takes just over an hour.

3.11 Passenger figures for the last 10 years are shown in Figure 3-3. It should be noted that the visitor numbers for 2008 are for the nine months after the SVR re-opened in March, highlighting renewed interest in the railway.

Figure 3-3: SVR visitor numbers



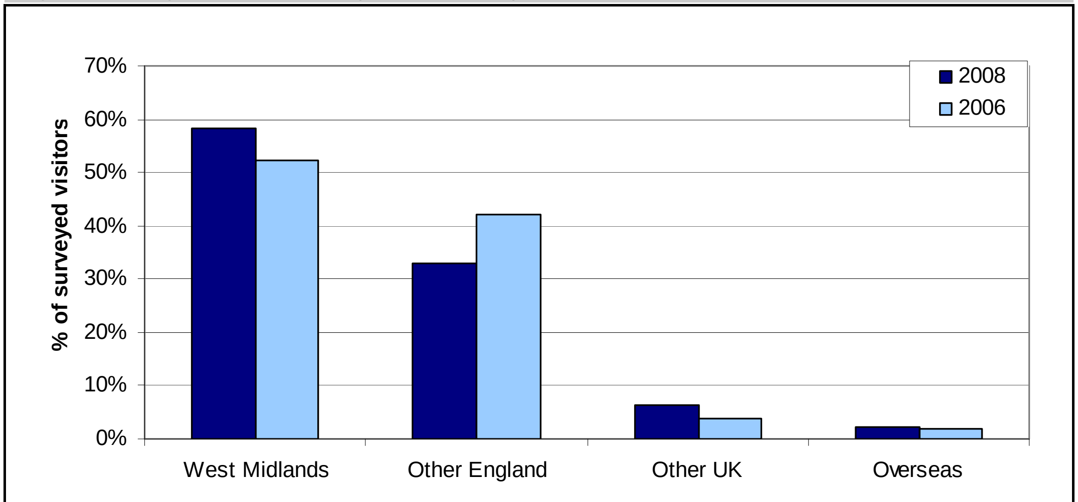
*Source: SVR - * figures for 6 months ** figures for 9 months*

SVR visitor profile

3.12 Each year SVR carries out its own passenger survey which provides information on where visitors come from, whether they are day visitors or staying overnight and how they found out about the railway. Results from the 2006 and 2008 passenger surveys have been highlighted below concentrating on the origin and type of visitor which will be important when we look at the economic impact of the attraction[9].

3.13 Based on the 2008 results, it is estimated that just under 60% of SVR visitors come from the West Midlands, with a third coming from other parts of England and a small proportion from other parts of the UK (6%) and overseas (2%). This is shown in Figure 3-4.

Figure 3-4: Origin of SVR visitors (2006 and 2008)

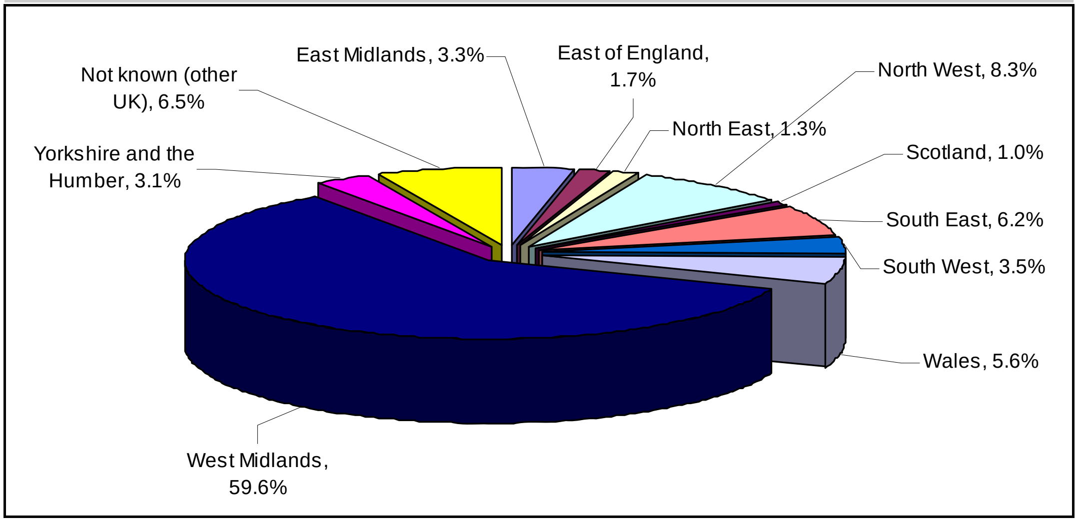


Source: SVR Passenger Surveys

[9] SVR's 2008 Passenger Survey is based on responses from 1,944 visitors to the railway. In 2006, the sample was considerably larger with 3,360 responses.

3.14 Figure 3-5 shows a breakdown of UK visitors coming to the SVR in 2008. Apart from the West Midlands, most visitors come from the North West region (8.3%), the South East (6.2%) and Wales (5.6%).

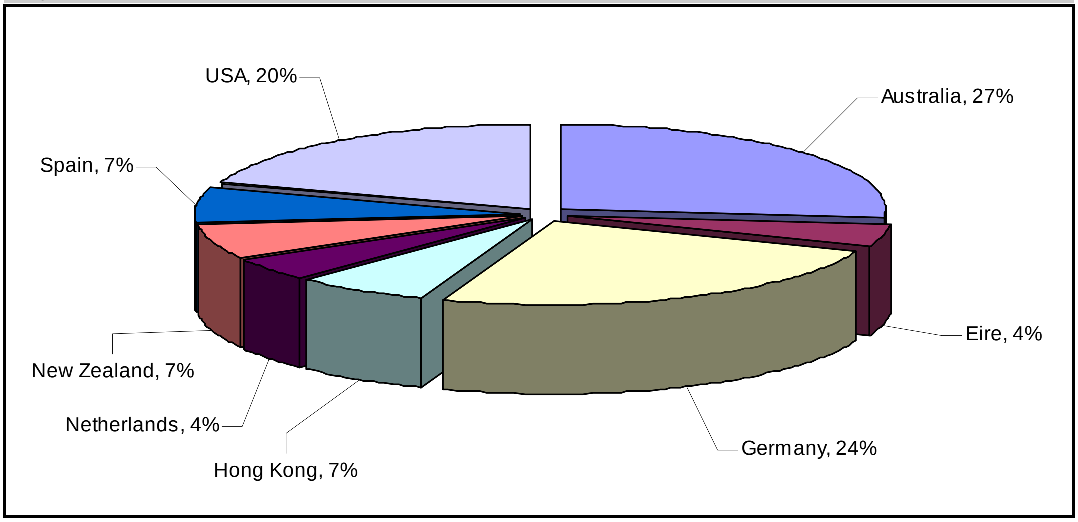
Figure 3-5: Breakdown of UK visitors to SVR



Source: SVR Passenger Survey 2008

3.15 Most of the railway's overseas visitors in 2008 came from Australia (representing 27% of overseas visitors), Germany (24%) and the United States (20%). Although the figures in Figure 3-6 provide an idea of where overseas visitors come from, it should again be highlighted that overall, the SVR does not attract many overseas visitors – only around 2% of the total.

Figure 3-6: Breakdown of overseas visitors to SVR

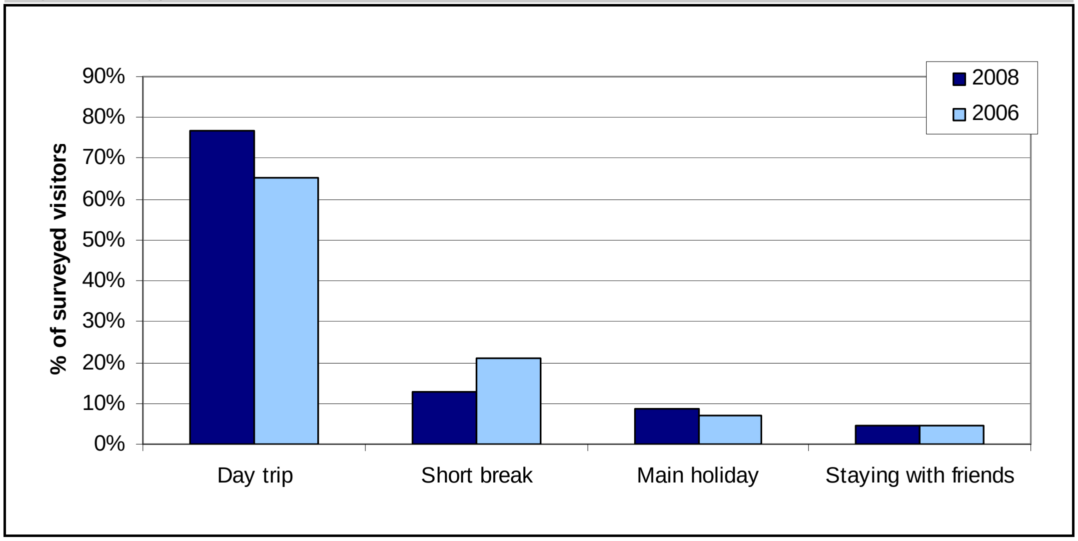


Source: SVR Passenger Survey 2008

3.16 Nearly 80% of visitors to the railway in 2008 were on a day trip, shown below in Figure 3-7. This is higher than in 2006 when it is estimated that 65% were day visitors. Clearly, this is a significant difference between the two surveys and has major implications on economic impact calculations. Although the 2006 survey has a larger sample (which would normally make results more reliable), both our stakeholder consultations and another visitor survey carried out by Shropshire Tourism Research Unit (summarised later in this section) suggest that staying visitors make up a very small proportion of SVR's market.

3.17 The 2008 passenger survey also highlights that around 5% of visitors stayed with friends or relatives with the remaining 18% staying in commercial accommodation.

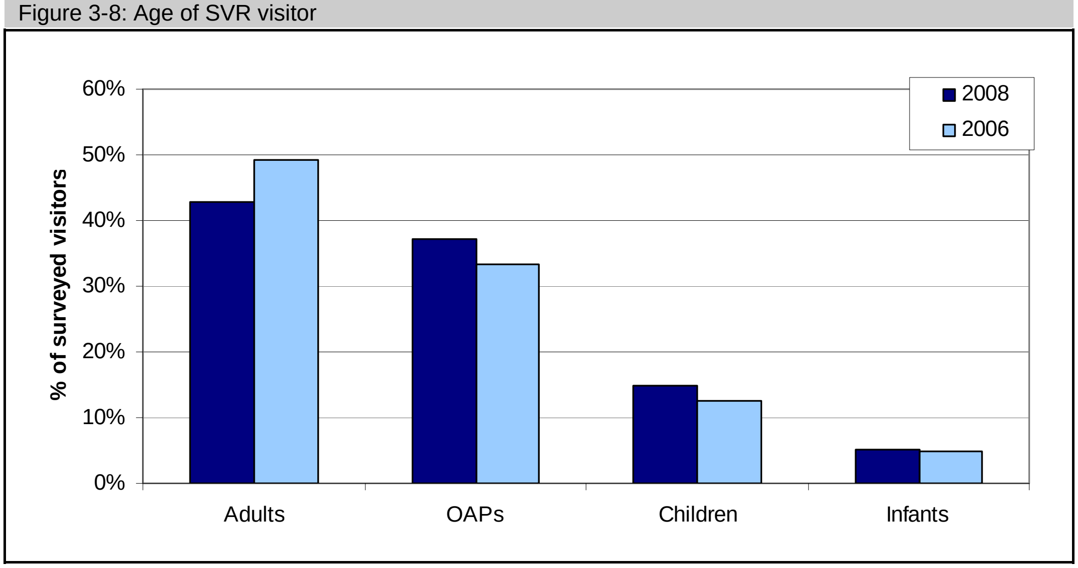
Figure 3-7: Type of SVR visitor



Source: SVR Passenger Surveys

3.18 Around one in five visitors to the railway are children (Figure 3-8). Interestingly, nearly 40% of visitors are pensioners reflecting the interest in steam railways amongst the older market and a tendency for grandparents to bring along their grandchildren to the attraction. This characteristic was confirmed in stakeholder consultations.

