

# Sutton Tramlink Extension

## Economic Benefits Prospectus

May 2013



Nathaniel Lichfield  
& Partners  
Planning. Design. Economics.

“There is a clear business case for this infrastructure in Sutton, the tram would be a very welcome investment into the Borough. It will enable access to employment, to education, and improve the prospects of our town centre businesses.”

Colin Hall, Deputy Leader, London Borough of Sutton

“The Tramlink has made a significant impact on the lives of people who live and work in our borough, and shows how investment in transport infrastructure is the way to unlock prosperity and growth in an area. Extending the tram route will be a huge benefit to many Merton businesses and residents, in particular regenerating Morden Town centre. It has been a longstanding aspiration for Merton and is part of our core planning strategy.”

Stephen Alambritis, Leader, London Borough of Merton

“Light rail supports economic growth and provides regeneration opportunities. It is time that Sutton was connected to the Tramlink network, and able to take advantage of the benefits that this will bring.”

Tom Brake, Member of Parliament for Carshalton and Wallington

“As Minister responsible for local transport I fully support light rail and believe it has a future within this country. It has proved itself an effective and efficient means of taking large numbers of passengers directly into, and around, the heart of an urban area, it is also one of the greenest and cleanest forms of transport - no emissions, very little noise and with the right scheme in the right place, it has the potential to encourage people out of their cars and on to public transport. Light rail also supports economic growth and provides regeneration opportunities in those areas that it serves.”

Norman Baker, Parliamentary Under-Secretary for the Department for Transport



# Contents

Executive Summary	5
1. Introduction	7
2. Background to Proposals	8
3. The Economic Case for Expanding London's Rail Infrastructure	9
4. Study Framework & Approach	10
5. Construction Phase Impacts	11
6. Operational Benefits	12
7. Alignment with Policy & Growth Objectives	18
8. Conclusions	19
Appendix: Methodology & Assumptions	21

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**Tramlink fares**

Adult cash single £2

**oyster™** single fare £1 at all times

Please touch in before boarding. Bus Passes & Travelcards accepted.  
Valid tickets required before boarding the tram.



Touch in here

Point

**Oyster Pre Pay users**  
Must touch their Oyster card flat on the yellow reader before boarding the tram.

**If you are travelling to Wimbledon station**

All Oyster card users must touch in before boarding the tram.

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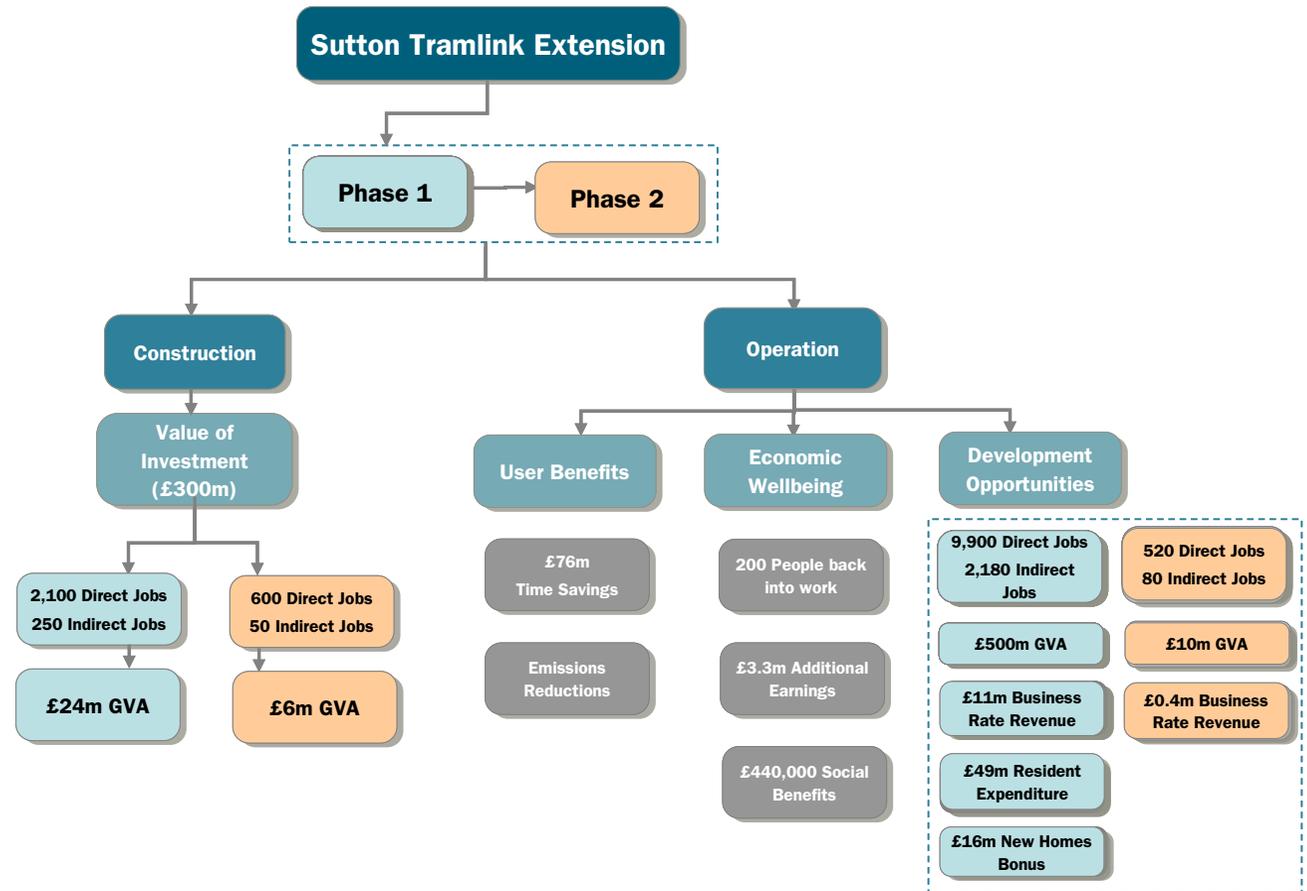


# Executive Summary

## The proposed Sutton Tramlink Extension could deliver significant economic benefits by unlocking development opportunities, creating jobs, and increasing output.

