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LAMBETH COLLEGE ESTATES STRATEGY

for London South Bank University

18 MAY 2017

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Version: IV02
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GLOSSARY

Acronym Definition

AoC	Association of Colleges	NIA	Net Internal Area
B&K	Bowmer and Kirkland	NPPF	National Planning Policy Framework
BREEAM	Building Research Establishment Environmental Assessment Method	NPV	Net Present Value
CAZ	Central Activities Zone	OCS	Outsourced Client Solutions
CIL	Community Infrastructure Levy	OJEU	Official Journal of the European Union
CPI	Consumer Price Inflation	PPG	Planning Practice Guidance
DfE	Department for Education	PRS	Private Rented Sector
EFA	Education Funding Agency	psf	per square foot
ESOL	teaching of English to Speakers of Other Languages	PTAL	Public Transport Accessibility Level
FFE	Furniture, Fixtures and Equipment	PwC	Price Waterhouse Coopers
GDV	Gross Development Value	RDV	Residual Development Value
GIA	Gross Internal Area	RevPAR	Revenue per available room
GIFA	Gross Internal Floor Area	RICS	Royal Institution of Chartered Surveyors
GP	General Purpose	RPI	Retail Price Index
LEP	Local Enterprise Partnership	SDLT	Stamp Duty Land Tax
LEAP	The London Economic Action Partnership, which is the Local Enterprise Partnership for London	SFA	Skills Funding Agency - now renamed as the ESFA Education & Skills Funding Agency
LPA	Local Planning Authority	SGLH	Student Guided Learning Hours
LSC	Learning and Skills Council	SPG	Supplementary Planning Guidance
M&E	Mechanical and Electrical	STEM	Science, Technology, Engineering and Mathematics
MNW	Minimum Number of Workplaces	SWOT	Strengths, Weaknesses, Opportunities, Threats
MUGA	Multi-Use Games Area	UTC	University Technical College
		VAT	Value Added Tax

1.0 EXECUTIVE SUMMARY

1.1 Summary of Findings and Conclusions

This report presents a revised and updated Estates Strategy for Lambeth College as at May 2017. The Area Review process has recommended that the future Lambeth College should be part of a larger educational institution or grouping. The Governing Body of the College have now resolved to merge with London South Bank University (LSBU). It is intended that Lambeth College should become part of the LSBU learning group and that it should operate alongside the University Technical College and the Multi Academy Trust as part of a family of learning units within the LSBU group. This report has been commissioned by, and written for, London South Bank University as part of the development of a suite of updated strategies in support of their pre-merger planning work.

The last adopted Estates Strategy was written in September 2015 when extensive remodelling of a major part of the College's Clapham campus was nearing completion. This updated strategy has been produced with the benefit of the passing of time since the completion of those works, an updated (and lower) forecast of student learning activity, and refreshed market valuations. Accordingly, a wider range of options has been considered in this updated strategy, these include: three site; two site and single site options for the future configuration of the College's estate. We conclude, based on the information available to us, that a two site strategy with a new, larger development at the Vauxhall Nine Elms site, with a smaller satellite centre at Brixton, is the optimum solution for the future estate needs of the College. We arrive at this conclusion using both a financial and a qualitative assessment basis as set out in Section 10 of this report.

This report has been written in a short period of time (April and May 2017) prior to the appointment of a new Executive Principal of the College and alongside other work on developing financial and curriculum strategies. We have therefore developed a range of potential space parameters for the future College estate for scenario planning purposes, ranging from the minimum area required to support the existing College activities of 22,500 m², up to a maximal area which is closer to that upon which the 2015 Estates Strategy was based, namely 32,500 m². We have completed our options evaluation based on an area of 27,500 m²; our conclusions stand if alternative space parameters are chosen.