Figure 3-8: Age of SVR visitor



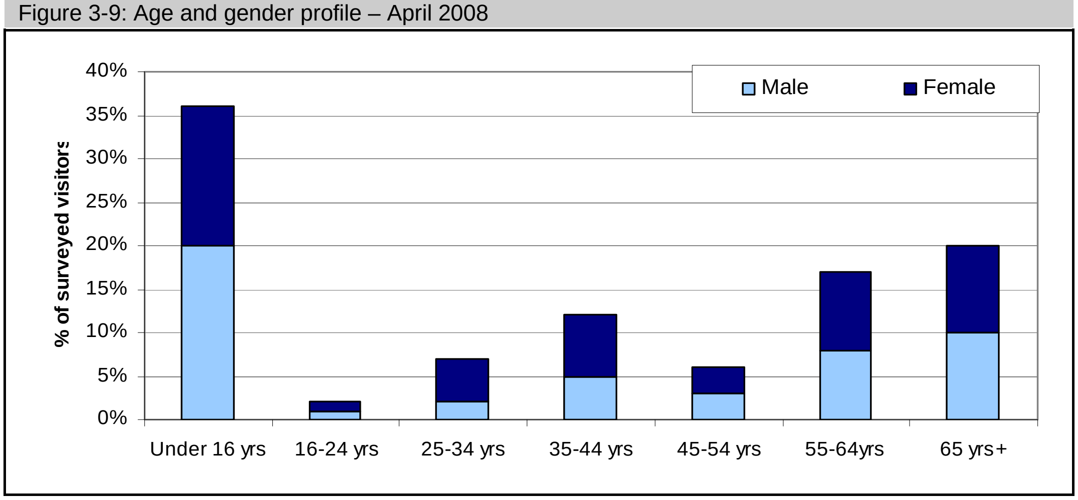
Source: SVR Passenger Surveys

Other SVR visitor survey data

3.19 In recent years, the Shropshire Tourism Research Unit has been commissioned to undertake surveys of SVR visitors, first in August/September 2005 and then again in April 2008. These surveys cover a wider range of issues but can only provide a snapshot due to the small sample sizes and the fact that they have been carried out over a short period of time. The 2005 survey included 110 interviews carried out over five days in August and September 2005 (school holidays and term-time). In 2008, the sample size was larger with 225 interviews but carried out over two days in April 2008. Since these interviews were conducted during the school holidays they are unlikely to be representative of the whole year. We have picked out some of the headline survey findings but the main relevance of the research to our study is the fact that the 2005 survey included average on and off-site expenditure which has been incorporated into our calculations.

3.20 The age profile of the sample used in the 2008 visitor survey (Figure 3-9) reinforces what was highlighted earlier about the railway attracting many older people and children who made up more than one in three visitors (although this figure is bound to be particularly high because of the school holidays).

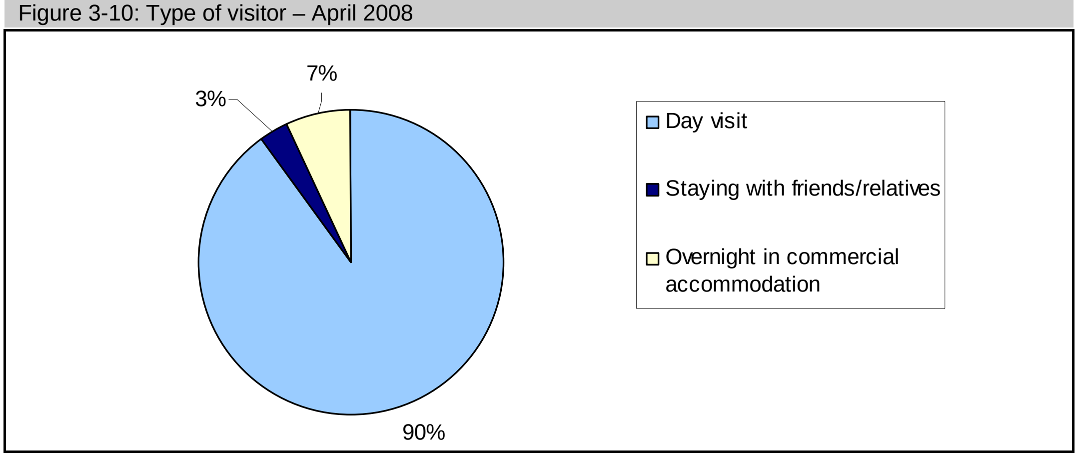
Figure 3-9: Age and gender profile – April 2008



Source: SVR Visitor Survey 2008 – Shropshire Tourism Research Unit

3.21 The 2008 visitor survey also reported a significantly higher proportion of day visitors (Figure 3-10) – 90% compared to the SVR passenger survey estimate of 77%. Again, this difference is probably due to the school holidays and more local families visiting the railway than would normally be the case throughout the year.

Figure 3-10: Type of visitor – April 2008



Source: SVR Visitor Survey 2008 – Shropshire Tourism Research Unit

3.22 The vast majority (85%) of visitors in the sample were from the West Midlands, much higher than the 58% estimate from the SVR passenger survey. The proportion of visitors from the West Midlands in the 2005 visitor survey was 56%, very close to the passenger survey estimate.

3.23 Although the 2008 visitor survey does not include average expenditure figures, this was included in the 2005 survey and these can be adjusted to 2008 prices as is set out below in Table 3-1. These figures are averages and therefore take into account discounted entry costs for children, OAPs and groups. Using these figures it is estimated that the average visitor to the railway spends around £10.50 'on-site'. We will return to average expenditure figures later in the report.

Table 3-1: Per capita expenditure by SVR visitors adjusted to 2008 prices

	2005	**2008**
Admission	£6.88	£7.41
Food and Drink inside SVR	£1.26	£1.36
Food and Drink outside SVR	£1.88	£2.03
Total Food and Drink	£3.10	£3.34
Gifts and Souvenirs inside SVR	£1.60	£1.72
Gifts and Souvenirs outside SVR	£1.63	£1.76
Total Gifts and Souvenirs	£3.23	£3.48
Transport	£1.52	£1.64
Accommodation	£3.30	£3.56
Other inside SVR	£0.00	£0.00
Other outside SVR	£0.48	£0.52
Total other	£0.48	£0.52
Total	**£18.50**	**£19.94**
On-site spend (shaded rows)	**£9.74**	**£10.50**

Source: SVR Visitor Survey 2006 – Shropshire Tourism Research Unit & SQW

Summary profile of SVR

3.24 Over the last 30 years, the SVR has been one of the region's most popular attractions, with significant nostalgic value from when it used to operate as a commercial service. Last year it attracted 238,000 visitors after it reopened in March following the flood repairs. The majority of these visitors are from the West Midlands or nearby regions of the UK and most are day visitors. Overseas visitors make up a very small proportion of SVR's visitors.

3.25 Using the only available visitor survey data available it is estimated that the average SVR visitor spends around £10.50 at the railway itself ('on-site').

4: Economic impact of SVR

4.1 In this section we look at the contribution of the SVR to the regional economy and what is estimated to have been lost following the floods in the summer of 2007 and the subsequent closure of the railway. This analysis is based on financial information provided by the SVR and discussions with SVR management.

Direct impact

4.2 The first element of economic impact is the direct impact generated by on-site visitor expenditure. In 2008, the SVR had an annual turnover of over £7 million which was generated by visitor revenues and a significant element from grants, donations and insurance to fund the railway repairs following the flood from the year before. This turnover figure is unusually high for this reason. Based on discussions with SVR management, turnover for the current year, 2009, is expected to be around £5.6 million.

4.3 SVR's turnover generates demand for local goods and services which means that local businesses need to employ staff and buy in goods and services themselves. This ripple effect through the local economy is known as the supplier multiplier effect (also sometimes referred to as the indirect effect).

4.4 For the SVR, these items of expenditure include utilities, engineering equipment and supplies, the purchase of coal supplies, catering and a range of subcontractor services. In 2008, the SVR spent nearly £5 million on bought in goods and services and it is estimated that 63% was spent in Shropshire and Worcestershire and 84% was spent in the West Midlands overall (Table 4-1).

4.5 We have used SVR's financial data to calculate a supplier multiplier value for our calculations and this is applied to SVR's turnover figure. It should be said that these multiplier values are very high compared to other visitor attractions or businesses but because of the requirement for local subcontractors to help with flood repairs, it is possible that this would not be quite as high every year.

Table 4-1: Analysis of SVR's purchase of local goods and services (2008)

Item of expenditure	Annual expenditure	Purchased in Shropshire/ Worcestershire	Purchased in other parts of WM	All purchases made in WM
Coal	£237,000	£118,000	£0	£118,000
Utilities	£175,000	£175,000	£0	£175,000
Business rates	£33,000	£33,000	£0	£33,000
Insurance	£101,000	£0	£0	£0
Clothing and equipment (incl. safety items)	£13,000	£13,000	£0	£13,000
Engineering supplies	£2,127,000	£1,489,000	£425,000	£1,914,000
Office supplies	£152,000	£152,000	£0	£152,000
Food and drink / catering	£770,000	£539,000	£231,000	£770,000
Stock for gift shops (e.g. toys, books)	£253,000	£25,000	£25,000	£50,000
Professional services (e.g. Accountants)	£45,000	£45,000	£0	£45,000
Engineering services	£97,000	£49,000	£29,000	£78,000
Cleaning services	£68,000	£68,000	£0	£68,000
Training	£5,000	£5,000	£0	£5,000
Marketing and publicity	£150,000	£75,000	£75,000	£150,000
Other bought in goods and services	£456,000	£182,000	£182,000	£364,000
Total	**£4,682,000**	**£2,969,000 (63%)**	**£968,000**	**£3,937,000 (84%)**

Source: SVR

4.6 The SVR currently employs 83 full-time employees and 40 part-time staff. As most employees (97% of full-time staff and all part-time staff) live locally in either Shropshire or Worcestershire, a significant proportion of their wages is likely to be spent in the local economy in shops, restaurants and pubs. This is known as the income multiplier effect, or induced effect. In our calculations we have used an average value for rural tourism attractions taken from the Scottish Tourism Multiplier Study (STMS)[10].

Calculating gross to net impact

4.7 The gross direct economic impact of the SVR is estimated to be £13.5 million taking into account the supplier and income multiplier effects. However, since we are looking at the economic impact on the West Midlands, we need to adjust this figure for displacement which accounts for the proportion of SVR income that is not new to the region.

4.8 In SVR's case this includes the revenue from local visitors, most of who would spend their money in the West Midlands anyway in shops or at other attractions, for example the nearby

[10] Scottish Office (1993), *Scottish Tourism Multiplier Study* [despite its age STMS is still recognised as one of the most comprehensive tourism multiplier study conducted in the UK]

West Midlands Safari Park. For West Midlands based visitors we have assumed that around 90% of expenditure is likely to be displaced (in line with SQW's previous economic impact research and confirmed by our discussions with stakeholders and local businesses). Displacement for visitors coming from outside the region is assumed to be much lower at 10%. Table 4-2 shows how the number of additional visitors has been calculated, depending on whether they are from the West Midlands or not.

Table 4-2: Displacement assumptions

Type of visitor	No of visitors	Displacement value	No of 'additional' visitors
WM-based visitors	138,000 (58%)[11]	90%	13,800
Non WM-based visitors	100,000 (42%)	10%	90,000

Source: SQW

4.9 As well as adjusting the SVR's income from visitors, we have also had to make an assessment of what proportion of SVR's non-trading turnover (grants and donations) is additional to the West Midlands.

4.10 After making the necessary adjustments for displacement and once again applying relevant multiplier values, **the net direct impact of the SVR is therefore estimated to be just over £6 million,** as shown below in Table 4-3.

Table 4-3: Direct (on-site) impact

	Gross impact	Net impact
SVR turnover	£7.11m	£3.19m
Supplier multiplier effect	£5.14m	£2.31m
Income multiplier effect	£1.28m	£0.57m
Total	**£13.53m**	**£6.07m**

Source: SQW

Indirect impact

4.11 The economic impact of the SVR goes beyond what is spent at the attraction as visitors often spend money in the local economy in restaurants, pubs and accommodation. As highlighted earlier, this is the case with many key tourism attractions and these 'spill-over' economic benefits justify the public sector and in particular AWM's support for the SVR.

4.12 Using visitor data from the attraction and estimates of average expenditure by staying and day visitors from section two of this report it is possible to estimate the off-site impact, in terms of output or turnover generated in local tourism businesses. Once again, we need to incorporate supplier and income multiplier effects. We have assumed that for local tourism businesses, the proportion of bought in goods and services will not be as high as the SVR. Consequently we have applied an average value for rural tourist attractions taken from STMS. We have also used an STMS average for the income multiplier effect.