This Economic Benefits Prospectus identifies the range of economic benefits that an extension of the London Tramlink to Sutton town centre (Phase 1) and to Sutton's Life Science Cluster (Phase 2) could have in terms of facilitating growth, unlocking development opportunities and increasing employment and economic output in the Borough and beyond. Specific impacts include:

- The creation of 2,000 temporary construction jobs, and more than 10,000 additional jobs, driving the growth of Sutton's economy.
- Unlocking the development potential of sites along the proposed route, with opportunities for enhanced commercial, retail and leisure development.
- Bringing forward sites for residential development, and delivering new dwellings to the Borough.
- Reduced journey times locally and to Central London, thus supporting economic welfare benefits of £76m over 30 years for Phase 1.
- A total catchment population of 59,000 will benefit from access to Tramlink, including some of the Borough's most deprived neighbourhoods.
- Enhanced development associated with the Tramlink extension could generate over £500 million Gross Value Added (GVA) and £50 million resident expenditure.
- Direct support for a number of initiatives currently being developed by Opportunity Sutton.



Source: NLP analysis



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Blackhorse Lane

Traveling to Wimbledon by train?

Blackhorse Lane is a tram stop on the Wimbledon branch of the London Underground. It is located on Blackhorse Lane, between the Wimbledon and Mitcham stations. The tram stop is served by the Wimbledon branch of the London Underground, which is operated by Transport for London (TfL). The tram stop is located on the Wimbledon branch of the London Underground, which is operated by Transport for London (TfL). The tram stop is located on the Wimbledon branch of the London Underground, which is operated by Transport for London (TfL).

# 1. Introduction

## This Economic Benefits Prospectus provides an assessment of how an extension of Tramlink to Sutton could facilitate growth and jobs.

Since opening in 2000, the London Tramlink network (previously known as Croydon Tramlink) has been hugely successful and has brought considerable economic, social and environmental benefits to the communities that it serves (Figure 1).

The London Borough of Sutton has held an aspiration to extend the network to Sutton Town Centre, working in close partnership with the London Borough of Merton. This aspiration has been enshrined in the Council's Adopted Core Planning Strategy and Site Allocations Development Plan Document.

Transport for London (TfL) is currently undertaking feasibility work looking at options for extending the Tramlink network, including a route to Sutton town centre via Morden. To support this work, the London Borough of Sutton commissioned Nathaniel Lichfield & Partners (NLP) to prepare this Economic Benefits Prospectus to identify the high-level economic benefits that an extension to Sutton would have in terms of facilitating growth, unlocking development opportunities and increasing employment and economic output in the Borough and beyond.

### Report Structure

The remainder of this document is structured as follows:

- Section 2.0 sets out the background to the current Tramlink extension proposals;
- Section 3.0 provides a brief literature review of comparative assessments of the economic impacts of rail schemes in London;
- Section 4.0 summarises the approach and methodology for the study;
- Section 5.0 examines the economic impacts generated by the construction phase;
- Section 6.0 details the potential operational benefits in terms of user benefits, development uplift and strategic site opportunities, and the economic impacts generated by these.
- Section 7.0 considers the alignment of the proposals with Opportunity Sutton policy objectives;
- Overall conclusions are presented in Section 8.0.



Figure 1: Current London Tramlink Network (Source: Transport for London)

## 2. Background to Proposals

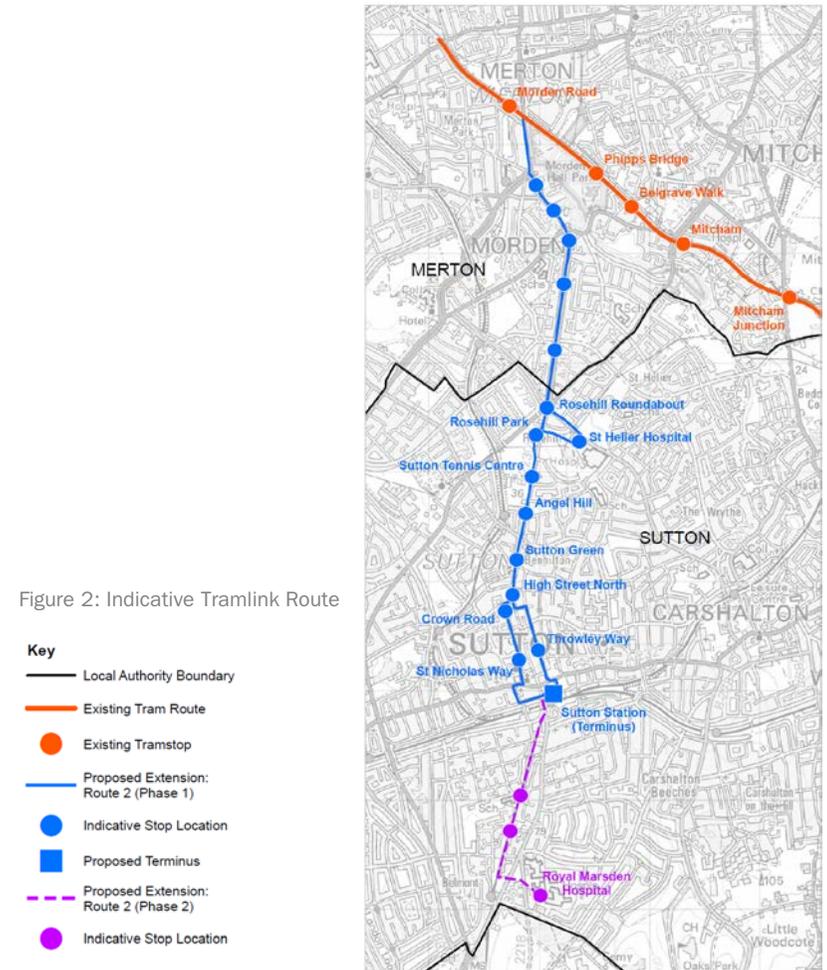
A preferred route has been identified with Phase 1 serving Sutton Town Centre, with a potential Phase 2 linking to the Sutton's Life Science Cluster.

The Sutton Tramlink extension option being considered by Transport for London (TfL) branches from the existing network at the Morden Road Tramlink stop, and runs via Morden town centre, Rose Hill town centre, St Helier Hospital and Angel Hill to Sutton Town Centre terminating near Sutton Station. The route seeks to integrate the extension into proposed major new developments coming forward in the borough. This includes developments at St Helier Hospital, the North Sutton sites (the Gas Holders and Zurich House) and the South Point site which is the safeguarded terminus for the route with a possible future pedestrian connection to Sutton Station.

For the purposes of this assessment, the route is referred to as **Phase 1**, and is approximately 7-8 km in length depending on the exact configuration and indicatively includes 16 station stops. Latest estimates prepared on behalf of TfL suggest this route would cost in the order of £240 million. Sutton and Merton Councils are both supportive of this route which largely runs along the existing road network and could be delivered with minimal environmental impact and limited property demolition. The majority of land is in public ownership.