There remain risks and issues to close out before the preferred option outlined in this report can be formally adopted as follows:

- confirmation that the LEP funding allocated for the Nine Elms project can be held and reapplied to the larger scheme proposed as Option 1;
- agreement in principle, or via pre-application or outline consent, to a change in use for all or part of the Clapham campus with the Planning Authority; and,
- agreement with the SFA for the recycling of historic capital funds that have been granted to the College following (or indeed in advance of) the sale of the Clapham site.

There remains a significant amount of further detailed work to realise this strategy, which we begin to set out below in section 1.3.

Accordingly, we recommend the next highest scoring option:

- a single site 27,500m² campus at Nine Elms Vauxhall with the Brixton campus sold for alternative education use and the Clapham campus sold for a mixed use development;

be kept under consideration until these issues and risks are closed out.

1.2 Structure of the Report

The report first describes the entire estate of Lambeth College, showing the area and location for each of its three sites and giving a brief history of previous estates strategies and policies together with details of recent building improvements.

The types of courses on offer at Lambeth College are then described together with the characteristics of its student population and the funding streams available to them. The College gives its assessment of the possibilities for future business partnerships and opportunities available in this fast growing area of London.

Each site is examined in more detail so as to illustrate its current mix of accommodation and to highlight its physical condition.

Any development at Lambeth College will take place within the context of the London Plan and the Lambeth Local Plan and information is given on recent relevant applications.

The current utilisation of teaching space is shown as being low. Future space needs are calculated for a range of student populations, and for a range of improved utilisation levels, taking into account the fact that some administrative activity will take place within LSBU's existing accommodation.

Possible future costs, sources of grant and revenue savings are shown for strategies which reduce overall area and/or reduce the number of full-scale education sites, resulting in a calculation of Net Present Values.

An assessment is then made of possible individual site market values, incorporating various mixes of educational, residential and commercial uses, based on work done by Strutt & Parker.

Five options are presented for the future configuration of the College, each including four variations to reflect different overall space requirements.

The options are subjected to a range of weighted evaluation criteria to reflect quantitative and qualitative desiderata; these include the need to up-date facilities, local and national planning policy requirements, size of estate, reduced running costs, affordability, growth, minimum disruption and protection of market share.

Finally, the five options are ranked and the top three are identified as being worthy of further consideration by LSBU and Lambeth College.

1.3 Next Steps

Subject to this Estates Strategy being approved, we would recommend that the following key activities take place in the coming months so as to close out the issues and risks mentioned above, and to align the emerging curriculum, financial and estates strategies more closely as they are developed in the pre and post-merger phase:

- early engagement with the Local Planning Authority is recommended in order to establish the principle and parameters associated with a sale of the Clapham campus;
- a more detailed assessment of the optimum disposal route for the Clapham campus should be carried out to determine the financial benefits and risks associated with an unconditional sale, a sale with pre-planning discussions or an outline planning application, together with an evaluation of the timing options of such a sale;
- outline delivery programmes should be developed for the two prioritised options mentioned above together with the associated cash flow and funding requirements associated with each;
- a more detailed education vision should be established to support the development of a concept brief to underpin the design of the College's future learning facilities and to confirm the amount of day-time and evening learning activities associated with each, so as to confirm the quantum of space required to support this vision;
- early engagement is required with the London LEAP to establish the degree of their support in relation to the two options set out above, their appetite to consider further additional funding towards a larger scheme, and the timescales within which development should start in order to secure their grant allocation: and,
- discussions are required with both the SFA and potentially the London LEAP concerning any grant funds that may need to be repaid to the SFA in relation to recently supported capital works on the Clapham site and/or any conditions associated with the recycling of these funds on the Brixton or Nine Elms campuses.

1.4 Acknowledgements

We would like to thank staff in both LSBU and Lambeth College for their co-operation and assistance in the completion of this report and also STEM Architects for the supply of images, photographs and other documents from their previous work at the Clapham and Nine Elms sites.