[11] The proportions of visitors from the West Midlands are taken from the SVR's 2008 Passenger Survey results

4.13 The gross indirect or off-site impact of the SVR is estimated to be £6.2 million as shown in Table 4-4. After again adjusting for displacement particularly amongst day visitors, **the net indirect impact of the SVR is estimated to be £4.8 million.**

Table 4-4: Indirect (off-site) impact

	Gross impact	Net impact
Visitor expenditure	£4.41m	£3.35m
Supplier multiplier effect	£0.62m	£0.47m
Income multiplier effect	£0.79m	£0.60m
Volunteer expenditure	£0.31m	£0.30m
Supplier multiplier effect	£0.04m	£0.04m
Income multiplier effect	£0.06m	£0.05m
Total	**£6.23m**	**£4.83m**[12]

Source: SQW

4.14 Table 4-4 also highlights the contribution made by SVR volunteers to the local economy. It is estimated that many of the volunteers from outside the West Midlands spend on average three weeks working on the railway, and during that time spend money in the local towns and villages. Although in terms of economic impact, we have not been able to include any on-site expenditure (because they obviously do not pay to go on the train), the estimated 1,100 volunteers that come from all over the UK (and even some from overseas) play a massive role in the running of the railway. At weekends throughout the year, volunteers carry out many important tasks including repairing and repainting stations, locomotives and rolling stock. The more experience volunteers also provide training to other volunteers.

Other benefits

4.15 Another potential indirect impact is the contribution made by those visitors coming to see the railway but not actually paying visitors. This would include people walking and cycling along the railway. However these non-paying visitors are all likely to be local and therefore any expenditure they do incur (not likely to be significant) is not considered to be additional to the West Midlands economy. The impact here would be primarily in terms of social benefits for local residents to enjoy the railway.

Total economic impact

4.16 **The combined net economic impact is therefore £10.9 million generated annually in the West Midlands economy** (Table 4-5 below). This is over double SVR's trading turnover which in 2008 was £5 million.

4.17 Although we know that the SVR directly employs 83 full-time staff and 40 part-time staff, the combined economic impact sustains around 283 full-time jobs in the West Midlands that without the SVR would not exist. This figure includes those people employed by SVR and

[12] Does not total due to rounding

this estimate is based on average turnover per employee figures for SIC 55 (hotels and restaurants) which we have used as a best-fit category for tourism businesses. Using this jobs figure, it is possible to estimate that **each year the SVR generates £5.4 million in Gross Value Added (GVA) for the regional economy**.

Table 4-5: Total economic impact

Element of economic impact	Value
Net on-site impact	£6.07m
Net off-site impact	£4.83m
Total impact	**£10.90m**
Turnover per employee (SIC 55)	£38,500
GVA per employee (SIC 55)	£19,000
Jobs supported by SVR	283
Additional GVA for WM economy	**£5.39m**

Source: SQW and ABI 2006 (adjusted to 2008 prices)

4.18 A summary of the economic impact calculations is attached to this report as Annex C.

Economic impact of the 2007 floods

4.19 The impact of the floods on the SVR was used as a case study in SQW's previous research which considered the economic impact of the floods on the West Midlands economy and the effectiveness of AWM's response. Based on our original research, it is estimated that the total cost of repairs came to be between £2.5 and £3 million which was funded by AWM, the Heritage Lottery Fund, Government Office West Midlands (providing ERDF support) and a public appeal fund.

4.20 Due to the floods and subsequent closure of the SVR there were an estimated 172,500 fewer visitors to SVR in 2007 (a drop of 75%) compared to the previous year, resulting in nearly £3.5 million in lost income for SVR. However this was covered by insurance and the main economic impact was on other local businesses linked to the railway. The loss in earnings to suppliers and other tourism related businesses based elsewhere in the West Midlands as a consequence of the disruption to SVR was estimated to be nearly £3.8 million. This represented the equivalent of around 100 jobs (FTEs) lost in the West Midlands economy[13].

Future economic impact

4.21 Our earlier calculations have highlighted that in 2008, the SVR generated around £10.9 million in output and £5.4 million in GVA for the West Midlands economy.

4.22 Despite the current challenges for the tourism and the economy generally, the SVR and other stakeholders are confident that the attraction will retain and possibly grow the current level of visitor numbers (not least because the 2008 figures only relate to nine months of the calendar

[13] In our original case study we estimated this was the equivalent of 40 jobs in the region. The number has been revised upwards after using an average turnover per employee figure for the tourism industry (SIC 55) rather than for all industries

year). Based on discussions with SVR management, it is estimated that the railway has a natural capacity limit of around 275,000 visitors, provided the railway can bring in more visitors during the shoulder months and even during the week. This would mean an increase of around 37,000 visitors.

4.23 Assuming the profile of these new visitors stays relatively stable over the next few years (type and origin of visitor), we have calculated that **the railway has the potential to increase its annual impact on the regional economy by nearly £910,000 in output and £450,000 in GVA. This would also support a further 24 jobs in the West Midlands.**

Table 4-6: Potential economic impact of increasing SVR visitor numbers to capacity

Calculation	Value
Number of potential new SVR visitors per annum	37,000
Additional staying visitors[14]	7,308
Additional staying visitor expenditure	£559,000
Additional day visitors	8,800
Additional day visitor expenditure	£131,000
Total additional visitor expenditure	**£689,000**
Supplier multiplier effect	£96,000
Income multiplier effect	£125,000
Total net economic impact	**£910,000**
Additional GVA for WM economy	**£450,000**

Source: SQW

4.24 This analysis only considers the economic impact of increasing the number of visitors to the SVR up to its limit of around 275,000. Clearly there remains the potential to increase the value by encouraging the amount that visitors spend when they come to visit the railway. We would recommend that SVR collates this information on visitor expenditure, split by origin (West Midlands/non West Midlands) and type of visitor (day/staying) which is fundamental to demonstrating its impact on the regional economy.

Summary of economic impact

4.25 In this section we have looked at what the SVR generated for the West Midlands economy in 2008. This was carried out by examining the on-site impact which included the net additional turnover and the subsequent multiplier effects. In the case of SVR, the supplier effect was significantly higher than is normally the case for such an attraction. We also looked at the off-site impact, generated by SVR visitors spending money in the local economy on food, drink and accommodation (and its associated multiplier effects). It is estimated that the annual economic impact of the SVR is around £10.9 million in output, generating £5.39 million in GVA. This additional output supports around 283 jobs in the West Midlands.

[14] This has taken into account displacement and is based on the profile of existing SVR visitors. We have also applied average spend figures of £76.45 for overnight visitors and £14.84 for day visitors

4.26 We have also considered the potential additional impact if over the next few years the SVR is able to attract up to its natural capacity of 275,000 – this would seem to be realistic considering the railway attracted 238,000 over the nine months it was open in 2008.

Incorporating some or all of these additional visitors, the annual economic impact of the SVR would therefore be **between £10.9 million and £11.8 million in output** and **between £5.4 million and £5.8 million in GVA.** The railway also supports **between 283 and 307 jobs** in the West Midlands economy, including those at SVR itself.

4.27 In addition to increasing its economic impact by attracting more visitors, there is also the possibility of increasing impact by encouraging visitors to spend more when they visit the railway, both on-site and off-site.

5: Stakeholder views on impact of SVR

5.1 This section pulls together qualitative and quantitative feedback from local stakeholders on the impact of the SVR on the local economy, the impact of the 2007 floods and the subsequent recovery process. A list of the stakeholders consulted is attached as Annex A.

Impact of SVR on local economy

Views on visitor segmentation

5.2 Consultees were asked about their perceptions of the main types and origins of visitors to the railway. Most believed that the vast majority of SVR visitors are likely to be day-trippers and most of these would be based in the West Midlands.

5.3 Most consultees split the market in two:

- young families bringing their children to events such as Thomas the Tank Engine weekends
- older visitors, either couples or male individuals, with an interest in heritage railways.

5.4 Some consultees also highlighted a significant number of grandparents bringing their grandchildren for days out at the railway.

5.5 In terms of trying to quantify the different types of visitors, it was suggested by consultees that the steam train enthusiasts would make up between 5% and 20% of all SVR visitors (the SVR suggested this figure would be around 5%). It was also suggested that most visitors would be in social class AB.

Importance of the railway to the local economy

5.6 All consultees stated that the SVR is one of the most important visitor attractions at both the county (Shropshire/Worcestershire) level and at the West Midlands level. The main benefits are not just around the visitors it brings in to the areas but also its contribution to raising the profile of Shropshire and Worcestershire as tourism destinations within the West Midlands.

5.7 It was highlighted that whilst many businesses have traditionally not recognised the value of SVR to their trade, anecdotally many accommodation providers have said that for most of their guests, the SVR is the main driver for coming to the area. Based on the accommodation providers that we spoke to as part of the business survey, one business stated around 50% of their turnover was dependent on SVR visitors, for the other eight businesses this figure averaged between 10% and 20%.

5.8 It is also believed that the SVR has quite a specialist offering and has become part of family culture in the local communities with people bringing their children and then grandchildren along to visit the railway. SVR is very popular with visitors, many of whom come back regularly. According to one stakeholder, the railway seems to generate a good family atmosphere and feel-good factor that is reinforced by the special events such as Murder Mystery, 1940s weekend, Santa Special and Fish and Chips evening.

5.9 In Worcestershire it is certainly believed to be one of the largest attractions along with the West Midlands Safari Park, the Wyre Forest, the Malvern Hills and Worcester, Bewdley and Stourport town centres.

5.10 Similarly in Shropshire, the SVR ranks alongside the other main attractions, Weston Park (240,000 visitors), Ironbridge Gorge Museum (480,000) and the RAF Museum at Cosford (313,000)[15]. It was suggested by one stakeholder that there is great synergy between SVR and the RAF Museum with both attractions appealing to similar markets.

5.11 As well as attracting leisure tourists, it is also hoped that an attraction such as the SVR can help local business tourism and Transforming Telford (with a remit for the developing tourism in both Telford and Shropshire) includes the railway in its marketing of Telford as a business conference destination. As is the case in other parts of the West Midlands, the conference market has become very important to Telford and its surrounding areas.

5.12 The SVR is well-known across the country and acts as a valuable marketing tool for the local area more generally. It is used by the local Destination Management Partnerships to promote the area as a place to visit and live. The more top quality attractions Worcestershire and Shropshire can boast, the more likely it is that visitors will consider coming to the area.

Importance of the railway to the West Midlands economy

5.13 At the regional level, it was also believed that the SVR was amongst the top ten attractions in terms of visitor numbers. The other main comparator attractions suggested were Alton Towers, Warwick Castle, Stratford Upon Avon and Cadbury's World.

5.14 However, it was also stated that the SVR is a unique type of attraction within the region both in terms of being one of the biggest heritage railways in the UK but also its value as a more community-orientated attraction that is perhaps not so commercially-focused as attractions such as Alton Towers or Cadbury World, and can be appreciated for free (for example walking or cycling alongside it).

5.15 In terms of heritage railways, the SVR is recognised as one of the best in the UK and is well known not just nationally but also internationally. The other main heritage railway attractions in the UK were highlighted as:

- West Somerset Railway
- Bluebell Railway
- North Yorkshire Moors Railway
- National Rail Museum in York.

5.16 One stakeholder described how the SVR is regarded as the jewel in the crown of heritage railways in the UK, mainly because of its setting in spectacular countryside. In the past it has

[15] Visitor numbers provided by Shropshire DMP

been used for film and TV production, such as the Chronicles of Narnia production. More information on the other main heritage railway attractions is provided in Annex B.

West Midlands based SVR visitors

5.17 In most economic impact studies it is assumed that the expenditure made by local visitors is not additional and if the attraction were not there, they are likely to spend this money elsewhere in the local economy. Consultees were asked this hypothetical question about what West Midlands-based visitors would do if the railway did not exist. It was suggested that since most of the SVR's local visitors are families and couples enjoying a relaxing day out, if they did not visit the railway it was likely that they would simply visit another attraction within the region.

5.18 However it was suggested that the locally based train enthusiasts who regularly visit the SVR would probably visit another heritage railway located in another part of the country. Consequently for the relatively small proportion of railway enthusiasts in the SVR's visitor market, there is a chance that without the railway their expenditure may be displaced to somewhere outside the West Midlands. However, this is not likely to be as significant as the expenditure coming in from outside the West Midlands as a result of the SVR.

5.19 Based on this feedback, the economic impact calculation has assumed that around 90% of visitors and their expenditure from the West Midlands is likely to be displaced and therefore cannot be counted as additional.

Future development of the SVR

5.20 Stakeholders were asked about how the SVR can generate additional benefits for the local economy. It was suggested that there is actually limited capacity to increase the number of SVR visitors significantly, although in theory it could accommodate more visitors during week days. One consultee stated that in attempting to increase overall numbers there would need to be careful consideration of the impact on local infrastructure and the natural environment which is one of the area's main assets.