Potential has also been identified by Sutton Council for a longer-term **Phase 2**, which would extend Tramlink southwards from Sutton town centre along a 2 km route south to Sutton's Life Science Cluster, with potentially up to three station stops in total. The majority of this route would run alongside the existing rail-line. Sutton Council has previously commissioned initial feasibility work for this route, although no detailed costings are available at the present time. Implementation of Phase 2 is not a prerequisite for successful delivery of the Phase 1 Tramlink scheme, but is an opportunity that is only available if Phase 1 proceeds, and which could deliver further economic benefits.

The indicative route and station stops is shown in Figure 2.



## 3. The Economic Case for Expanding London's Rail Infrastructure

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The potential economic benefits of expanded light rail and transport infrastructure in London are well established through a range of analytical studies.

### **The Economic & Regeneration Impact of Tramlink (2003)**

This study assessed the economic and regeneration benefits of the Croydon Tramlink in its first three years of operation, and identified lessons for the implementation of future extensions. Key findings can be summarised as follows:

1. Tramlink has a far wider customer base than conventional bus or rail services. Its social impacts are therefore greater than would be expected for a 'heavy' rail scheme.
2. Tramlink is important in not only providing access to local destinations, but via bus and rail interchanges allowing users access to the wider London transport network.
3. By providing a fast, frequent and reliable service, Tramlink has radically improved access for areas previously poorly served by public transport. It has reduced the feeling of isolation felt amongst some communities.
4. Businesses regarded Tramlink as having a positive impact on their business, helping to raise their profile, increasing customer numbers and business activity.
5. Tramlink brought renewed confidence to the Croydon area. Accessibility was quoted as a key factor for major employers moving into the area.
6. Whilst there was some disruption to retailers during the construction period, footfall in Croydon was supported by Tramlink during the major retail redevelopment. Contrary to initial fears, it did not generate a drift of shoppers to Croydon at the expense of Beckenham.
7. Property prices in wards served by Tramlink increased by 4% more than in those that are not. It has also changed the image of certain areas, and encouraged more professionals and young people to rent and buy along the route.
8. Future extensions will generate greatest economic impacts where they can generate significant transport effects, and local authorities can align their land use strategies to capitalise on the potential for considerable residential and commercial developments to be generated along new routes.

### **The Economic Benefits of Crossrail (2007)**

This study highlighted that the wider economic benefits are of critical importance to understanding the impacts of Crossrail. Even with conservative assumptions, the value of the wider economic benefits is significantly higher than the direct transport benefits. This reflects that Crossrail is addressing a capacity constraint affecting the most productive sector of the UK economy, the benefits from relieving that constraint cannot be measured simply by measuring changes in travel times.

### **Crossrail Property Impact Study (2012)**

This study assesses the potential impact of Crossrail investment on the property market and opportunities for development along the length of the line. Key findings include:

1. Even before completion, Crossrail is already having an impact on investment decisions. At many locations, Crossrail will be influential in supporting and accelerating new development.
2. Crossrail could help create additional residential and commercial value of as much as £5.5 bn along the route between 2012 and 2021.
3. Crossrail will support the delivery of more than 57,000 new homes and 3.25 m sq.ft of commercial office floorspace; commercial office values around Crossrail stations will increase over the next decade, with an uplift of 10% above the baseline.
4. Residential capital values immediately around stations will increase by 25% in Central London, and 20% in the suburbs.
5. Urban realm improvements and the development of new schemes at station locations will act as a highly visible and beneficial driver for further development activity and intensification of uses. Crossrail will have a transformative effect on the property market and development activity over time.

## 4. Study Framework & Approach

This Prospectus provides a high-level, pre-feasibility assessment of a range of potential economic benefits of the Sutton Tramlink Extension proposals.

### Approach

The study is based on the following approach:

- 1 Literature review of economic impact and appraisal studies for rail-based infrastructure schemes in London to scope approach and methodology.
- 2 In liaison with London Borough of Sutton, define working assumptions for Sutton extension in terms of route, station locations, cost and phasing.
- 3 Assess construction phase impacts arising from development of new Tramlink infrastructure and stations within a defined 'impact corridor'.
- 4 Assess operational benefits based on defined impact corridor and projected development trajectory with and without (i.e. the reference case) the Tramlink extension, with reference to the Adopted Core Strategy.
- 5 Consider wider social, economic, environmental and transport user benefits that could be supported by extension, including alignment with Council policy and growth objectives.

### Limitations

The purpose of this Prospectus is to provide an initial assessment based on a range of current assumptions regarding the design and delivery of a Tramlink extension to Sutton. These will be subject to more detailed feasibility work in due course, and accordingly, the range of impacts will need to be reviewed and assessed in more detail at a future point in time. Where relevant, Phases 1 and 2 have been separated for the purposes of assessment.

### Framework for Assessing Impacts

The potential impacts of the proposed extension are wide ranging and summarised in Figure 3 below.

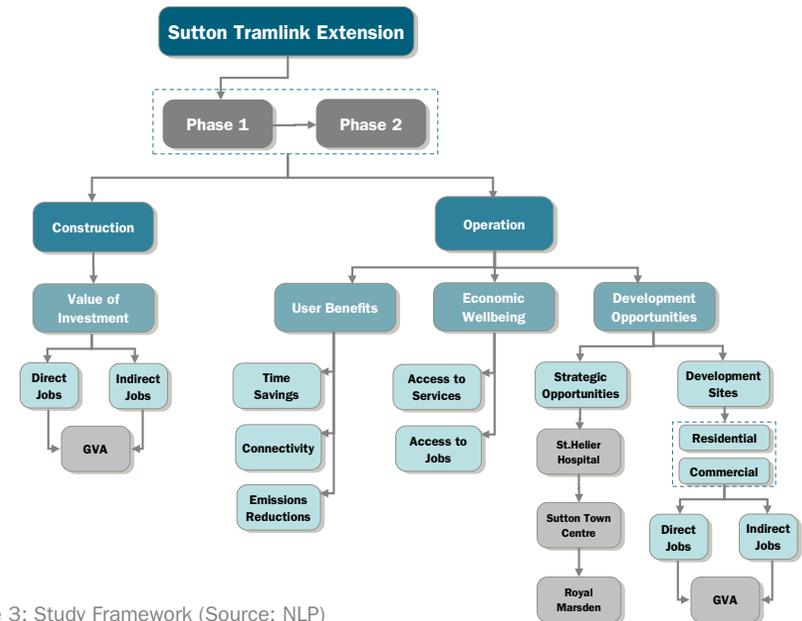


Figure 3: Study Framework (Source: NLP)

In line with standard methodologies for appraisals of this type, impacts have been assessed over a 30-year operational period, assumed to commence 5 years from current base date, reflecting current assumptions about the feasibility work yet to be undertaken, the design year, and allowing for construction of the proposed extension. This is a 5+30 appraisal period. For the purposes of looking at development potential of land, assumptions have been made over build out in 5-year phases over 35 years. Clearly, benefits of rail infrastructure would continue after the 30 year period.

