The Stage Luton: Estimation of additional economic benefits

The current business case estimates the land value uplift as a result of the scheme as well as supply side employment. Other benefits are mentioned in the document but no valuation is applied in the economic case. These include improved town centre perception, increased spend across the town centre, better connectivity, reduced reliance on car parking in the town centre, positive impact on the immediate surrounding area and enhancing the area’s vitality and attractiveness.

This document outlines an initial analysis of additional benefits relating to The Stage scheme, highlighting areas of uncertainty and justifications for assumptions made. The additional benefits estimated at this stage relate to:

* Redevelopment of brownfield land and improved amenity
* Improvements to air quality and subsequent health benefits
* Improved safety due to fewer road casualties
* Physical health benefits from improved access to green space
* Mental health benefits from improved access to green space
* Improved business attractiveness and increased spend

The table below provides information on the valuation method, data uncertainty and where assumptions have been made. Justification of decisions and proxy data is also described, with sources in the separate excel sheet. Net Present Value (NPV) has been calculated over a 20 year appraisal period using a discount rate of 3.5%, in line with UK government guidance (consistent with the current OBC analysis). All values have been inflated to 2022 prices.

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| Benefit | Valuation method | Uncertainty, assumptions and justification | Annual benefit value | NPV |
| Redevelopment of brownfield land  | New guidance from Homes England. Monetary value of improved amenity multiplied by number of beneficiary households.  | Assumed 10,000 households impacted; previous use 50% commercial and 50% industrial; no re use of structures | £858,750 | £12,632,270 |
| Air quality | Change in car miles travelled multiplied by monetary value of change in air pollution from car emissions. | Uncertainty around assumption that scheme will reduce car miles by 1%. Studies reviewed on parking reductions and low traffic neighbourhoods support this conclusion | £165,040 | £2,427,825 |
| Safety | Change in car miles and resultant change in number of accidents multiplied by average cost of casualty | Uncertainty around assumption that scheme will reduce car miles by 1%. Empirical evidence shows relationship between reduced parking/Low Traffic Neighbourhoods (LTN) and vehicle miles driven. Also proven 50% reduction in level of casualties in LTNs. | £215,145 | £3,164,820 |
| Access to greenspace: Physical and mental health benefits | Monetary value of the change in the physical and emotional wellbeing (measured by the social return on investment) from change in investment in green space expansion | 20% reduction in probability of being inactive. Uses Luton number of people in Health deprivation hotspots and that the scheme impacts 1% of these. Monetary value is per person physical health benefit of parks in London. | £80,715 | £1,187,360 |
| 20% reduction in probability of being inactive. Uses Luton number of people in Health deprivation hotspots and that the scheme impacts 1% of these. Monetary value is per person mental health benefit of parks in London. | £50,600 | £744,315 |
| Business attractiveness: increased spend | Monetary value of change in the amount of customer spend in the local area | Mall visit data used as source (monthly visits 1,233.4k). Precautionary approach assumes scheme impacts 20% of these visitors.Spend assumption £5 (low as to account for non-spending visitors)Reasonable to assume 30% increase in footfall due to pedestrianisation.  | £4,440,240 | £65,315,930 |
| Total[[1]](#footnote-1) | £5.81 million | £85.47 million |

**Flood risk:**

Note that reduction of flood risk was also investigated as a potential monetisable benefit, but at this stage of analysis was not quantifiable. This is due to the fact that the nature and scale of the relationship between the provision of sustainable urban drainage at the Stage and a related change in flood risk is currently unclear. Further analysis is recommended to better understand these links and if measurable benefit can be attributed to the scheme.

**Sources of information:**

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| Benefit | Supporting evidence |
| Redevelopment of brownfield land and improved amenity | <https://assets.publishing.service.gov.uk/media/6577c0c20467eb001355f53b/Brownfield_Development_Values.pdf> |
| Improvements to air quality and subsequent health benefits | <https://www.climatexchange.org.uk/media/5970/cxc-reducing-car-use-through-parking-policies-august-2023.pdf>[Road traffic statistics - Local authority: Luton (dft.gov.uk)](https://roadtraffic.dft.gov.uk/local-authorities/120) |
| Safety | Sources above, and Reduction in casualties from low traffic neighbourhoods:<https://findingspress.org/article/25633-impacts-of-2020-low-traffic-neighbourhoods-in-london-on-road-traffic-injuries> Luton casualty figures:<https://www.bedfordshirelive.co.uk/news/bedfordshire-news/bedfordshire-town-most-dangerous-roads-6119322>Value of avoided casualties:<https://www.gov.uk/government/publications/tag-data-book>  |
| Access to greenspace: Physical and mental health benefits | Luton health deprivation population:[Local Insight Luton Report- OCSI 2023](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Flutoncouncil.communityinsight.org%2Freports%2F1533%2FLocalInsight-Luton-ca1533115824_d293ec903b4460b22cec98cc4c1ff7e9-20230302154642388.doc&wdOrigin=BROWSELINK)Value of green space per person (physical and mental health): <https://www.london.gov.uk/sites/default/files/11015viv_natural_capital_account_for_london_v7_full_vis.pdf>  |
| Business attractiveness: increased spend | Multiple sources re impact of pedestrianisation on footfall and spend:[The value of cycling (publishing.service.gov.uk)](https://assets.publishing.service.gov.uk/media/5a74ad3aed915d7ab83b5a59/value-of-cycling.pdf)[Active travel: local authority toolkit - GOV.UK (www.gov.uk)](https://www.gov.uk/government/publications/active-travel-local-authority-toolkit/active-travel-local-authority-toolkit)[pedestrian-pound-2018.pdf (livingstreets.org.uk)](https://www.livingstreets.org.uk/media/2t0hyzcm/pedestrian-pound-2018.pdf)Visitor numbers:  |

1. (Figures may not sum due to rounding) [↑](#footnote-ref-1)