1.5 Limitation of Liability

This report is written expressly for the Senior Management Teams and the Boards of London South Bank University and Lambeth College. The authors accept no liability to any other party in relation to the contents of this report. Much of the information contained in this report has been supplied by the LSBU and/or Lambeth College and whilst we have used our reasonable endeavours to test the veracity and validity of such information we cannot be held responsible for any errors or omissions arising therefrom. Where we express views within this report on condition, process or performance, such views are given in good faith based on the information made available to us and our observations during the course of our work – we cannot accept any liability in relation to claims made by persons or other parties if the contents of this report are used by management or others without such user first seeking their own direct assurance of the validity of the opinions expressed herein.

2.0 INTRODUCTION & BACKGROUND

Lambeth College is a medium sized Further Education College based in the London Borough of Lambeth. It supports the local population in Lambeth and in neighbouring Boroughs, allowing them access to the many careers available in London's economy. Five years ago, in 2012, the College estate, at Brixton, Clapham, and Vauxhall, was in a poor condition.

The changing size of the College's estate over the last few years is set out below:

	In 2012 the College Estate Comprised:	The baseline space position for 2015/16 is:	The baseline space position for 2016/17 is:	The baseline operational space position for 2017/18 is:
Clapham	17,800 m ²	20,150 m ²	22,150 m ² *1	22,150 m ² *1
Vauxhall	16,700 m ²	16,700 m ²	16,700 m ²	0 m ²
Brixton	7,500 m ²	5,050 m ²	2,000 m ²	2,000 m ²
Total	42,000 m²	41,900 m²	40,850 m²	24,150 m²

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– number to be verified

In 2012, with the exception of the 7,172m² new build space at the front and rear of the Clapham campus, and 819m² of space refurbished in 2013/14, the majority of space (33,990m²) was classified by the College as Category C i.e. below an acceptable standard. All of the space at Vauxhall and Brixton was below a good standard and a large part of the older 1950s Clapham site remained in poor condition at this time. The College had unsustainable planned maintenance liabilities and it did not provide modern, fit for purpose learning environments.

In the period 2012 to 2015 the College made significant progress in addressing the poor condition of its estate. Key milestones in that process included:

- The sale of the Brixton site to the EFA to create a mixed educational campus including a Free School (Trinity School) for 11-18 year olds, a new UTC sponsored by London South Bank University and 2,000m² of new space for Lambeth College which is due to come on stream in the autumn of 2017;
- Completion of works at the Clapham campus which provide prominent front of house facilities for Hair, Beauty and Hospitality and which have created a range of 'shop fronts' for student services and student enterprise activities along the 'The Street' that connects the newer building at the front of the campus, through the 1950s original buildings, out to the 2015 new build teaching block at the rear of the site;
- Completion of substantial repairs and refurbishment works at Clapham, including a new boiler house, roof repairs, refurbished learning resource centre, and new central services accommodation at the rear of the 1950s building; these allowed for the clearance of porta-cabin office accommodation at the rear of the site;

- Completion of the construction of 4,000m² of new build teaching and learning space at the Clapham site – now known as the Henry Thornton building - which includes 33 new classrooms, a nursery and new sporting facilities.

During the period 2015–2017 the College was working to an estates strategy that was first written and adopted by the Board in 2012 and which was based on a "Hub and Spoke" strategy - with Clapham as the hub, and Vauxhall and Brixton as the spokes. That strategy was updated and refreshed in the Autumn of 2015 in support of a significant funding bid to LEAP – the Local Enterprise Partnership for London - for a substantial redevelopment of the Vauxhall site.

The key conclusion arising from that strategy was:

The College's three sites are well situated and their locations actively support the recruitment of students and work with stakeholders. With redevelopments approaching completion at Clapham and about to commence at Brixton, there is now an urgent need to ensure that the functionality of the Vauxhall estate meets modern vocational teaching and learning requirements, with facilities that are not available elsewhere in the locality, for high quality, employment-focused education and training. There will then be a need to finalise plans for the internal refurbishment and/or redevelopment of the older 1950s Blocks B and C on the Clapham campus.