## 5. Construction Phase Impacts

Investment in Tramlink infrastructure and stations could directly support 2,100 temporary construction jobs for Phase 1 and 600 jobs for Phase 2.

It is currently estimated that the construction of the Tramlink extension including new infrastructure, stations and associated works will cost in the order of £240 million for Phase 1. On a pro-rata basis, costs for Phase 2 could amount to approximately £60 million.

A significant proportion of this build cost will relate to labour costs associated with construction activity, creating additional employment over the duration of the build period.

It is estimated that just over 2,100 person-years of construction employment (210 FTE) will be generated by the Phase 1 investment over approximately a 3-year construction period, or an average of 700 jobs each year. Phase 2 is expected to generate a further 600 temporary construction jobs (60 FTE) over approximately 1 year. Whilst not all of these workers will originate from the Sutton area, there will be opportunities for local recruitment.

There will also be additional spending effects in the area as contractors and workers purchase goods and services from local providers. This is expected to make a significant contribution to the local economy, with Phase 1 generating £24 million Gross Value Added (GVA) over the build period, and supporting 250 indirect and induced jobs in supply chains and local services. Similarly, the construction of Phase 2 is anticipated to contribute over £6.0 million GVA and support 50 indirect and induced jobs in the supply chain.

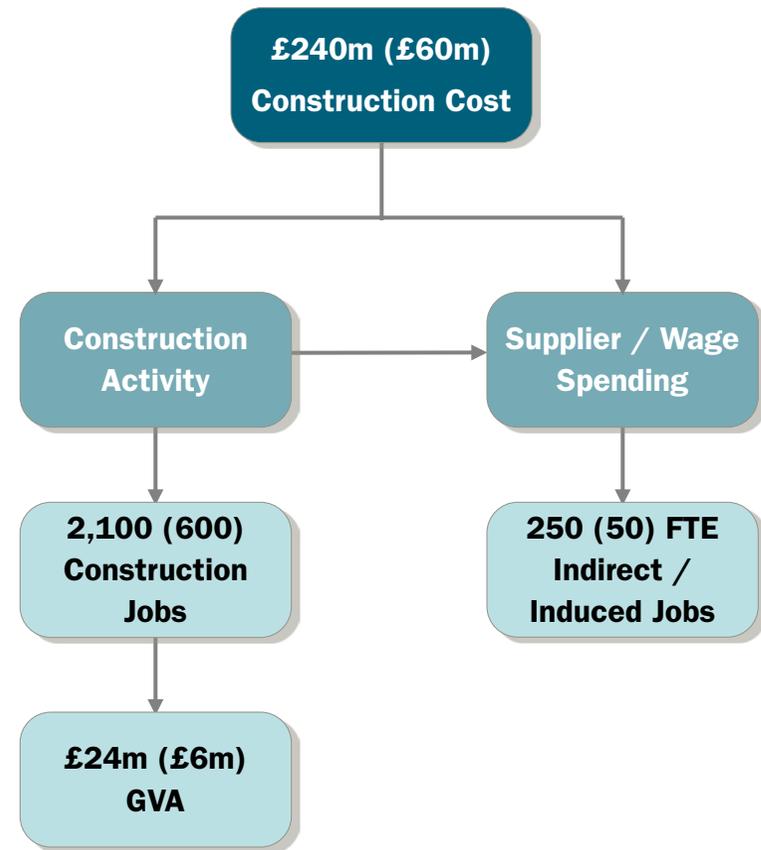


Figure 4: Economic Impacts of Tramlink Construction (Phase 2 in brackets)  
(Source: NLP analysis)

## 6. Operational Benefits – User Benefits & Emission Reductions

### Reduced journey times locally and through London could support economic welfare benefits of £76m (Phase 1) with further potential in Phase 2.

Sutton is one five London boroughs which is not served by a London Underground station, and is not included within the new London Overground or Crossrail networks. However, Sutton station was the eighth busiest mainline station in Outer London in 2010/11 based on latest published statistics from the Office of Rail Regulation (Table 1). It therefore offers potential for significant transport benefits.

Based on initial transport modelling work to indicate peak levels of patronage on weekday trips towards Central London, and an assumed journey time saving of 20 minutes compared to equivalent bus journeys, it is estimated that total savings for Phase 1 will equate to £2.5 million per annum for local residents. Over a 30 year appraisal period, this is equivalent to over £76 million of improved economic welfare (at 2010 prices). Further benefits will accrue from Phase 2 which will connect Tramlink to a part of the Borough which currently has much lower levels of public transport accessibility. No transport modelling has been prepared for this section of the route and therefore the economic welfare benefits have not been quantified at this stage.

In addition, there will be business benefits from time savings associated with business trips made during working hours as well time savings for off-peak and leisure trips. These have not been quantified due to the lack of available transport modelling data.

The Tramlink extension will also offer an environmentally attractive alternative option to the car for visitors to Sutton Town Centre and other locations along the route. This will ease traffic congestion and the demand for parking, whilst also contributing to the Mayor's target of achieving a major cut in carbon dioxide emissions by 2025 and improving air quality.

Table 1: Comparison of Transport Connectivity for 10 Busiest Outer London Stations

Outer London Station (Rank)	2010-11 passenger entries and exits	Number of Lines / Routes Served	London Underground / Overground?	London Tramlink?
East Croydon (1)	20.1 m	9	-	
Wimbledon (2)	16.2 m	4		
Surbiton (3)	8.3 m	5	-	-
Richmond (4)	7.6 m	5	 	-
Romford (5)	6.8 m	2 + 	-	-
Barking (6)	6.5 m	4	 	-
Ilford (7)	6.2 m	2 + 	-	-
<b>Sutton (8)</b>	5.8 m	<b>3</b>	-	-
Bromley South (9)	5.8 m	5	-	-
Kingston (10)	5.3 m	1	-	-

Source: Station Usage Statistics 2010/11, Office of Rail Regulation; National Rail Enquiries

## 6. Operational Benefits – Economic Wellbeing

A catchment population of 40,500 (Phase 1) and 18,500 (Phase 2) could benefit from access to Tramlink, including some of the Borough's most deprived neighbourhoods.

### Improved Local Access to Jobs

Through enhanced transport links and journey time savings, the Tramlink extension to Sutton has the opportunity to improve local access to employment opportunities as well as wider services for local residents residing in the catchment area. Key benefits will include:

- Better access and flexibility for local people to a wider labour market and employment opportunities (within both Sutton and further afield), reducing unemployment by removing key barriers to labour market participation/entry;
- Improved local access to higher value, higher paid employment opportunities, particularly within Central London's key employment locations;
- Increasing effective labour market catchments, providing employers with improved access to skills and labour, reducing costs of recruitment and supporting business expansion;
- Enhanced accessibility to local shops, services and facilities, expanding choice, convenience and supporting social/community networks;
- Encouraging more sustainable commuting by improving access to public transport and minimising the need for car usage.

