Altair

LB Southwark

Appraising the Options for the Tustin Estate

Addendum to CBA Report

January 2021

in partnership with

Southwark Council
southwark.gov.uk

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1 | Introduction

1.1. About the Cost Benefit Analysis

1.1.1. Altair was commissioned by the London Borough of Southwark (**"LB Southwark"**) in December 2019 to undergo a viability assessment and cost-benefit analysis (**"CBA"**) to appraise the high-level options proposed for the future Tustin Estate low-rise homes. The CBA was produced over December 2019 to September 2020 in consultation with LB Southwark, residents and the wider public.

1.1.2. The CBA considers an economic assessment of outcomes related to public space, housing, council tax payments and jobs delivered as part of works or development on the estate. These are monetised and accompany an impact assessment of qualitative outcomes related to the local economy, environment, community, and changes related to moving home.

1.1.3. The CBA report was published in September 2020 to inform the resident Options Survey to determine a final option. The final option is Option 5: Redevelop Tustin And Maintain Manor Grove With New Infill Homes.

1.2. Purpose of the Addendum

1.2.1. Following publication of the CBA report and results of the Options Survey, more detailed development of Option 5 has occurred including: design and layout, Pilgrim's Way Primary School, sustainability and net-zero carbon upgrades, open and commercial space and public realm and housing specifications which impact project costs, income and funding.

1.2.2. These areas are all considered in the CBA. While these updates do not create changes which materially affect the overall conclusions of the CBA, for completeness this addendum serves to complement the existing report with most up to date information (as at January 2021).

2 | Updates to the CBA Report

2.1. Economic and Impact Assessment Updates

2.1.1. The following table contains a list of items with reference to the September 2020 report based on most up to date information provided by designers (Common Grounds / DSDHA), sustainability specialists (Anthesis) and cost and viability consultants (Altair).

Table 1: Updates to CBA Report (01/2021)

Item	Update
Economic Assessment Updates	
1.4 (Table 1)	Option 5 now provides an additional 441 homes (220 new council rent and 221 new outright sale homes), re-provides 249 homes (200 existing council rent and 49 existing leaseholder reprovision / shared ownership) and retains 49 homes at Manor Grove (of which 18 are tenanted and to be refurbished). **739 homes total**
2.2	Option 5 delivers more green space over current provision. Updated figures suggest open space (which includes public green space) is now equivalent to 19,480 sqm representing an uplift of 442 sqm over existing provision of 19,038 sqm.
2.3 (Table 3)	Change to total number of additional council rent homes from 226 to 220 homes slightly reduces value (occurring once every 15 years) of Option 5 from £452,825 to £440,803.
2.3 (Table 4)	Change to total number of new homes from 777 to 690 changes Societal Consumption and Private betterment – total for Option 5 from £22.2m to £21.1m.
2.4 (Table 5)	Change to programme spend (demolition and construction costs) from £207.2m to £226.6m increases number of apprenticeships created from 207 to 227 with total value of apprenticeships increasing from £689,938 to £763,065.
2.4 (Table 6)	Estimates of Gross Internal Area (GIA) for existing and proposed (Option 5) commercial space have been made which include estimates for the church and Afrikiko restaurant. Changes to commercial space for existing (from 1,517 to 1,597sqm GIA) and Option 5 (1,296 to 1,804 sqm GIA) changes value per annum of jobs from commercial space for Option 5 from -£179,542 to +£192,715.
2.4 (Table 7)	Change to programme spend (demolition and construction costs) from £207.2m to £226.6m increases the number of person years of employment created from 1,906 to 1,199 with total value from jobs

Item	Update
	created rising from £19.4m to £21.4m.
2.5 (Table 8)	Total number of homes from 777 to 739 changes value per annum of increased local spending for Option 5 from £33.9m to £31.2m.
2.6 (Table 10)	Changes highlighted above increase NPSV for Option 5 from £126.4m to £135.3m.
Impact Assessment Updates	
3.2.9	The New Homes Bonus will no longer be considered as a source of funding due to ending of the programme in 2021.
3.3	A new school has now been confirmed as part of the Option 5 programme. The school will allow more space for play. The existing school's external play area is 4,290 sqm and the new design proposes this to increase to 4,455 sqm. There may be temporary disruption to school children and their learning environment during construction.
3.4	A sustainability strategy has been developed for Option 5 and new homes are proposed to be built in line with government's targets to achieve net zero carbon emissions by 2050. The study considers operational (in-use) carbon and embodied (emissions during construction and demolition) carbon at Tustin Estate and so may impact the materials used in construction as well as housing specifications.
Appendix 1	A consultation event was held 25/11 to discuss the cost benefit analysis in light of design changes and proposals. Residents fed back on areas of importance (e.g. health and wellbeing and environmental sustainability) to consider as the programme continues. Residents also fed back on usefulness of the CBA. All residents agreed that the CBA contains information which helped them to make decisions about the future of Tustin low rise.

2.2. Determining NPSV of Options

2.2.1. The following contains an updated cashflow summary for Option 5. The Net Present Social Value (NPSV) is what is additional to the Maintain Option (Option 1) which sees LB Southwark maintain Tustin low rise homes for the next 30 years to Decent Homes + Southwark Standard (new kitchens and bathrooms) with estate repairs.

Table 2: Net Present Social Value (benefits less costs) for Option 5

Option 5						
Years	0 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60
Costs	-£489,649	-£576,583	-£738,075	-£944,798	-£1,209,422	-£1,548,162
Benefits	£71,118,317	£34,621,853	£44,318,898	£55,474,939	£71,012,611	£90,902,146
Net Benefit	£70,628,668	£34,045,270	£43,580,823	£54,530,140	£69,803,190	£89,353,984
Discounted Net Benefits	£65,432,917	£18,506,587	£16,004,112	£13,528,180	£11,698,890	£10,116,957
Net Present Social Value	£135,287,642					