The levels of space utilisation at all three sites in 2014/15 were unacceptably low, leading to significant expense maintaining and heating buildings that are larger than the College requires. The two main factors causing this excess are (a) too many teaching rooms which are not timetabled efficiently and (b) classrooms and workshops that are larger than required.

The preferred option articulated in that strategy is set out below:

The preferred option sees the College maintaining its presence at its three key sites at Clapham, Vauxhall and Brixton:

- *The Brixton site will be redeveloped on a smaller footprint as part of a DfE project*
- *Our preferred option for the Vauxhall site is full demolition and new build since that option has a lower net cost than refurbishment (as the reduced footprint will allow the College to liberate significant residential capital receipts) and it will deliver accommodation fit for the twenty first century learner.*
- *There remain some 4,000m² at Clapham which will need to be refurbished during the period of the strategy.*

Following completion of this strategy in September 2018, the College will occupy new accommodation in both Vauxhall and Brixton in addition to its substantially refurbished and/or rebuilt accommodation at Clapham.

The strategy proposes a clear sequencing of works over a phased programme that allows the momentum of development to be maintained; the risk exposure to the College to be contained and the availability of funding streams to be optimised.

Through the implementation of this strategy the College will achieve a 24% reduction in its footprint (17% from a reduced

size Vauxhall campus and 7% from the planned reduction in space at Brixton) or 9,980m², from 41,923m² to 31,943m², following the reduction in footprint at Brixton from 5,050m² to 2,050m² and the reduction in space at Vauxhall from 16,730m² to 9,750m².

As the strategy was based on the retention of all of the space at the Clapham site and on the existence of substantial spare capacity across the combined estate, it was decided to reduce the footprint of the Vauxhall campus while continuing to support growth in key STEM and construction markets, and to provide a World Class Skills Centre – funded via LEP grant.

Subsequently a funding application was made to the LEP and the College secured just over £20 million of grant funding towards a £45million new Skills Centre at the Vauxhall site; this was to be match funded through a part disposal of the site for residential purposes and the creation of a neighbouring training hotel. The College then entered into a lengthy period of OJEU competitive dialogue and negotiation in 2015/16 to appoint a preferred development partner to take the scheme to planning and then construction. During the summer of 2016 the education provision from the Vauxhall site was decanted, mostly to Clapham, using spare classroom and teaching space on that site and with some temporary workshops being erected on the rear car-park for construction trades training. During the second half of 2016 and early 2017 concept and then detailed design work commenced on the Skills Centre and its associated hotel and residential components.

For the current (2016/17) academic year all activity has been based at the Clapham and Brixton sites while Vauxhall was decanted ahead of a planned redevelopment. Now that Vauxhall has been entirely emptied and activities have been moved to Clapham, the actual operating area of the College for the start of the 2017/18 academic year will be 24,150 m² which is just 57.5% of the size of the estate in 2012.

Lambeth College Board have now resolved to merge, and their preferred merger partner is London South Bank University (LSBU). Due diligence and merger planning are now well underway. As part of their preparations for the merger LSBU are carrying out a number of strategic reviews of the College and its operation including their curriculum, financial and estates strategies.

Following an initial review in February 2017, LSBU and the Corporation of Lambeth College agreed not to proceed to sign the Development Agreement with the preferred development partner who had been working at risk on the project since their selection in 2016. There were a number of key factors underpinning that decision, which included:

- the financial contribution arising from the residential development was not considered to offer good value for money despite very low levels of social housing being proposed for the site;
- the Planning Authority were not content to recommend the scheme for approval due to the low levels of affordable housing being proposed;
- the viability of the training hotel was considered marginal, and the requirement for an on-site training hotel was considered questionable given the closeness of the LSBU conference and training venues which could be used by Lambeth College learners and apprentices to obtain real life work experience; and,
- following discussion with the Local Authority there appeared to be an appetite to consider a larger education campus at the Vauxhall site and to consider a reduction or wholesale relocation away from the College's Clapham site in the medium term.