Based on the six wards within aligning the proposed route, the Tramlink extension would have a catchment of around 43,000 working-age people (59,000 total), of which over 11,000 (27%) are economically inactive. Two of these wards are characterised by below Borough average levels of economic activity and high unemployment.

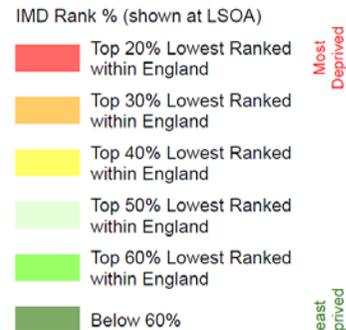
Assuming that increased access to employment opportunities through a reduction in commuting costs and greater transport flexibility and choice induces more people to (re)enter the labour market, it is possible to estimate that 200 people across the catchment area could be supported to move into work as a result of the effects of the Tramlink extension on accessibility. Using standard CLG methodologies, these jobs can be valued at £3.3m, while the additional social benefits (in terms of health improvements and lower crime) arising from a reduction in worklessness are estimated at £440,000.

### Relationship with Deprived Neighbourhoods

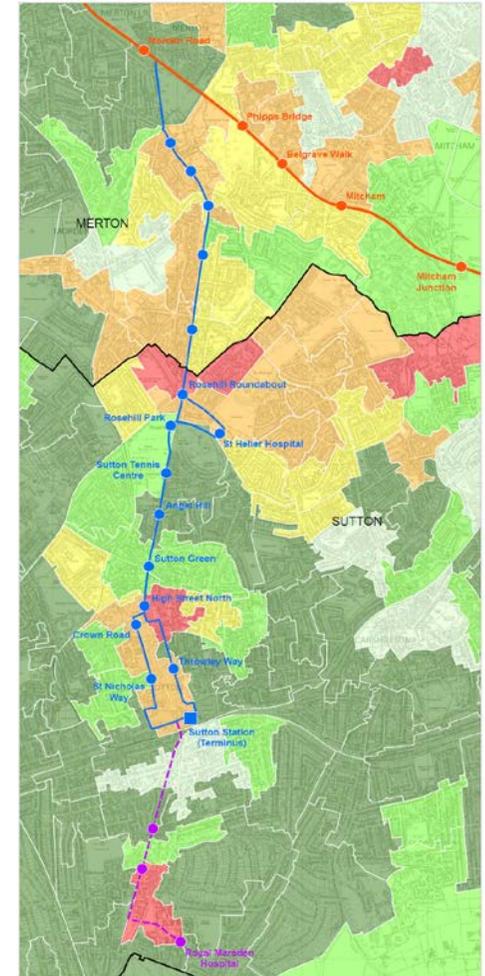
The proposed Tramlink (Phase 1) extension route passes directly two of the most deprived areas within the London Borough of Sutton based on the 2010 Index of Multiple Deprivation: Rosehill and around the northern end of the town centre (Figure 5). The Phase 2 extension would extend Tramlink to serve the more deprived neighbourhoods at Belmont.

Taken together, Tramlink would effectively serve three of the four most deprived neighbourhoods in the Borough, all of which fall within the top 20% most deprived areas nationally.

Figure 5: Index of Multiple Deprivation (2010) by Lower Super Output Area



Source: Department for Communities and Local Government, Indices of Deprivation 2010



## 6. Operational Benefits – Development Opportunities – Enhanced Potential

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New trams support delivery of residential and commercial development within their catchments. The Sutton Tramlink Extension is no exception.

### How does transport investment impact development activity?

Evidence from comparative studies points to changes in commercial and residential property values resulting from investment in new transport infrastructure. Such infrastructure improves accessibility levels, particularly journey time savings, increased quality of service and improved reliability. This provides benefits across a range of different groups.

- Employees benefit from access to a wider range of job opportunities and housing choices with no commensurate increase in commuting times.
- Employers gain access to a wider labour catchment area, and businesses are attracted to locate at the most accessible locations.
- Increased catchment areas support increased services and facilities, including retail and leisure, making locations more attractive to operators.

Enhanced accessibility and wider catchments support increased levels of demand and development values, and in turn, potential for increased development activity and intensification of sites in close proximity to stations.

### What development opportunities exist in Sutton?

For the purposes of this assessment, an 'impact corridor' has been defined based on a 500m isochrone from each proposed Tramlink station location. This is equivalent to an 8-10 minute walking distance, and is comparable to similar assessments undertaken for Crossrail. This area is shaded in orange (Phase 1) and blue (Phase 2) on Figure 6 overleaf.

This impact corridor incorporates three strategic opportunity sites (St Helier Hospital, Sutton Town Centre, and Royal Marsden Hospital) and allocated development sites identified in the Borough's Core Planning Strategy (2009). These sites are shown edged in yellow.

For the latter, an indicative quantum is estimated the potential number of residential units or commercial floorspace (i.e. offices, retail, leisure etc), and provides the baseline (or 'reference case') position that it is assumed will take place in the absence of the Tramlink extension under the direction of the Borough's planning policy. A series of uplift factors have then been applied to each site to reflect the additional development activity that might be associated with Phases 1 and 2 of the Tramlink extension, profiled over a 5+30 year appraisal period.

## 6. Operational Benefits – Development Opportunities – Enhanced Potential

There are opportunities to significantly enhance the development potential of currently identified sites along the proposed route.

### How much additional development could be supported by the Sutton Tramlink extension in Phase 1?

The rate of development envisaged by the Core Strategy on the allocated sites could deliver approximately 1,650 dwellings and 140,000 sq.m of commercial floorspace over a 5+30 year appraisal period. With the Tramlink uplift factors applied, the additional development yield associated with Phase 1 equates to **1,600 dwellings** and **104,000 sq.m of commercial space** over 5+30 years. The economic impacts associated with this additional development activity are presented on page 17.

### How much additional development could be supported by the Sutton Tramlink extension in Phase 2?

The key development opportunity associated with Phase 2 is the Royal Marsden Hospital site where planning permission exists to extend the Research and Development capability onsite (see page 15). The permission allows for 20,400 sq.m R&D space, which based on current accommodation on the site could generate 180 direct jobs. In addition, the Council is currently investigating the potential for a wider Life Science Cluster in this location for which increased accessibility would be a key attribute.