5.21 With limited scope to increase numbers, it was agreed by most consultees that future development of the SVR should focus on maintaining the current level of interest, attracting more repeat visitors and encouraging more spend in the local economy.

5.22 Two of the main priorities identified were promotion and product development. Although it was agreed that the railway has been innovative in the events that have been organised over the last few years – Murder Mystery, 1940s weekend etc – it was also suggested that it will need to come up with new ideas in order to attract repeat visitors and especially younger generations of visitors. It was suggested that like other heritage museums, the SVR needs to consider ways of keeping up-to-date with visitor trends and expectations – as one stakeholder put it 'driving a train is perhaps no longer the childhood dream that it once was'.

5.23 It was believed that there remains great potential for SVR to generate further benefits for the local towns and villages on or close to the railway. The linear nature of the railway makes it quite different to other visitor attractions. One consultee stated that there is more scope to stop off at local villages along the route of the SVR compared to two other major steam railway attractions, the North Yorkshire Moors Railway and the West Somerset Railway. This would not necessarily require new infrastructure but more effective promotion of other local attractions to encourage passengers off the train.

5.24 According to stakeholders, the whole experience of the floods in 2007 seems to have made businesses more aware of the importance of the railway to the local economy. It was suggested that this therefore presents an opportunity for the SVR to become more outward-looking and to work more closely with local businesses in terms of joint promotion and product development. The SVR now attends Market Town Partnership meetings but it was felt that there could be further engagement with local businesses to ensure that the railway can generate additional economic benefits. Local agencies and the DMPs in particular continue to try to encourage collaboration amongst local tourism businesses.

5.25 The SVR stated that up until now marketing has focused on a two hour radius of the railway, from Gloucester to Oxford, up to Northampton and across to Stoke. Following the successful marketing of the Safari Park, the SVR is considering doing more promotion further afield. For example, they are considering marketing to more touring groups in Wales.

5.26 Visitor facilities and local infrastructure were also identified as areas for improvement. It is understood that local agencies have recently been looking at ways to improve the infrastructure at Kidderminster station in order to encourage SVR customers to visit the town centre. Desirable improvements would include better signage and changes to the concourse in front of the station.

5.27 Another issue highlighted by consultees in terms of trying to attract more staying visitors to the SVR is the availability of accommodation, in particular budget hotels. The only nearby Travelodge is located in Hartlebury south of Kidderminster. According to one consultee, there has been a range of issues with planning regulations and landowners which has made it difficult to address this gap in hotel provision. This presumably affects other parts of the visitor economy too.

5.28 The proposed hotel development at the West Midlands Safari Park just outside Bewdley is likely to facilitate more staying visitors coming to the railway. Another consultee also highlighted the potential for linking up with some of the larger hotels based in Shrewsbury and Telford (e.g. carrying out more joint promotion).

5.29 As highlighted in the previous section, volunteers play a vital role in the running of the SVR. The level of dependency on volunteers was highlighted by a number of stakeholders as a potential risk for the future and it was acknowledged by SVR that without volunteers it would be very difficult to run the railway. Attracting new (and younger) volunteers was therefore highlighted as a key area for development. One consultee suggested that the recession may provide more opportunities to recruit volunteers. Also, it was suggested that some form of placements could be organised for young people.

Impact of the 2007 floods

5.30 All consultees described how the floods in summer 2007 had a devastating effect on both the railway and local communities. The impact was described as similar to the outbreak of Foot and Mouth Disease (FMD) in 2001. With no experience of this scale of flooding and certainly not during the summer months (the area occasionally floods in October and February), there was no emergency planning and therefore the railway and local partners had to act quickly to put in place a recovery plan.

5.31 Discussions with the SVR highlighted the huge impact the floods had on the railway itself. With extensive physical damage closing most of the line and delaying the Engine House project, all SVR staff had to dedicate their time to the recovery process. This involved organising and managing contractors and dealing with the various funding applications which was a considerable administrative task. There was also the ongoing marketing to make sure that local communities and visitors knew when the railway would be re-opening, as well as the job of reorganising the pre-booked events that now had to take place on the part of the line that could be kept open (the SVR managed to retain around 25% of visitor numbers on the Kidderminster to Bewdley section of the line). The fact that SVR already had contractors on site working on the Engine House project proved to be quite fortunate as they were immediately able to help with the recovery effort. It was believed that since funding from AWM and ERDF was already committed to this project, this probably helped them in applying for additional flood repair funding.

5.32 Consultees highlighted that many local tourism businesses (including pubs, restaurants and accommodation providers) located in the nearby towns and villages were badly hit in the short term, both in terms of physical damage and the drop in visitors to the area because of the railway's closure. Stakeholders had anecdotal evidence of some local businesses reporting takings being 50% down and this was especially the case in more isolated villages such as Arley where visitors needed a reason to go there (i.e. visiting the SVR).

5.33 It was suggested that the floods may not have been bad news for all local businesses. Since after the floods trains could only run between Kidderminster and Bewdley, it was thought likely that some businesses in Bewdley may have actually seen an increase in trade.

5.34 Six of the eight stakeholder consultees believe that the media coverage of the flooding of the SVR has provided a major boost in terms of awareness of the railway and visitor numbers since it has reopened. For a time it was a 'national story' and SVR was praised by consultees for the way it handled the media. SVR did expect some sort of 'honeymoon period' with additional interest from visitors but not on the scale that has been seen. The renewed interest was further enhanced by the royal re-opening in June 2008.

5.35 The longer term impact has been mainly positive and SVR now has a fully upgraded railway. One consultee suggested that if they had planned for all the improvements/upgrading that has taken place, it would have taken many years to complete. It is believed that the recovery process has encouraged the organisation to consider wider strategy issues e.g. how they deal with stakeholder agencies and how they can develop their product. Consultees believed that following the floods the SVR is now a stronger organisation.

5.36 Consultees also stated how the flooding has helped businesses and local agencies to realise the importance of the railway. The extent of the public fund-raising demonstrated how much it is valued by the local community. There was overwhelming goodwill from local people and all of the rail network operators also offered support.

5.37 The longer term effects for local business have, according to the consultees, not been as positive. It was stated that for months after the floods there was a perception that Worcestershire and Shropshire were at risk of more flooding (based on comments made to the DMPs at visitor exhibitions). There were mixed views on whether attitudes amongst businesses towards the railway have really changed since the 2007 floods. Some believed that businesses have become more pro-active in terms of joint promotion – others highlighted a continuing apathy and scepticism about getting involved in local tourism groups or initiatives, much to the dismay of the DMP.

Feedback on the recovery process

5.38 Overall consultees believed that AWM did an extremely good job in supporting the SVR following the floods. It was stated that the Agency realised immediately the implications for the local economy of SVR's flooding and closure and together with the local agencies moved very quickly to put in place a recovery package.

5.39 It was highlighted that at the time there was some disquiet from other smaller tourism businesses and visitor attractions that had been affected by the floods but who did not receive direct financial support. However, consultees stated that with limited resources AWM had to decide where to put their investment for the maximum effect and the large increase in visitor numbers since the re-opening of the railway has, to some extent, justified this decision.

5.40 It was agreed by all consultees that without AWM's support, it would have been very difficult for the SVR to raise the money it needed and therefore the recovery effort would have taken significantly longer. One consultee believed that since AWM funding was required to lever in other support, without it, the SVR would probably have gone bankrupt. It is not believed that another organisation would have been able to step in with the funding provided by AWM. The only other option would have been to extend the public fund raising campaign.

5.41 It is believed by the consultees that AWM did as much as possible it relation to supporting the SVR and other agencies such as the Environment Agency have taken the necessary precautions to minimise the risk of severe flooding in the area again in the future. Preventative measures have included the Forestry Commission planting different types of trees to help to prevent landslides and the District Councils updating local development plans to prevent house-building on flood plains, and working with landowners on water management issues. It was also stated that the extensive engineering works on the railway will have lessened the likelihood of future damage to the railway.

Summary of key issues

5.42 Towards the end of 2008, SVR management organised a workshop to reflect on the main strategic issues for the railway following the experience of the 2007 floods. The issues together with the feedback from our own stakeholder consultations are summarised in Table 5-1 below.

Table 5-1: SVR SWOT analysis

Strengths	Weaknesses
• One of the region's most popular attractions with national and international profile – assists image of local area and region as a whole • Profile enhanced following flood repairs • Spectacular scenery along SVR route • Unique community-type attraction in the WM – goodwill of volunteers and local communities illustrated in flood repair effort • Relatively low cost family attraction with range of special events (e.g. Thomas weekends) • Different income streams e.g. new Engine House (visitor & education centre) • Knowledge & experience of SVR staff and volunteers • Accessibility by road and rail via Kidderminster • Spill-over benefits for surrounding economy - attracts large numbers of visitors (esp. day visitors) to towns & villages along the route	• Closure following the floods had dramatic impact on local communities and businesses • Dependency on volunteers and their age profile • Quality of infrastructure and visitor facilities (legacy of Victorian buildings) • Availability of visitor information on other nearby attractions • Limited links with local tourism businesses • Limited accommodation provision near to railway constraining local off-site spend • Sustainability and reliance on coal
Opportunities	**Threats**
• Expand catering facilities to generate additional income - at SVR stops and on the train itself • Organising more innovative events in order to attract new and repeat visitors – potential for hosting weddings/ conferences • Attracting more visitors during week days and shoulder months – railway has capacity to attract another 37,000 visitors • Potential to attract more touring groups from neighbouring regions (e.g. SW and Wales) • Proposed hotel development at Safari Park could help attract more overnight visitors with spin-off benefits for local economy	• Ageing profile of volunteers and difficulties in attracting younger generations to become involved • Loss of experienced staff • New UK/EU climate change legislation • Cost and availability of coal • Difficulties in attracting younger visitors who do not have same nostalgic link with steam railways

Source: SQW and SVR workshop

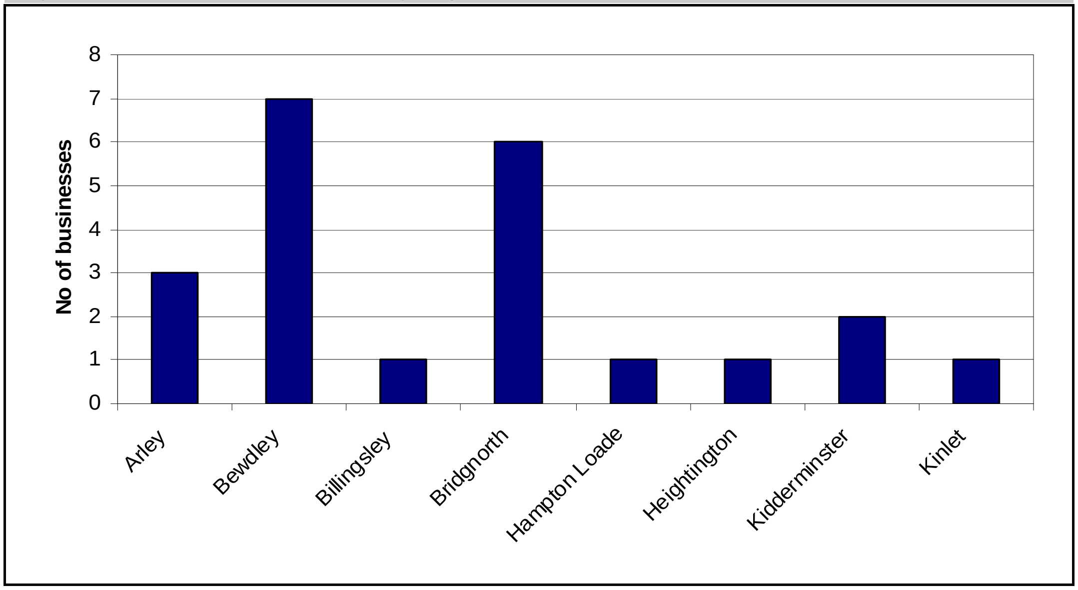
6: Business views on impact of SVR

6.1 This section summarises the feedback from 22 tourism business or organisations located along the route of SVR. Contact details for our business survey were provided by the SVR.

Profile of businesses

6.2 Most of the businesses that took part in the survey are located in either Bewdley or Bridgnorth, two of the main stops along the SVR route (Figure 6-1). The other business locations are in Kidderminster and the villages of Billingsley, Hampton Loade, Heightington and Kinlet. Figure 3.1 illustrates the route taken by the railway.