We have been informed that initial discussions with the LEP indicate that they are prepared to 'hold' the grant funds for the Vauxhall site on the basis that an alternative – and better – proposal comes forward from the College in the short term and that the project is completed by 2020/21 at the latest.

In light of these developments the College board and LSBU have identified an urgent need for the College's estate strategy to be reviewed and updated.

The Skills Funding Agency expects merger partners to see these sets of documents as an integrated suite to inform the merger process. This Estates Strategy has therefore been written both to support that process and to provide a route map for the continued development of the estate based on a robust analysis of strategic options and an alignment with wider curriculum and financial plans that will help underpin the next phase of Lambeth College's development within the LSBU family of education providers.

3.0 CURRICULUM & BUSINESS DEVELOPMENT

3.1 Curriculum Offer

Lambeth College offers a wide range of learner and employer responsive provision including:

- Accounting
- Business
- Computing
- Creative and Performing Arts
- Engineering and Construction
- English for Speakers of Other Languages
- Hair and Beauty
- Health Care and Early Years
- Hospitality and Catering, including a restaurant
- Maths and English
- Sciences
- Sport, Uniformed Public Services
- Supported Learning
- Travel and Tourism
- Young People's Engagement

The provision includes full time vocational courses, part time vocational courses, apprenticeships, access to higher education courses, and work based training. The College does not offer A Level provision.

Alongside professional, technical and vocational courses, Lambeth College also offers a range of career ready activities, trips, and events to prepare students for employment, apprenticeships and/or higher education.

Lambeth College is a vocational college, dedicated to enabling local people both to access new job prospects and to improve existing ones; this is achieved through direct work with employers, ensuring that training is practical and that it prepares people for the real work environment.

3.2 Latest Ofsted Findings

The latest Ofsted inspection was in November 2016 and it found that the College required improvement in all judgement areas and in its overall effectiveness.

Concerning the environment within the College inspectors noted the following key strength:

“Staff have created a college environment that is welcoming and inclusive and where diversity is valued and celebrated; learners’ behaviour is good and they are respectful of their peers and teachers.”

There are no further specific references to the College's estate, property or future estate plans in the inspection report.

Learner numbers reported in the Ofsted report are set out below:

Main course of learning programme level	Level 1 or below		Level 2		Level 3		Level 4 or above		Totals		Grand Total
	16-19	19+	16-19	19+	16-19	19+	16-19	19+	16-19	19+	
Age of learners	16-19	19+	16-19	19+	16-19	19+	16-19	19+	16-19	19+	
Total number of learners (excluding apprentices)	479	1,795	504	1,397	411	685	-	59	1,394	3,936	5,330
Apprenticeship Level			Intermediate		Advanced		Higher				
Age of learners			16-19	19+	16-19	19+	16-19	19+			
Total number of apprenticeships			158	510	67	311	2	4	227	825	1,052
Total	479	1,795	662	1,907	478	996	2	63	1,621	4,761	6,382

The Ofsted report also identified that there were some 23 subcontracting partners working with the College at that time to deliver learning programmes.

3.3 Current Funded Activity & Estimated Guided Learning Hours

We have reviewed the funding allocation statements for 2017/18 for both 16-19 and 19+ learners.

3.3.1 16-19 Funding Allocation

The Education Funding Agency sets out the funding formula for 16-19 year old learners each year. Their latest guidance is given at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/606932/Funding_rates_and_formula_201718_v1_FINAL.pdf

The total funding allocation for 16-19 learners for the 2017/18 academic year totals some £6,788,610 for 1,324 learners – providing an average funding per learner of £5,127. The funding per learner is a factor of the national funding rate (£4,000 per learner) plus programme weighting, disadvantage funding, area allowance and a retention factor. In addition to the core grant a further £510,000 of funding is to be allocated for High Needs Students.

The 1,324 learners being funded in 2017/18 is a reduction from the 2015/16 student numbers of 1,551; this reduction is apparently caused by circa 209 learners not meeting the Conditions of Funding criteria in 2015/16.