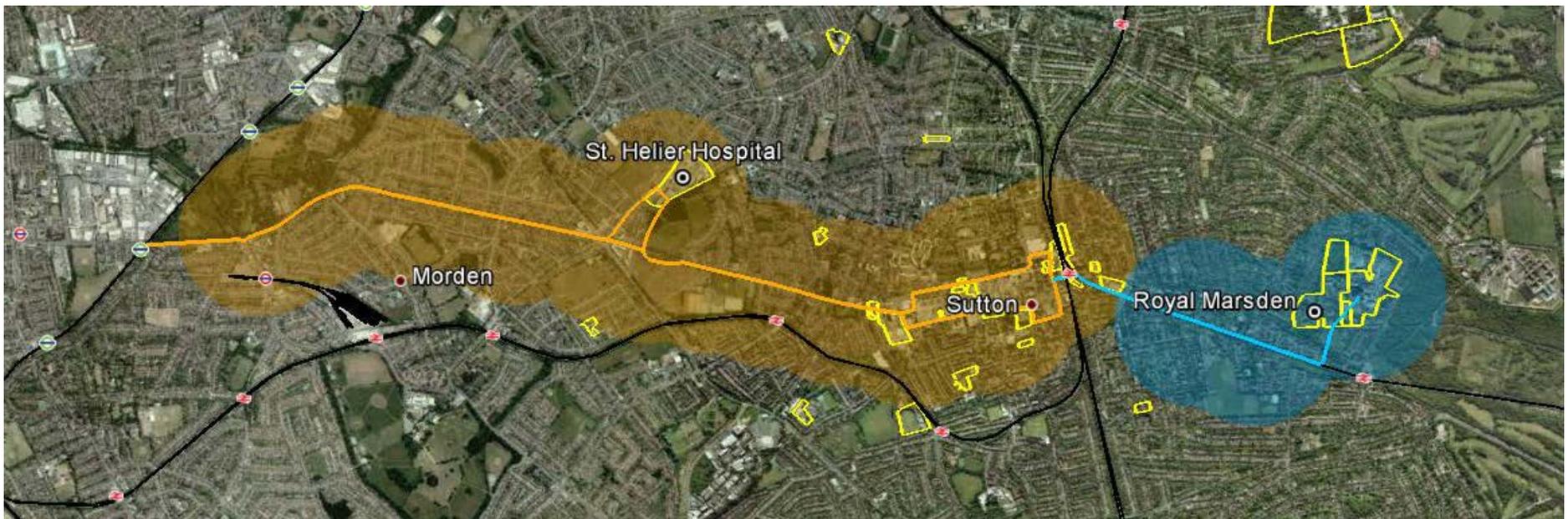


Figure 6: Indicative Tramlink Route showing impact corridor and site allocations (Phase 1 = orange, Phase 2 = blue)

## 6. Operational Benefits – Development Opportunities – Strategic Sites

The Tramlink Extension can support and enhance delivery of a number of strategic sites within Sutton that are crucial to the Borough's economic growth.

### St. Helier Hospital



In 2010 the Department of Health approved plans for the £219 million redevelopment of the St Helier Hospital.

The plans include demolishing the hospital's five-storey Ferguson House and replacing it with a brand new, state-of-the-art building which will house the majority of the hospital's wards and clinics. The new building will include 346 beds, with more than 50 per cent being in single rooms. It will also accommodate a local care centre as part of the Better Healthcare Closer to Home initiative.

The Tramlink Phase 1 extension will provide improved connections to the St Helier area including a stop serving St Helier Hospital to improve accessibility for both Sutton and Merton residents.

### Sutton Town Centre



The Sutton Core Strategy states that major redevelopment and growth will be targeted at Sutton town centre in order to tackle urban renewal issues and its relative decline as a shopping centre in South London. The Spatial Strategy assumes that there will be significant retail, employment and residential growth in the town centre in the period up to 2024.

The Tramlink Phase 1 extension will provide an added stimulus for the redevelopment and regeneration of potential opportunity sites including providing a catalyst for the regeneration of the northern end of the town centre. It will improve the attractiveness of Sutton as a retail, leisure and business centre and improve the centre's competitive position with neighbouring centres.

Specific impacts arising from increased development on town centre sites are set out overleaf.

### Sutton's Life Science Cluster



The Sutton Life Science Cluster boasts three leading health organisations – the Royal Marsden NHS Foundation Trust, the Institute of Cancer Research and the Epsom & St. Helier University Hospitals NHS Trust. These three organisations produce world leading patient care, research and cancer treatment. An example of this is the ICR, which is a global leader at isolating cancer related genes and discovering new targeted cancer drugs. There is an outstanding record of research and health care achievement on this site dating back more than 100 years.

A Phase 2 extension of Tramlink to the Life Science Cluster would enhance the prospects for developing a wider life sciences cluster and Science Park proposition currently being investigated by Sutton Council.

## 6. Operational Benefits – Development Opportunities – Economic Benefits

Enhanced development associated with the Tramlink extension could generate over 10,000 additional jobs, £500 million GVA and £50 million resident expenditure.

Type of Impact		Phase 1 (5+30 years)	Phase 2 (5+30 years)
Construction (build out of additional development)	Total Capital Investment/Build Cost	<b>£360m</b>	<b>£38m</b>
	Person-Years Construction Employment	<b>3,200</b>	<b>340</b>
	FTE Construction Jobs	<b>320</b>	<b>34</b>
	Direct Construction GVA (p.a.)	<b>£46m</b>	<b>£4m</b>
	Indirect & Induced Jobs	<b>380</b>	<b>40</b>
Operational (occupation of additional development)	Additional Resident Expenditure (p.a.) (Gross)	<b>£49m</b>	<b>n/a</b>
	Direct Jobs	<b>6,700</b>	<b>180</b>
	Direct GVA (p.a.)	<b>£460m</b>	<b>£7m</b>
	Indirect & Induced Jobs	<b>1,800</b>	<b>40</b>
Fiscal	New Homes Bonus Payment (6 Years)	<b>£16m</b>	<b>n/a</b>
	Additional Business Rates Payable (p.a.)	<b>£11m</b>	<b>£0.4m</b>

Table 2 presents the additional economic benefits that a Tramlink extension to Sutton could deliver over a 5+30 year appraisal period, over and above the baseline development yield potential of allocated sites implied by the Core Strategy (i.e. with no Tramlink extension).

Additional activity associated with the Phase 1 Tramlink extension could represent up to £360 million capital investment in new development in Sutton (e.g. residential, commercial, retail, leisure), in turn generating 3,200 person-years of construction work, £46 million GVA for the local economy and 380 indirect and induced jobs in the construction supply chain.

Delivery of an additional 1,600 dwellings as a result of Phase 1 could generate nearly £50 million expenditure per year by residents of the new housing, much of which is likely to be spent on local goods and services. This residential development would also attract New Homes Bonus payments of £16 million, payable to the local authority.