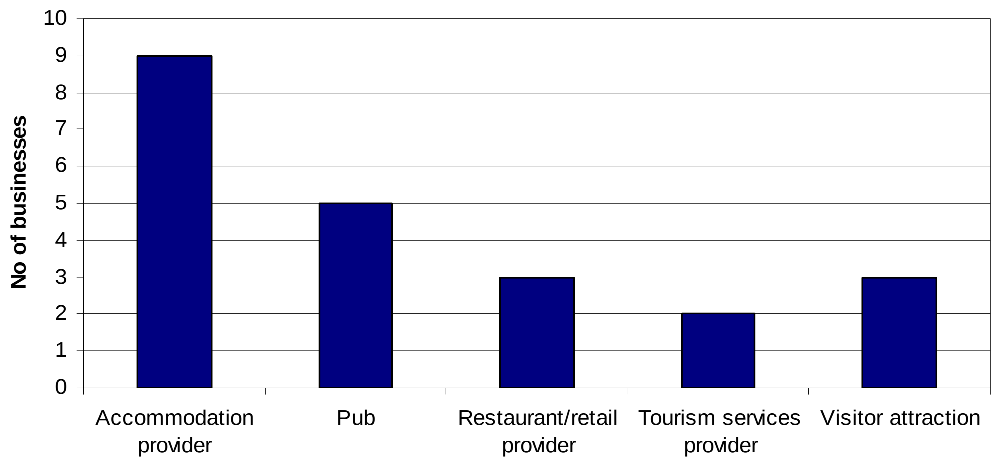
Figure 6-1: Location of business survey respondents



Source: SQW Business Survey

6.3 Nearly half of the businesses that took part were accommodation providers (Figure 6-2). Pubs, restaurants, retail providers, tourism services providers and visitor attractions also took part in the survey.

Figure 6-2: Type of business survey respondent



Source: SQW Business Survey

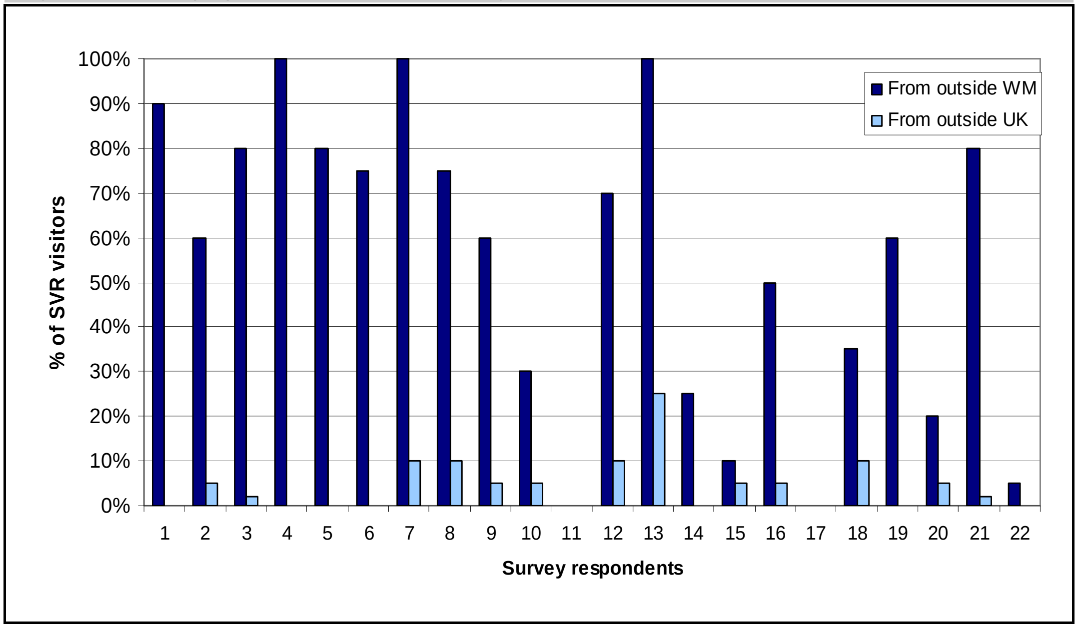
6.4 In terms of employment levels at the businesses that took part in this survey, this ranged from one employee up to around 400 people employed at the West Midlands Safari Park. The average excluding the Safari Park was four employees (full-time and part-time combined).

Impact of SVR on local economy

6.5 Businesses were asked firstly about the profile of the SVR visitors that they deal with. For those 20 businesses that could provide an estimate, it was suggested that around 60% of SVR visitors were from outside the region and 5% from outside the UK (Figure 6-3, with individual survey responses along the x axis).

6.6 Although the proportion of non West Midlands visitors seems high compared to some of the previous survey results, this is skewed somewhat by the accommodation providers for whom most SVR visitors are from outside the region.

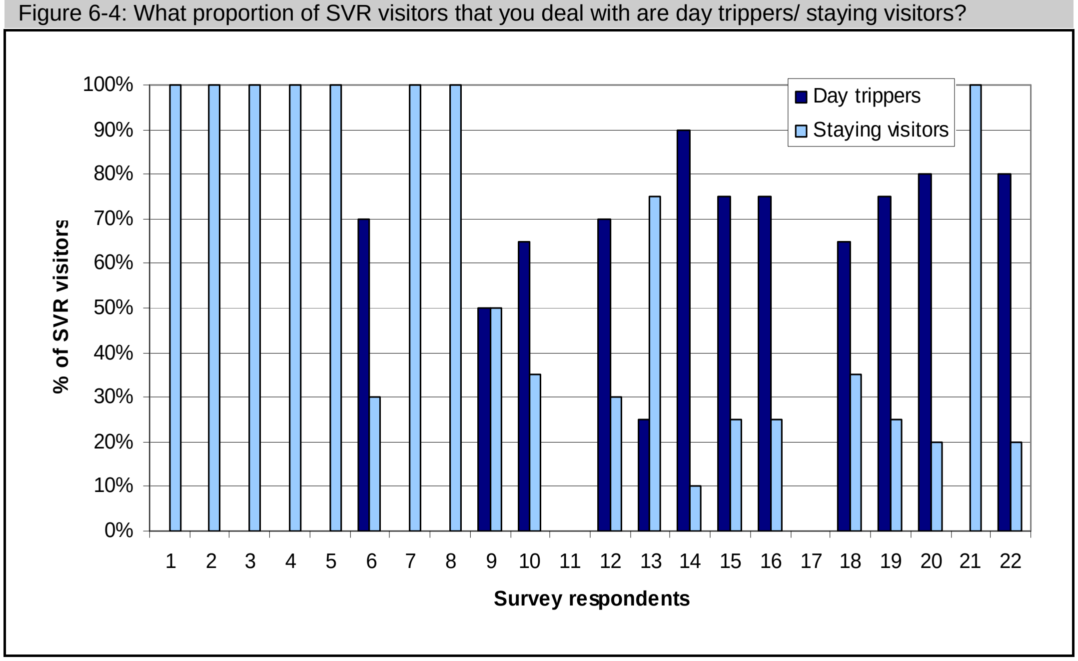
Figure 6-3: What proportion of SVR visitors that you deal with are from outside the WM/ outside the UK?



Source: SQW Business Survey

6.7 Local tourism businesses estimated that just under 60% of the SVR visitors that they deal with are staying visitors (Figure 6-4). Again, we would expect this to be high with nearly half the sample of businesses being accommodation providers. The average proportion of staying visitors estimated by non-accommodation providers was 36%.

Figure 6-4: What proportion of SVR visitors that you deal with are day trippers/ staying visitors?

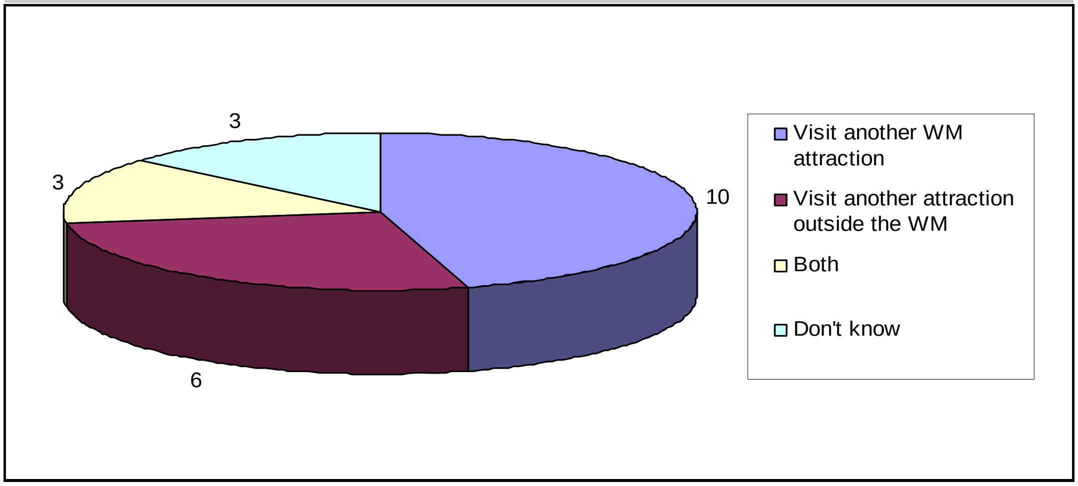


Source: SQW Business Survey

6.8 As well as attracting people to the West Midlands, it is possible that the SVR also encourages local visitor expenditure to stay in the region. In order to assess whether this was the case, businesses were asked what they thought the West Midlands based SVR visitors would do if the railway did not exist. Nearly half of the respondents thought that local visitors would simply visit another attraction and only six businesses thought that visitors would choose to visit something else outside the region (Figure 6-5).

6.9 The general consensus was that the majority of SVR visitors including families and couples would simply go for a day out somewhere else in the West Midlands. Those visitors more likely to be attracted elsewhere would be the train enthusiasts who may decide to go to another heritage railway in another part of the country.

Figure 6-5: For WM based visitors, what do you think they would do if SVR did not exist?



Source: SQW Business Survey

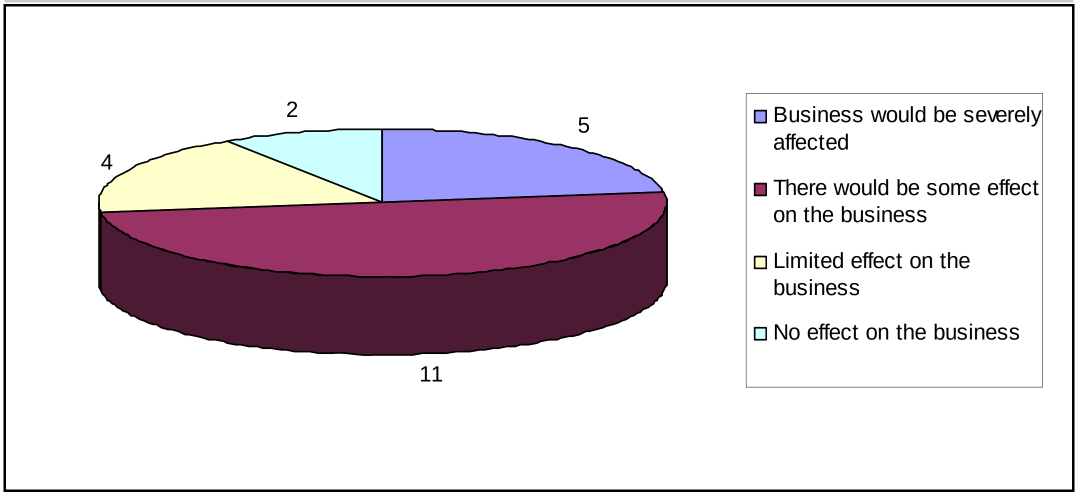
6.10 When asked what proportion of West Midlands visitor expenditure would be spent outside the region if the railway did not exist there were a wide range of views. Four respondents actually maintained that all of this expenditure would be lost to the West Midlands since train enthusiasts would visit another heritage railway elsewhere in England. Another five respondents believed between 50% and 75% would be lost in local expenditure. The remainder thought the proportion would be very low or found it difficult to state a figure.

6.11 Our overall conclusion, from speaking to businesses and stakeholders is that the majority of spend from West Midlands based visitors is probably likely to stay in the region if the railway did not exist and this is reflected in our economic impact calculations.

Importance of SVR on local tourism businesses

6.12 Half of the local businesses surveyed stated that if the SVR did not exist, there would be some effect on their business (Figure 6-6). A further five respondents stated that their business would be severely affected, four of which were pubs and one was a Tourist Information Centre. Two of the pubs stated that they would not be in business if the SVR did not exist.

