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Malvern cable car business plan fatally flawed

The business case for the cable car in Malvern is fatally flawed. This was the conclusion reached by a team from 'Voice of the Malvern Hills' when making a presentation to members of Herefordshire and Worcestershire Chamber of Commerce on Monday 23rd October 2015. The team's findings are based on the recent report, *The Proposed Malvern Cable Car: a financial evaluation*, which looked at the strategic fit and business viability of a cable car in Malvern and whether the Company behind the proposed cable car has the resources and skills to handle such a complex project.

One problem identified by the team was the lack of strategic thinking by Malvern Hills District Council when considering the visitor economy. Their Visitor Economy Plan makes no mention of Wise Tourism and the Wise Growth Action Plan developed and supported by Visit England. Research by 'Voice of the Malvern Hills' has shown that Malvern's visitor economy could grow by over £30 million a year, without any increased numbers, if it applied Wise Tourism and achieved the same visitor profile as comparable authorities. A cable car would be out of place in the context of the Malvern Hills and is contrary to the concept of Wise Tourism.

'Voice of the Malvern Hills' is particularly concerned about the fatal flaws in Malvern For All Ltd's (MFA) business plan. Even using MFA's own figures, the cable car will never make a single penny's contribution to good causes after basic but fundamental accounting errors are corrected. Using MFA's own figures and correcting for accounting failures, losses over the assumed 20 year planning horizon will be up to £8.8 million, whilst cash flows over the same period will be up to a negative £10.85 million.

The 'Voice' team questioned the validity of the assumptions underpinning the cable car proposals, which include charging higher fares than the Emirates London cable car and assuming a Malvern cable car can operate for more days than any other stand-alone cable car in the UK. Once more realistic assumptions are taken into account the losses increase even further.

A final issue raised by the 'Voice' team was the capacity and capability of the Company behind the proposed cable car. It was noted that this Company had only been formed in January 2015, had no share capital and no track record of any former projects or activity. It also appears to have no staff and no engineering, construction or finance skills. The team concluded that MFA has neither the capacity nor the capability to manage such a project.

Richard Edwards, Chair of The Voice of the Malvern Hills, stated: This report clearly shows that Malvern for All Ltd do not have the professional accounting, engineering or other skills and so the whole cable car project is a fantasy.

The Proposed Malvern Cable Car; a financial evaluation is now available on the Voice of the Malvern Hills website – www.voiceofthemalvern hills.org.uk.

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