Enhanced commercial, retail and leisure development associated with Tramlink Phase 1 has the potential to create an additional 6,700 direct jobs on allocated sites along the extension route over the course of the appraisal period (although not all of these jobs will last for the full period). Together, these jobs would contribute around £460 million GVA to Sutton's economy, and support a further 1,800 indirect jobs in the local area through firm and employee spending.

Once fully developed and operational, the additional commercial, retail and leisure floorspace associated with the Phase 1 Tramlink extension could generate just over £11 million in business rate payments each year, supporting economic activity and infrastructure elsewhere in the Borough.

The Royal Marsden Sutton Hospital represents the key development site falling with the Phase 2 impact corridor and holds planning permission to extend its R&D campus. By enhancing transport connections and prospects for delivery, the Tramlink extension would help to bring about a £38 million capital investment, creating 340 temporary construction jobs, in turn generating £4 million GVA and supporting a further 40 jobs in the construction supply chain.

Once operational, the R&D facility could create just under 200 employment opportunities, £7 million GVA for the local economy and 40 indirect and induced jobs in local shops and services. It could also generate about £400,000 business rate revenue per year.

Table 2: Economic Impacts of Additional Development Activity (Source: NLP analysis)

## 7. Alignment with Policy & Growth Objectives

The Tramlink Extension would directly support a number of strategic objectives and initiatives for growth currently being developed by Opportunity Sutton.

“Our vision is for Sutton to be an **enterprising**, enabling borough that is a magnet for business investment; that welcomes new entrepreneurs and social enterprises; nurtures its business base and removes barriers to enterprise. **We want Sutton to have a competitive edge over our neighbours**”

Councillor Jayne McCoy (Chair of Housing Economy and Business Committee)

Sutton Council has set out ambitious plans to create the right conditions for a prosperous, enterprising and sustainable future. The ‘Opportunity Sutton’ vision is built upon three integrated and mutually supporting priorities – prosperity, people and place – which the Council will promote and drive forward with its partners in the years ahead.

To achieve this vision, the following strategic objectives have been established:

- To create a distinctive competitive offer
- To create an enterprising Borough
- To create sustainable economic growth
- To ensure Sutton residents share in growth

Opportunity Sutton is fully supportive of the Sutton Tramlink extension, and has identified it as individual workstream so that the potential economic benefits and opportunities can be maximised. However, the table right indicates that the Tramlink extension would also have a major beneficial impact in supporting the delivery of other programmes (Table 3).

Table 3: Alignment with Policy Objectives (Source: NLP analysis)

Strategic Objective	Programme	How will the Sutton Tramlink Extension make a difference?
Create a distinctive competitive offer	Area renewal	<ul style="list-style-type: none"> <li>• Directly improve access to range of communities including areas of deprivation</li> <li>• Allow improved access to job opportunities</li> <li>• Quality of life enhancements through reduced commuting times</li> </ul>
	Welding Council services together	<ul style="list-style-type: none"> <li>• Catalyst for approach to releasing developing sites and improving supply side efficiency</li> <li>• More effective investment proposition to market to private sector</li> </ul>
	Brigading the funding	<ul style="list-style-type: none"> <li>• Catalyst for regeneration activity will support focus for funding</li> <li>• Greater scope for public money to pump prime private sector investment</li> <li>• Stronger viability base provides platform for securing economic growth</li> </ul>
Create an enterprising Borough	Develop a life sciences cluster around the Royal Marsden R&D site	<ul style="list-style-type: none"> <li>• Significantly improve current accessibility levels</li> <li>• Act a catalyst for wider development opportunities for spin-off activities within the cluster</li> <li>• Increase integration with Sutton town centre</li> </ul>
	Unlocking and releasing town centre sites	<ul style="list-style-type: none"> <li>• Improve market attractiveness, widen catchment area and increase commercial demand</li> <li>• Support development viability on key sites and unlock ‘stalled’ schemes</li> <li>• Raise the profile of the town centre and improve competitive position in South London market</li> </ul>
Sustainable growth (Green Economy)	Grow Sutton’s green economy	<ul style="list-style-type: none"> <li>• Raise the profile of the Sutton ‘brand’ and increase inward investment offer to innovative sectors</li> <li>• Widen labour catchment for higher value businesses requiring specialist staff.</li> </ul>
Ensure residents share in growth (match skills and demand)	To ensure local training opportunities complement growth sectors	<ul style="list-style-type: none"> <li>• Improve local access to job opportunities</li> <li>• Support increased economic activity rates</li> <li>• Enhanced connectivity to wider Outer London markets</li> </ul>

## 8. Conclusions

### Extending London Tramlink to Sutton offers the potential to capitalise on new development opportunities and deliver significant economic benefits.

The London Borough of Sutton has long held an aspiration to extend the London Tramlink network to Sutton town centre, working in close partnership with the London Borough of Merton. This aspiration has been enshrined in a range of adopted planning policy documents, and now forms a key priority of the Opportunity Sutton initiative. Sutton is one of only five London boroughs without a London Underground station, and lies outside the new London Overground and Crossrail networks.

Phase 1 of this route would run via Morden town centre, Rose Hill, St. Helier Hospital, Angel Hill and through Sutton town centre to terminate at the mainline railway station. Longer-term potential has been identified to extend Tramlink further south to the Royal Marden site at Belmont.

The potential impacts of the proposed extension would be wide ranging, and are outlined in Table 4. Headlines include:

- Investment in Tramlink infrastructure and stations could directly support 2,100 temporary construction jobs for Phase 1 and 600 jobs for Phase 2.
- The Tramlink Extension will reduce journey times to Central London, thus supporting economic welfare benefits of £76m (Phase 1) and with further potential in Phase 2.
- A catchment population of 29,000 (Phase 1) and 14,000 (Phase 2) will benefit from access to Tramlink, including some of the Borough's most deprived neighbourhoods.
- There are opportunities to significantly enhance the development potential of currently identified sites along the proposed route, including a number of strategic opportunities.
- Enhanced development associated with the Tramlink extension could generate over 10,000 additional jobs, £500 million GVA and £50 million resident expenditure.
- The Tramlink Extension would directly support a number of initiatives currently being developed by Opportunity Sutton.