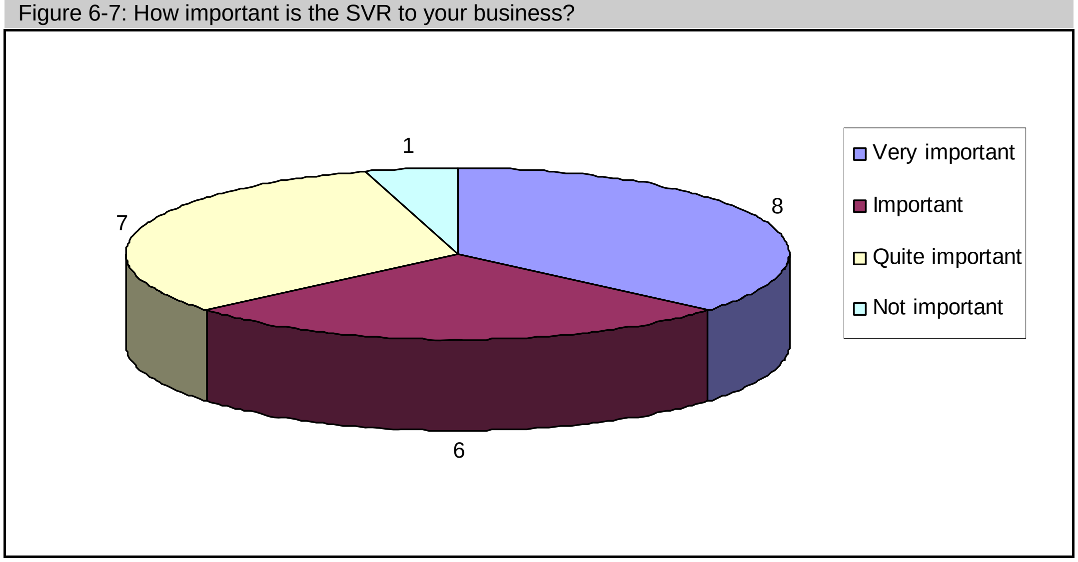
Figure 6-6: What difference would it make to your business if SVR did not exist?



Source: SQW Business Survey

6.13 The reliance of local businesses on visitors coming to the SVR is highlighted by the fact that over fourteen businesses stated that the railway is either important or very important to their business (Figure 6-7).

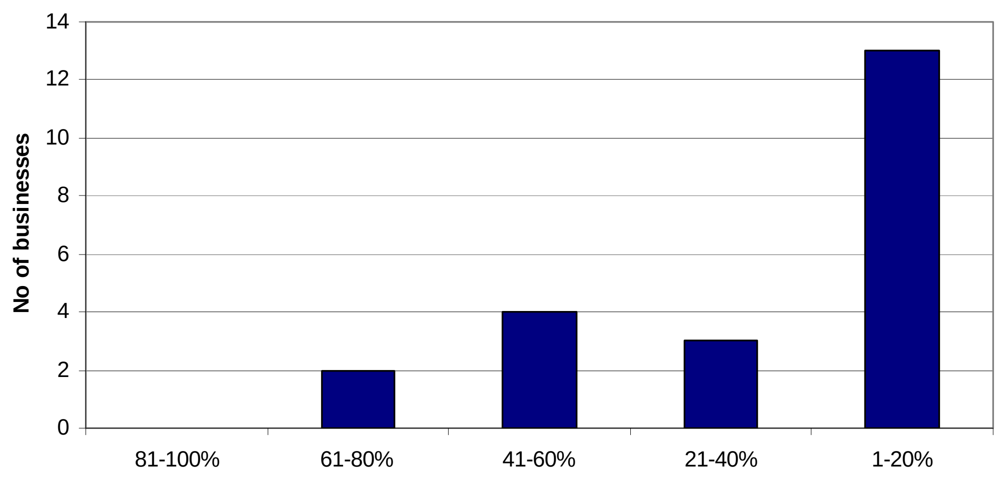
Figure 6-7: How important is the SVR to your business?



Source: SQW Business Survey

6.14 Businesses were also asked to try to quantify the importance of the SVR in terms of turnover generated by railway visitors. Two pubs estimated that around 75% of their turnover was generated by SVR visitors (Figure 6-8). Four other businesses thought that at least half of their turnover can be attributed to the SVR.

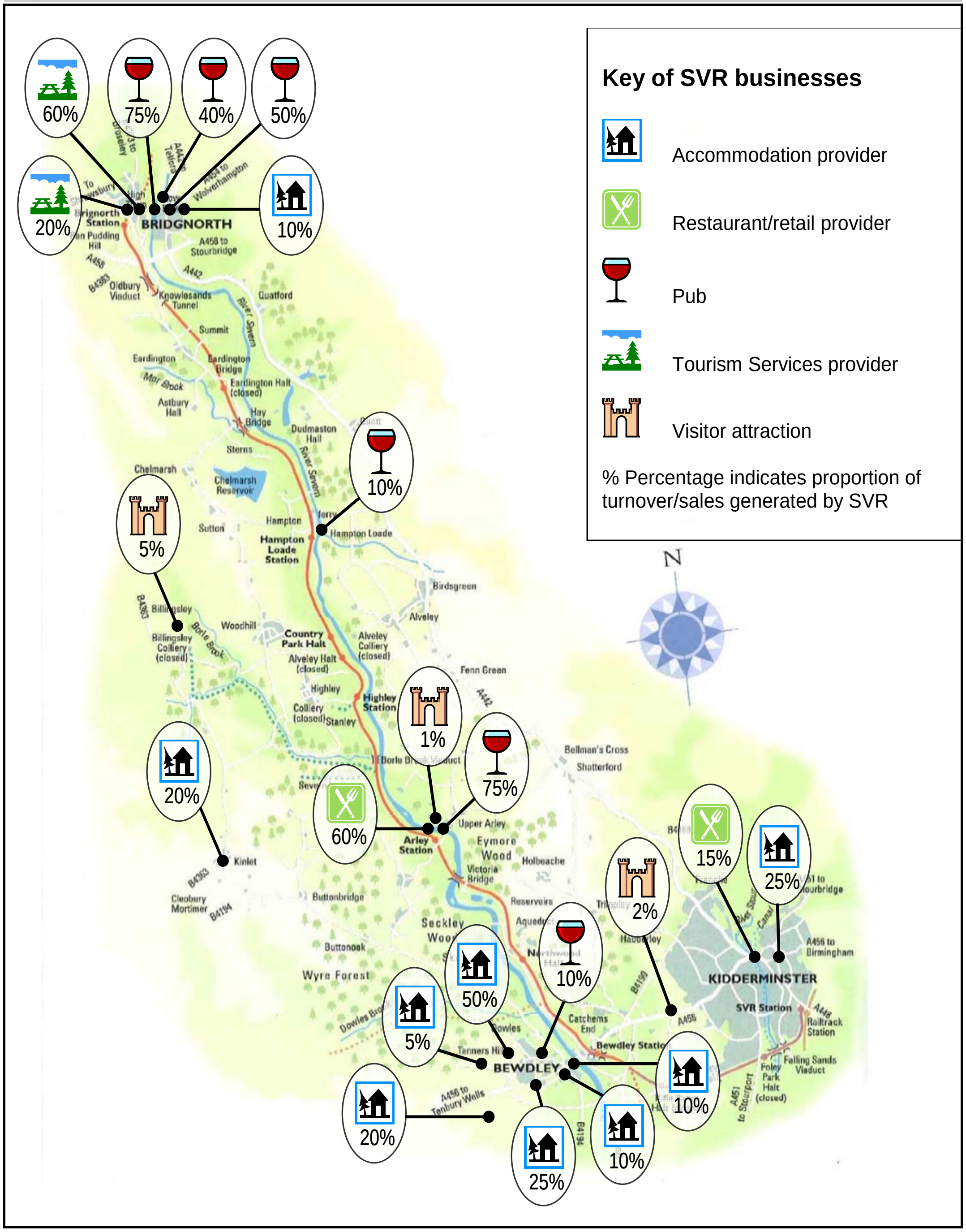
Figure 6-8: What proportion of your turnover/ sales is generated by visitors to the SVR?



Source: SQW Business Survey

6.15 In order to show the geographic spread of local tourism businesses and their reliance on SVR visitors, we have plotted the location of each business together with the proportion of their turnover that they attribute to the railway. This is shown in Figure 6-9 below.

Figure 6-9: Reliance of local tourism business on SVR visitors



Source: SQW Business Survey

6.16 When businesses were asked for the monetary value of the turnover estimated to be generated by SVR visitors, only eight respondents were willing or able to provide figures and these values ranged from £1,000 to over £200,000 per annum. The total for the nine businesses that provided an estimate was nearly £700,000.

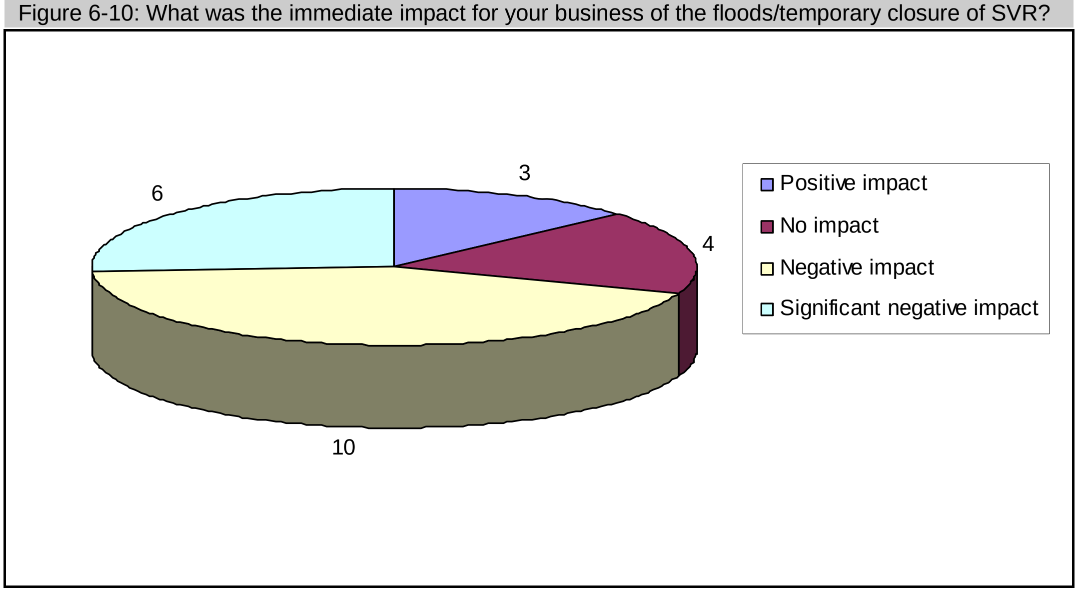
6.17 In terms of the overall importance of the SVR to the local economy, businesses stated that the railway is one of the most important attractions not just in the county (Worcestershire/ Shropshire) but also for the West Midlands as a whole. In Worcestershire it was ranked in importance alongside the West Midlands Safari Park and in Shropshire it was highlighted as one of the main reasons visitors come to the county along with Ironbridge. Businesses also highlighted the importance of the railway in terms of the area it covers and its ability to spread economic benefits in villages along the route of the railway. It was also suggested that since the railway has a national and even international profile, this reinforces the reputation of this part of the West Midlands as a tourism destination, particularly in terms of day visitors.

6.18 When businesses were asked about the future development of the railway, there was very positive feedback about the theme weekends that are organised (Thomas, Murder Mystery and 1940s weekends). The one area where some consultees felt that there could be some improvement was in terms of promoting and signposting SVR visitors in to the local towns and villages. This could involve better signage, handing out maps and information and organising joint promotions with local businesses.

Impact of the 2007 floods

6.19 Many tourism businesses located near the SVR were affected by the floods of summer 2007. Some businesses suffered flood damage, some suffered because of fewer visitors spending in the local economy. As shown below (Figure 6-10), 16 of the 21 respondents in the business survey stated that they were badly affected (10 businesses) with six stating the floods had a devastating effect on their business and threatening their survival. Half of the severely affected businesses are pubs. It should be pointed out that for some businesses there was a positive impact with accommodation providers receiving business from contractors working on the railway repairs and other attractions receiving displaced local visitors.