We can derive the total number of funded 16-19 learner hours from the numbers of learners in each funding band as per the table below:

Band	Annual planned hours		National funding rate per student
5	540+ hours	16 and 17 year olds	£4,000
		Students aged 18 and over with high needs	
4a	450+ hours	Students aged 18 and over who are not high needs	£3,300
4b	450 to 539 hours	16 and 17 year olds	
		Students aged 18 and over with high needs	
3	360 to 449 hours		£2,700
2	280 to 359 hours		£2,133
1	Up to 279 hours		£4,000 per full time equivalent (FTE)

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Taking the number of students in each band from the EFA funding allocation suggests a total number of guided learning hours as follows:

Band	Assumed Hours	Learner Numbers	Student Guided Learner Hours
5	540	514	277,560
4	450	602	270,900
3	450	102	45,900
2	360	45	16,200
1	280	61	17,080
TOTAL		1,324	627,640

3.3.2 Adult Funding Allocation

Lambeth College received its funding allocation from the Skills Funding Agency for 2017/18 in March 2017. Total funding for the year is set out in the table below. Unlike the EFA formula for 16-19 year old learners, there is no simple mechanism to translate funding values into learner hours for adults. We have therefore used the ratio of 'EFA Funding:Guided Learning Hours' to estimate the volume of teaching activity covered by the adult funding allocation:

Funding Line	Value	Guided Learning Hours (1)
Adult education budget	£10,912,170	1,008,883
Advanced learner loan facility	£2,822,556	260,959
Advanced learner loan bursary	£891,745	82,446
	£14,626,471	1,352,288

(1) Guided Learning Hours are estimated using the number of £'s funding earned per hour of teaching under the EFA formula set out in Section 3.3.1 above, namely £6,788,610 divided by 627,640 hours to arrive at £10.82 per hour.

3.3.3 Apprenticeship Funding

From 2017/18 colleges will no longer earn an apprenticeship allocation directly from the SFA. Instead, from May 2017, funding for apprenticeships in England will follow employer choice, moving away from the current provider-led model. This is intended to ensure that providers will be more responsive to what employers need: they will earn their funding according to the recruitment of learners via employers and the successful completion of the learners' programmes of study.

We have therefore estimated the number of guided learning hours for apprenticeships using the number of learners reported in the Ofsted report above and assuming 8 hours of guided learning a week over 36 weeks as follows:

$$1,052 \text{ Apprenticeships} \times 8 \text{ hours per week} \times 36 \text{ weeks per year} \\ = 302,977 \text{ Guided Learning Hours.}$$

3.3.4 Total Student Guided Learning Hours

From the analysis above we can estimate that the total number of student guided learning hours funded for 2017/18 is just under 2.3 million hours, as follows:

Funding Source	Student Guided Learning Hours
EFA 16-19 Learners	627,640
Adult Learners	1,352,288
Apprenticeships	302,977
TOTAL	2,282,905

In our Space Planning (Section 6) we model a range of potential student guided learning hours (SGLH) from 2.2 million to 3.5 million SGLH.

The numbers of hours in the above table are estimates of learner activity based on our understanding of the College's various funding streams. These are in line with the lower level of activity modelled in our space planning scenarios set out in Section 6.

3.4 Business Development Opportunities

The following text, drawn from the recruitment pack for the post of Executive Principal, sets out the key business development opportunities that the College is well placed to grasp:

"There are great opportunities for the College, operating from the heart of the largest regeneration programme in London. Lambeth is set to be the next financial hub in London, following the City and Canary Wharf. With two new tube stations, a brand new business hub, cultural and entertainment hubs, New Covent Garden Market, central park and 14,000 new houses, Lambeth presents great opportunities to local people to develop their life aspirations and we must realise this potential. In order to meet the challenges of the future we must utilise business links, focusing on the learner or employer as our customer, but also to diversify our income and compete effectively in an ever more crowded market. New curriculum is being introduced to support the growing local economy where 25,000 new jobs are expected to be created over the next five years.