Type of Impact		Phase 1 (5+30 years)	Phase 2 (5+30 years)
<b>Construction</b>	Total Capital Investment/Build Cost	<b>£360m</b>	<b>£38m</b>
	Person-Years Construction Employment	<b>3,200</b>	<b>340</b>
	FTE Construction Jobs	<b>320</b>	<b>34</b>
	Direct Construction GVA (p.a.)	<b>£46m</b>	<b>£4m</b>
	Indirect & Induced Jobs	<b>380</b>	<b>40</b>
<b>Transport User Benefits</b>	Journey Time Savings	<b>£76</b>	<b>n/a</b>
<b>Economic Wellbeing</b>	Catchment population served	<b>29,000</b>	<b>14,000</b>
	Value of increased labour market participation (200 workers)	<b>£3.3m</b>	
	Value of social benefits (p.a.)	<b>£440,000</b>	
<b>Operational</b>	Additional Resident Expenditure (p.a.) (Gross)	<b>£49m</b>	<b>n/a</b>
	Direct Jobs	<b>6,700</b>	<b>180</b>
	Direct GVA (p.a.)	<b>£460m</b>	<b>£7m</b>
	Indirect & Induced Jobs	<b>1,800</b>	<b>40</b>
<b>Fiscal</b>	New Homes Bonus Payment (6 yrs)	<b>£16m</b>	<b>n/a</b>
	Additional Business Rates Payable (p.a.)	<b>£11m</b>	<b>£0.4m</b>

Table 4: Summary of Potential Economic Impacts (Source: NLP analysis)



# Appendix: Methodology & Assumptions

# Appendix: Methodology & Assumptions

## Construction Impacts

- Construction employment based on dividing 30% of the estimated build cost (i.e. the proportion of total spend typically accounted for by labour costs) by the gross average cost of construction labour in London (ASHE 2011). This generates person-years of construction work which is divided by the construction period (assumed 3 years for Phase 1, 1 year for Phase 2) to estimate temporary jobs per year.
- GVA impacts estimated by applying latest Experian data (2012) on output per construction worker in London to construction jobs
- Indirect/induced employment estimated by applying standard construction industry employment multiplier of 2.19 (Scottish Government, 2007) to the person-years (FTE equivalent) of construction employment

## Transport User Benefits

- Annual commuter journey time savings based on maximum 3-hour flows of up to 3,000 persons during weekday peak periods (AM and PM) outbound towards Morden, as estimated by Faber Maunsell (2003) extensions study.
- Estimated 20-minute time saving based projected Tramlink journey time in comparison with current bus journeys according to TfL Journey Planner.
- Valuation based on DfT Transport Appraisal Guidance on the resource value of commuting time (£5.40 per hour in 2010 prices). Applied over an average 235 working days per year.

## Economic Wellbeing & Quality of Place

- Ward level statistics on working age population, economic activity and unemployment were obtained from ONS Neighbourhood Statistics (Census 2001)
- Two of the six wards aligning the proposed Tramlink extension route record below Borough (Sutton) average rates of economic activity. Based on previous work undertaken by Colin Buchanan on the economic impacts of Crossrail and DfT guidance, it is assumed that as a result of the Tramlink extension, the economic activity rate within these 2 wards (St Helier and Sutton North) rises to match the Borough rate, hence creating an additional pool of 400 potential workers. It is estimated that 200 (or 50%) of these unemployed and economically inactive residents could enter employment
- In line with CLG guidance, these additional jobs have been valued using average earnings of a JSA claimant moving (back) into work, uplifted to reflect London earnings (£16,700 based on 2012 prices)
- The additional social benefits resulting from this reduction in worklessness have been valued using shadow prices for improved health and reduced property crime (£550 and £1,630 per person moving into employment respectively, based on 2012 prices).

## Development Opportunities

- Residential build cost estimated using average outer London construction cost of £150,000 per dwelling
- Commercial construction cost estimated using BCIS average build cost per sqm for the various use types set out in the Core Strategy. Construction employment impacts estimated using same methodology outlined above
- Resident expenditure impacts estimated by applying average weekly London household expenditure (ONS Family Spending Survey 2010) to the number of dwellings proposed. Expenditure by category data from The Family Spending Survey (2010) is used to estimate the number of retail and leisure jobs supported by this total additional expenditure
- New Homes Bonus 6 year payment estimated using CLG's New Homes Bonus Calculator, assuming approx 40% of units will be affordable (attracting an additional premium)
- Floorspace quantum by use type (commercial/retail/leisure) are converted to operational on site jobs using latest employment densities from HCA/OffPAT. GVA impacts estimated by applying current (2012) and forecast (to 2031) Experian data on output per worker by sector in London to operational jobs
- A combined employment multiplier of 1.2 has been applied to operational jobs to estimate indirect and induced employment in the local area
- Business rates have been estimated by applying average VOA rates per sqm (2010) for commercial, retail and leisure uses in LB Sutton to the proposed floorspaces. Figures presented are total business rates payable (of which approx 50% will be directly retained in the local area by Sutton Council under recent Coalition Government proposals)
- Economic benefits have been modelled using current prices (e.g. build costs, construction labour costs, resident expenditure, NHB, business rates) with the exception of GVA which uses year-on-year Experian forecasts to 2031.



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2558

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“Enhanced commercial, retail and leisure development associated with Tramlink has the potential to create thousands of jobs in the borough. These jobs would bring a valuable contribution to Sutton’s economy, and drive growth in the area through firm and employee spending. Tramlink will also bring forward many sites for residential development, and improve transport options for a range of communities. This is a magnificent opportunity for the borough, and I back the Tramlink extension.”

Jayne McCoy, Chair of the Housing, Economy and Business Committee, London Borough of Sutton

“The ICR is an enthusiastic supporter of proposals to extend the Tramlink system by connecting up Sutton and Wimbledon. We’ve got big plans for our Sutton site, designed to greatly increase our capacity to do world-leading cancer research. But any plans for expansion will depend on finding ways to get large numbers of scientists and doctors to the site, and at the moment doing so often means relying on our increasingly clogged-up roads. Improving transport links to Belmont station near our Sutton site would allow us to invest with confidence in the future, bringing highly skilled jobs to the area and encouraging collaboration with the local biotech industry. It would also help us to meet our environmental goals, by bringing many more staff to the area without a matching increase in our carbon footprint.”

Professor Alan Ashworth, Chief Executive of the Institute of Cancer Research, London

“Businesses and residents in both Merton and Croydon have significantly benefitted from the development of the Tramlink network. Benefits include increased social mobility, increased job opportunities, fewer journeys by car (particularly during peak times) easing congestion in town centres, and improved orbital transport across south London. Successful Sutton fully supports the campaign to secure an extension of the tram network into Sutton.”

Ross Feeney, Chief Executive, Successful Sutton BID

“Tramlink represents an opportunity to put Sutton on the map. Improving transport links will encourage shoppers, which in turn will give confidence to larger retailers to invest in the town centre. This will have the effect of benefiting all the businesses in Sutton Town Centre, and for this reason we support the push to bring Tramlink to Sutton.”

Michael Norman, Press 2 Dress, Town Centre Business



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