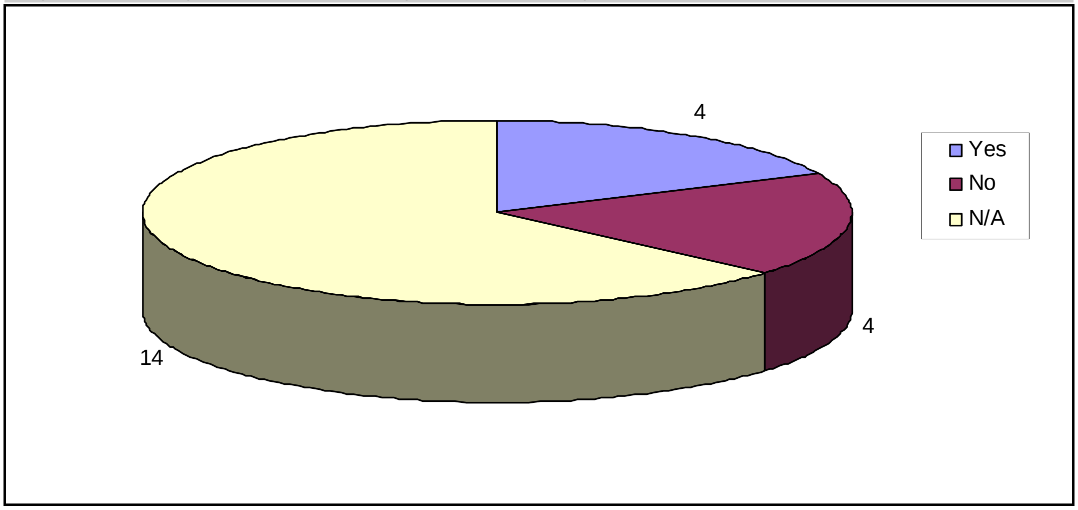
Figure 6-10: What was the immediate impact for your business of the floods/temporary closure of SVR?



Source: SQW Business Survey (responses have been categorised)

6.20 For the eight businesses that suffered some degree of flood damage, four had insurance against flood damage and four did not (Figure 6-11).

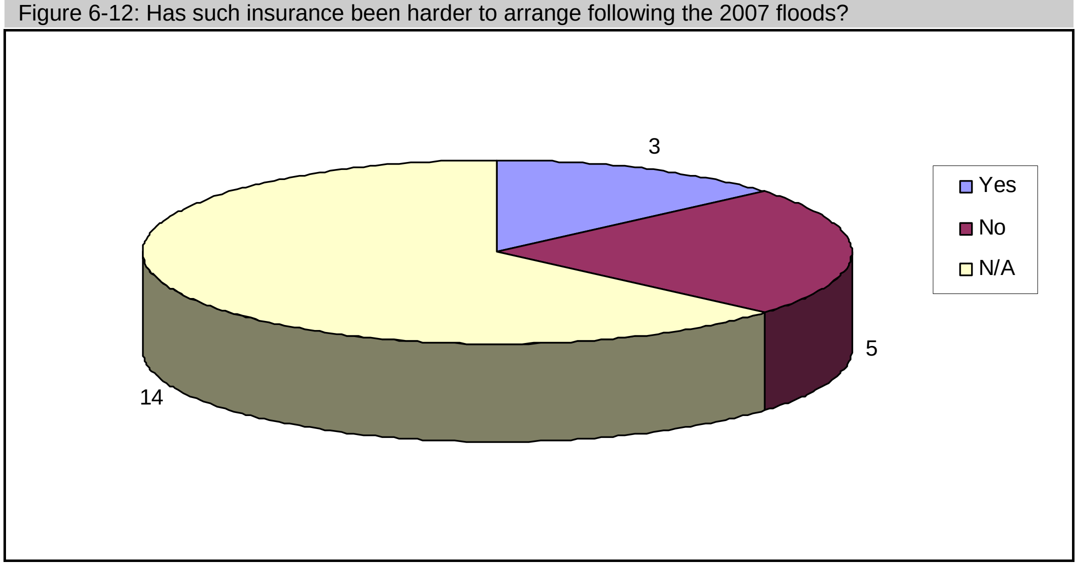
Figure 6-11: Did you have insurance against flood damage?



Source: SQW Business Survey

6.21 For those businesses directly affected by the floods, three businesses have subsequently found it more difficult to organise insurance as shown below in Figure 6-12. In the case of two businesses, the costs of their insurance policy has increased dramatically, another stated that they have not been able to arrange any insurance since the floods.

Figure 6-12: Has such insurance been harder to arrange following the 2007 floods?



Source: SQW Business Survey

6.22 Although it was difficult for most businesses to say, some were able to quantify the combined costs both in terms of physical damage and lost output. Two local visitor attractions stated the combined costs of the floods as being £10,000 and £40,000 respectively. Four of the pubs also reported significant costs of the floods over the last two years – this ranged from £26,000 up to £500,000.

6.23 Although some businesses had to cut back the hours of part-time staff, there was only one business based in Arley that needed to make redundancies following the flooding.

6.24 In terms of potential longer term impacts, most respondents believed that business was now back to normal although it has taken a while for visitors to return to the area. Two businesses stated that a longer term impact of the 2007 floods has been more a higher profile for the SVR and surrounding area. Three businesses also stated that the floods and subsequent closure of the railway demonstrated its importance to the local economy.

6.25 Just over a third of respondents (eight businesses) believed that the media coverage following the floods is likely to have had a positive effect on visitor numbers since the re-opening of the SVR in March 2008. This is backed up by SVR's Passenger Survey figures for nine months of 2008.

Feedback on the recovery process

6.26 Only one of the businesses in the survey received any direct support following the floods – this was because the accommodation provider was a listed building and therefore received some financial support from the council. According to two respondents, some support was provided in the form of additional tourism marketing which was part of AWM's flood recovery package.

6.27 In terms of the support provided by AWM and other agencies to the railway following the floods, the vast majority of the respondents (18 businesses) stated that the support for SVR was well coordinated and very effective. It was highlighted that AWM and partners provided immediate support to the railway and provided them with the necessary confidence to undertake the massive repair effort. There were a small number of businesses (4) that could not comment as they were not sure of the specific support that was provided.

6.28 Two respondents commented that although AWM did a very good job in supporting the SVR following the floods, there could have been more support provided to individual companies, in addition to the 12 month interest free loans that were offered by Business Link.

6.29 However the general feedback was very positive about AWM's response in relation to the SVR. Few consultees could identify an other organisation that would have been able to step in instead of AWM and it was felt that without the support the recovery process would have taken far longer. It was also suggested that some of the other funding (European and lottery funding) would have been at risk if AWM had decided not to provide the financial support. With no AWM investment it was suggested that they could have tried to raise more money from the public donations appeal or tried to repair the railway in stages – either way the recovery process would have taken a lot longer.

7: Conclusions and implications

7.1 The Severn Valley Railway is one of the most important tourist attractions in the West Midlands. The last two years have been very eventful for the attraction with the severe summer floods in 2007 causing widespread damage and forcing it to close for nine months whilst repairs were carried out. AWM was highly involved in supporting the SVR in recovering from the floods and being able to re-open in March 2008. The Agency provided around £750,000 towards the repair costs which totalled around £3 million.

7.2 The purpose of this study was to establish the impact of the SVR on the West Midlands economy and also consider the links and spill-over economic benefits that the railway generates for tourism businesses located along the route of the SVR from Kidderminster to Bridgnorth.

Economic impact

7.3 The economic impact analysis in this report has taken into account displacement of visitor expenditure and has calculated both the gross and net impact from on-site and off-site expenditure. It has also included the supplier and income multiplier effects of this additional spend.

7.4 The impact of the SVR is generated not only by visitor expenditure but also by the large number of volunteers that play a vital role in operating the railway. This makes the SVR different from many other attractions. It is estimated that there could be up to two hundred volunteers that come from outside the region to work on the railway, many staying for weeks at a time (and therefore spending in the local economy).

7.5 Overall it is estimated that the net economic impact of the SVR is £10.9 million generated each year in the West Midlands economy (Table 7-1). Although we know that the SVR directly employs 83 full-time staff and 40 part-time staff, the combined economic impact sustains around 283 full-time jobs in the West Midlands that without the SVR would not exist. Using this jobs figure, it is possible to estimate that **each year the SVR generates £5.4 million in Gross Value Added (GVA) for the regional economy.**

Table 7-1: Total economic impact

Element of economic impact	Value
Net on-site impact	£6.07m
Net off-site impact	£4.83m
Total impact	**£10.90m**
Turnover per employee (SIC 55)	£38,500
GVA per employee (SIC 55)	£19,000
Jobs supported by SVR	283
Additional GVA for WM economy	**£5.39m**

Source: SQW and ABI 2006

7.6 Based on discussions with the SVR, we understand that there is the potential to grow the number of visitors to up to 275,000 per year and this would seem to be realistic considering the railway attracted 238,000 over the nine months it was open in 2008.

Incorporating some or all of these additional visitors, the annual economic impact of the SVR would therefore be **between £10.9 million and £11.8 million in output** and **between £5.4 million and £5.8 million in GVA.** The railway also supports **between 283 and 307 jobs** in the West Midlands economy, including those at SVR itself.

7.7 In addition to increasing its economic impact by attracting more visitors, there is also the possibility of increasing impact by encouraging visitors to spend more when they visit the railway, both on-site and off-site.

Stakeholder and business feedback

7.8 Both stakeholders and the local tourism businesses that were consulted as part of the study were clear on the importance of the SVR, not only in terms of the visitor expenditure that it brings into the local area and the region, but equally as important how it contributes to the profile of the area as a tourism destination.

7.9 Although it does not attract quite the same visitor numbers, the SVR was highlighted as one of the key tourism attractions in Worcestershire and Shropshire along with the West Midlands Safari Park and Ironbridge. At the regional level, the SVR is certainly in the top ten of most popular attractions and it is believed that the SVR has a special unique status because of its heritage and important links with local communities up and down the Severn Valley.

7.10 The experience of the 2007 floods only reinforced the importance of the SVR to other local businesses located nearby. Consultations with some of the businesses confirmed this with nearly half of the sample stating that between 20% and 80% of their turnover is reliant upon visitors to the railway. This is particularly the case for pubs located close to the railway which were particularly badly affected when the railway closed for repairs.

7.11 The recovery process following the floods also illustrated the strength of feelings towards the railway from local communities and volunteers. In the six months following the floods, a public appeal fund had reached over £500,000. Stakeholder and local businesses believed that AWM and other agencies had performed well in their support for the railway. Without the support, the recovery process would have taken a lot longer with longer term implications for the local economy.

Implications and future development

7.12 This research has highlighted a number of challenges and opportunities for the SVR and public sector organisations as the railway looks to build on the renewed interest generated by media coverage of the floods.

7.13 The main challenges would appear to be around the following issues:

- encouraging a new generation to become involved at the railway as volunteers
- ensuring that the attraction remains relevant for younger visitors (through continuing to develop innovative events that encourage new and repeat visitors)
- ensuring the sustainability of the railway by diversifying its income streams

7.14 There are also some major opportunities which include:

- developing closer links with local businesses to offer joint promotions, thereby generating economic benefit for the railway and the local communities
- carrying out more marketing outside of the region, for example trying to attract more touring groups from Wales. This could be done along with the neighbouring West Midlands Safari Park
- improving the accommodation provision to encourage more overnight visitors (this is likely to be addressed in part with the proposed hotel development at the Safari Park).

7.15 This impact study has demonstrated the value of the Severn Valley Railway in terms of the additional visitors and investment that it brings not just to Worcestershire and Shropshire but also to the West Midlands as a whole. Although the floods of summer 2007 resulted in short term costs for the railway and neighbouring communities, it is believed that the publicity and media coverage surrounding the recovery process has increased the profile of what was already one of the region’s biggest tourism assets and is likely to generate new and repeat visitors in the future.

Annex A: Consultees

A.1 The following stakeholders took part in this study.

Table A-1 : Stakeholder consultations

Consultee name	Organisation
Nick Ralls and John Leach	Severn Valley Railway
Rod Nipper	Destination Worcestershire
Steve Singleton	Wyre Forest District Council
Anne Taylor	Transforming Telford
Louise Cross	Shropshire Country Council
Amanda Cunningham	Advantage West Midlands
Paul Sampson	Advantage West Midlands
Mark Davies	Business Link West Midlands

A.2 Interviews were also carried out with the following tourism businesses.

Table A-2 : Business consultations

Business name	Location of business
Arley Arboretum	Arley
Arley Bewdley Post Office	Arley
Bank House	Bewdley
Bridgnorth Guided Tours	Bridgnorth
Bridgnorth TIC	Bridgnorth
Captain Cod's Fish restaurant	Kidderminster
Harbour Inn	Arley
Kateshill House	Bewdley
Old Castle Inn	Bridgnorth
Pewterers House	Bewdley
Rays Farm	Billingsley
River and Rail Country Inn	Hampton Loade
Seagull Restaurant	Bridgnorth
Severn Arms	Bridgnorth
Severn Valley Guest House	Bewdley
Shakespeare Inn	Bridgnorth

Business name	Location of business
Tarn B&B	Bewdley
The Brant	Heightington
The White Cottage	Kinlet
Victoria House	Kidderminster
West Midlands Safari Park	Bewdley
Woddcolliers Arms	Bewdley

Annex B: Comparison with other railways

B.1 This Annex provides some additional context in terms of how the SVR compares to the other heritage steam railways in the UK, of which there is estimated to be over 100.

B.2 According to the Heritage Railway Association (HRA), in 2005 heritage railways attracted around six million visitors in 2005, generating around £50 million - 60% spent on the trains journeys, 15% on catering, 14% on retail and the remaining 11% on workshops and charter trains. It should be noted that this breakdown of expenditure only relates to the on-site expenditure i.e. it does not include the visitor spend on accommodation and in local pubs and restaurants. The HRA also estimates that heritage railways directly employ 1,330 people and benefit from the work of 13,550 volunteers.

Heritage railway visitor numbers

B.3 VisitBritain publishes annual visitor survey data for England's major tourist attractions. The latest available data (2007) for steam/heritage railway attractions are highlighted below in Table B-1. This shows that the biggest attractions are the West Somerset Railway and Swanage Railway both attracting more than 200,000 visitors.

B.4 Based on the 2006 data, the SVR had the highest number of visitors – as highlighted earlier the visitor numbers dropped significantly due to the closure of the railway for six months. It should also be noted that this survey is based on a self completion questionnaire and therefore some attractions may choose not to be included. In addition to the SVR, another notable omission from the Table below would be North Yorkshire Moors Railway which attracts around 300,000 passengers each year[16].

[16] North Yorkshire Moors Railway website (www.nymr.co.uk) – September 2008 Press Release

Table B-1 : Visitor numbers for major steam/heritage railways in England

Attraction	Region	2003	2004	2005	2006	2007	Entry
West Somerset Railway	SW	220,000	230,000	250,000	230,000	250,000	£13.00
Swanage Railway	SW	172,001	199,067	196,972	200,452	201,548	£7.50
Romney, Hythe and Dymchurch Railway	SE	166,000	168,000	160,000	160,000	162,000	£11.40
Mid-Hants Railway PLC 'Watercress Line'	SE	120,000	128,000	129,778	134,817	150,395	£10.00
North Norfolk Railway Sheringham Station	E	107,000	119,485	126,450	125,000	129,700	£9.50
Ravenglass & Eskdale Railway	NW	120,000	120,000	DK	116,000	122,000	£9.60
Midland Railway-Butterley	EM	120,000	110,000	110,000	110,000	110,000	£9.95
East Lancashire Railway	NW	110,000	DK	107,000	108,178	109,143	£11.00
Isle of Wight Steam Railway	SE	64,000	65,000	DK	100,000	100,000	£8.50
Seaton Tramway	SW	112,071	112,889	114,065	108,622	97,179	£7.95

Source: VisitBritain (2008) Visitor Attraction Trends in England (DK=Don't know)

Other economic impact studies

B.5 Some of the other larger heritage railway attractions have been subject to economic impact assessments and a summary of these studies is provided below.

North Yorkshire Moors Railway

B.6 The North Yorkshire Moors Railway (NYMR) is one of the UK's largest heritage railways with around 300,000 passengers each year. The 18 mile route runs from Pickering through the North York Moors National Park to Grosmont and on certain days there are also trains to Whitby. Originally opened in 1836, the train carried passengers until 1965. The line was then re-opened in stages from 1968 to 1975 through fund raising and support from the local Council.

B.7 According to research carried out by the Yorkshire Tourist Board, visitors to the railway in 2007 stayed an average of 6.4 days in the region and spent a total of £36.5 million[17]. Around 88% of this expenditure was generated by visitors from outside of Yorkshire with £10 million spent on accommodation, £7.8 million on food and drink and £5.8 million on shopping. As many as 730 full-time equivalent jobs were supported by this visitor spend.

B.8 This economic impact analysis appears to have included all holiday expenditure by staying visitors that visited the railway. As these visitors are likely to visit other attractions or do other activities on other days during their holiday it is perhaps inappropriate to attribute all of their expenditure to the railway. The impact figure would be significantly lower if only one night's expenditure was included.

[17] Yorkshire Tourism Board website (www.ytb.org.uk)

West Somerset Railway

B.9 The West Somerset Railway itself is Britain's longest standard gauge steam railway and runs for twenty miles from Bishops Lydeard – which is four miles from Taunton - to Minehead. The WSR regularly carries over 200,000 passengers per annum and holds a number of Special Events throughout the year.[18]

B.10 According to an economic impact study carried out in 2004, the WSR employs 26 full-time staff, 14 seasonal part-time staff and approximately 600 duty volunteers[19]. The railway is supported by the West Somerset Railway Association which employs four full-time staff and one part-time member of staff. In 2003, the WSR attracted 185,000 passengers making it one of the most popular attractions in Somerset. The context for the study was that they were beginning to experience capacity issues on 40 days in the year and were considering new infrastructure investment and trying to encourage visitors to come during off-peak seasons.

B.11 The analysis has three categories of impact: the direct income generated by visitor expenditure at the WSR; the indirect income generated by WSR's local spend on suppliers and employees; and induced income from the expenditure of local suppliers and local WSR employees. Based on turnover figure of £1.5 million, the total economic impact was estimated at £2.8 million. Based on our interpretation of the economic impact report this would appear to represent the gross impact and does not take account of local visitor expenditure.

[18] West Somerset Railway website (www.west-somerset-railway.co.uk)
[19] International Centre for Research and Consultancy, Manchester Metropolitan University (2004), *West Somerset Railway: Local Economic Impact Study*

Annex C: Economic impact calculations

C.1 Figure C-1 shows the impact calculations for on-site impact.

Figure C-1 : On-site economic impact of SVR

		Supplier multiplier		Income multiplier		Value of	
		Value	Effect	Value	Effect	output to WM	Explanation
On-site impact							
Gross impact							
Trading turnover	£5,019,000						
Non tradiing turnover	£2,088,300						
Total SVR turnover	£7,107,300	0.72	£5,143,675	0.18	£1,279,314	£13,530,289	Supplier value based on data from SVR. Income value based on STMS data*
Calculating gross to net impact							
Total number of visitors	238,056						SVR Passenger Survey 2008
Visitors from WM (58%)	138,072						SVR Passenger Survey 2008
Visitors from outside WM (42%)	99,984						SVR Passenger Survey 2008
Additional WM-based visitors	13,807						Using SQW displacement value
Additional non WM-based visitors	89,985						Using SQW displacement value
Total additional visitors	103,792						
Additionality of visitor-based income	43.6%						Additional visitors as a proportion of all visitors
Net additional trading turnover	£2,188,284						Applying additional visitor income value to trading turnover (assuming that all visitors spend around the same on-site)
Net additional non trading turnover	£1,000,000						The non trading turnover is made up of grants, insurance and donations. The additional grants is assumed to include the £750k ERDF grant and £250k HLF grant awarded for SVR repairs
Net additional SVR turnover	£3,188,284	0.72	£2,307,416	0.18	£573,891	£6,069,591	Supplier value based on data from SVR. Income value based on STMS data*
Net on-site impact						**£6,069,591**	

Source: SQW

C.2 Figure C-2 on the following page shows the impact calculations for off-site impact.

Figure C-2 : Off-site economic impact of SVR

		Supplier multiplier		Income multiplier		Value of output to WM	Explanation
		Value	Effect	Value	Effect		
Off-site impact							
Gross impact							
Visitors							
Total visitors	238,056						SVR Passenger Survey 2008
Average on-site visitor spend	£10						Based on SVR visitor survey 2005 adjusted to 2008 figures
Average off-site spend - staying visitors	£66						Better Welcome surveys average staying visitor spend of £76.45 (adjusted to 2008 prices) - minus on-site spend of £10.50 equals £66
Average off-site spend - day visitors	£4						Better Welcome surveys average day visitor spend of £14.84 (adjusted to 2008 prices) - minus on-site spend of £10.50 equals £4
No of staying visitors	54,753						SVR Passenger Survey 2008
No of day visitors	183,303						SVR Passenger Survey 2008
Staying visitor off-site expenditure	£3,611,430						
Day visitor off-site expenditure	£796,630						
Total visitor off-site expenditure	£4,408,060	0.14	£617,128	0.18	£793,450.80	£5,818,639	Supplier and income multiplier values taken from STMS for tourism attractions in rural areas
Volunteers							
Total volunteers	1,100						Based on SVR feedback
% of volunteers from outside WM	20%						Based on SVR feedback
No of staying volunteers	220						All volunteers from outside WM assumed to be staying overnight
No of day visitor volunteers	880						
Average number of nights spent by overnight non-WM volunteers	21						Based on SVR feedback
Staying volunteer expenditure	£304,729						Assuming volunteers spend the same as visitors in the local economy (split by staying and day visitors)
Day visitor volunteer expenditure	£3,824						Assuming average day visitor volunteers spend at least a day at the SVR
Total volunteer off-site expenditure	£308,554	0.14	£43,198	0.18	£55,540	£407,291	Supplier and income multiplier values taken from STMS for tourism attractions in rural areas
Total gross off-site impact	£4,716,614		£660,326		£848,990	£6,225,930	
Calculating gross to net impact							
Visitors							
Total visitors	238,056						SVR Passenger Survey 2008
Average on-site visitor spend	£10						Based on SVR visitor survey 2005 adjusted to 2009 figures
Average off-site spend - staying visitors	£66						Better Welcome surveys average staying visitor spend of £76.45 (adjusted to 2008 prices) - minus on-site spend of
Average off-site spend - day visitors	£4						Better Welcome surveys average day visitor spend of £14.84 (adjusted to 2008 prices) - minus on-site spend of
No of staying visitors from WM	2,738						SQW estimates of breakdown of visitors from WM and outside WM
No of staying visitors from outside WM	52,015						SQW estimates of breakdown of visitors from WM and outside WM
No of day visitors from WM	135,335						SQW estimates of breakdown of visitors from WM and outside WM
No of day visitors from outside WM	47,969						SQW estimates of breakdown of visitors from WM and outside WM
Additional staying visitors from WM	274						Using SQW displacement value
Additional staying visitors from outside WM	46,814						Using SQW displacement value
Additional day visitors from WM	13,533						Using SQW displacement value
Additional visitors from outside WM	43,172						Using SQW displacement value
Total additional staying visitors	47,087						
Total additional day visitors	56,705						
Total additional visitors	103,793						
Additional staying visitor off-site expenditure	£3,105,830						
Additional day visitor off-site expenditure	£246,439						
Total additional visitor off-site expenditure	£3,352,269	0.14	£469,318	0.18	£603,408	£4,424,995	Supplier and income multiplier values taken from STMS for tourism attractions in rural areas
Volunteers							
Total volunteers	1,100						Based on SVR feedback
% of volunteers from outside WM	20%						Based on SVR feedback
No of staying volunteers	220						All volunteers from outside WM assumed to be staying overnight
No of day visitor volunteers	880						
Average number of nights spent by overnight non-WM volunteers	21						Based on SVR feedback
Staying volunteer expenditure	£304,729						Assuming volunteers spend the same as visitors in the local economy (split by staying and day visitors) - all assumed to be additional
Day visitor volunteer expenditure	£3,824						Assuming average day visitor volunteers spend at least a day at the SVR
Additional day visitor volunteer expenditure	£382						
Total volunteer off-site expenditure	£305,112	0.14	£42,716	0.18	£54,920	£402,747	Supplier and income multiplier values taken from STMS for tourism attractions in rural areas
Total net off-site impact	**£3,657,381**		**£512,033**		**£658,329**	**£4,827,742**	Staying plus day visitors from outside WM

Source: SQW

C.3 Figure C-3 pulls together the total net economic impact of the SVR.

Figure C-3 : Total net economic impact

							Explanation
Total net impact						**£10,897,333**	On-site plus off-site impact
Annual turnover per employee	£38,500						Average figure for WM taken from ABI 2 data (2006) then adjusted to 2008 prices
Employment	283						Output ÷ average turnover per employee
Annual GVA per employee	£19,000						Average figure for WM taken from ABI 2 data (2006) then adjusted to 2008 prices
GVA impact	£5,377,905						GVA per employee x no of jobs

Source: SQW