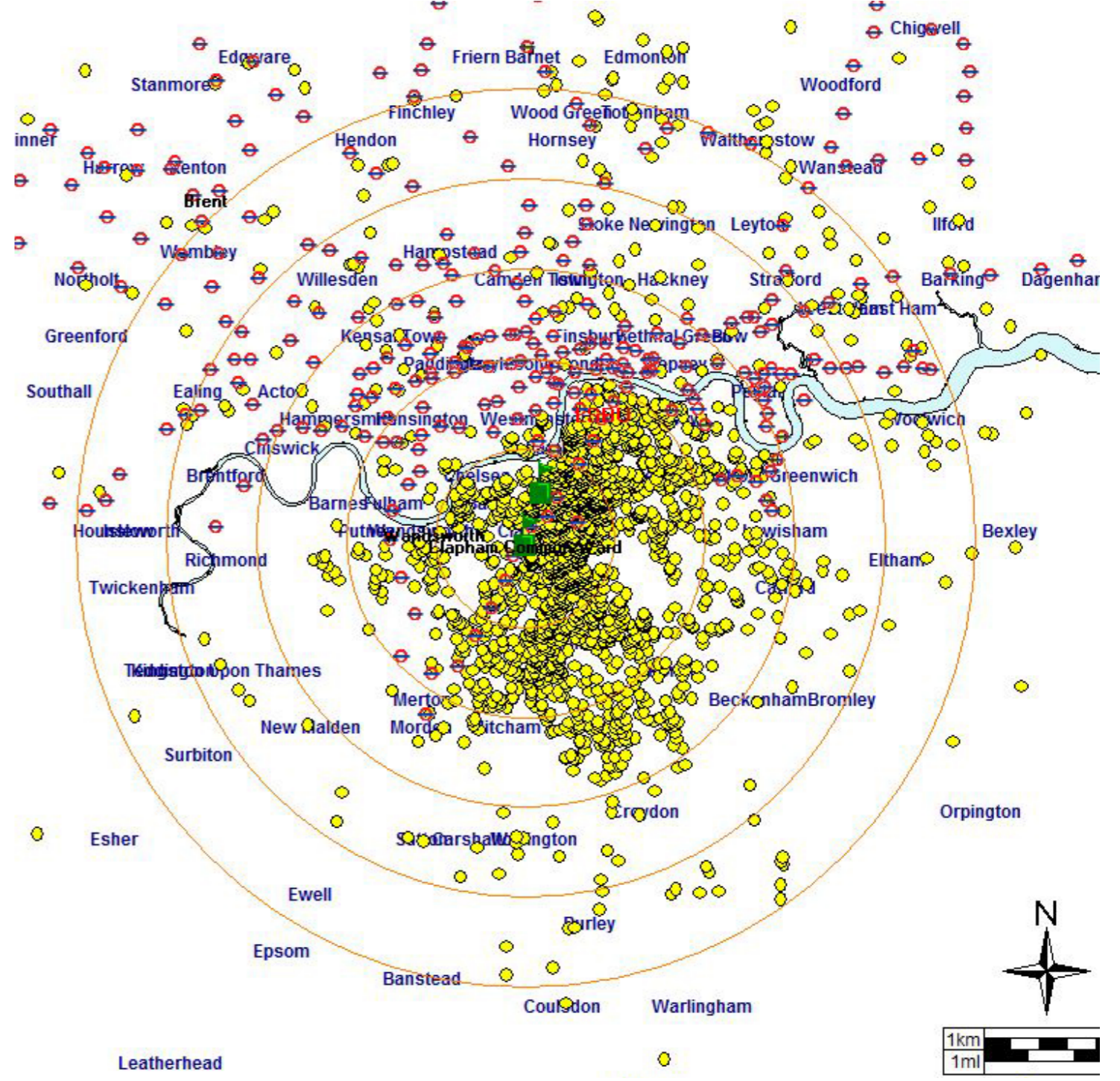
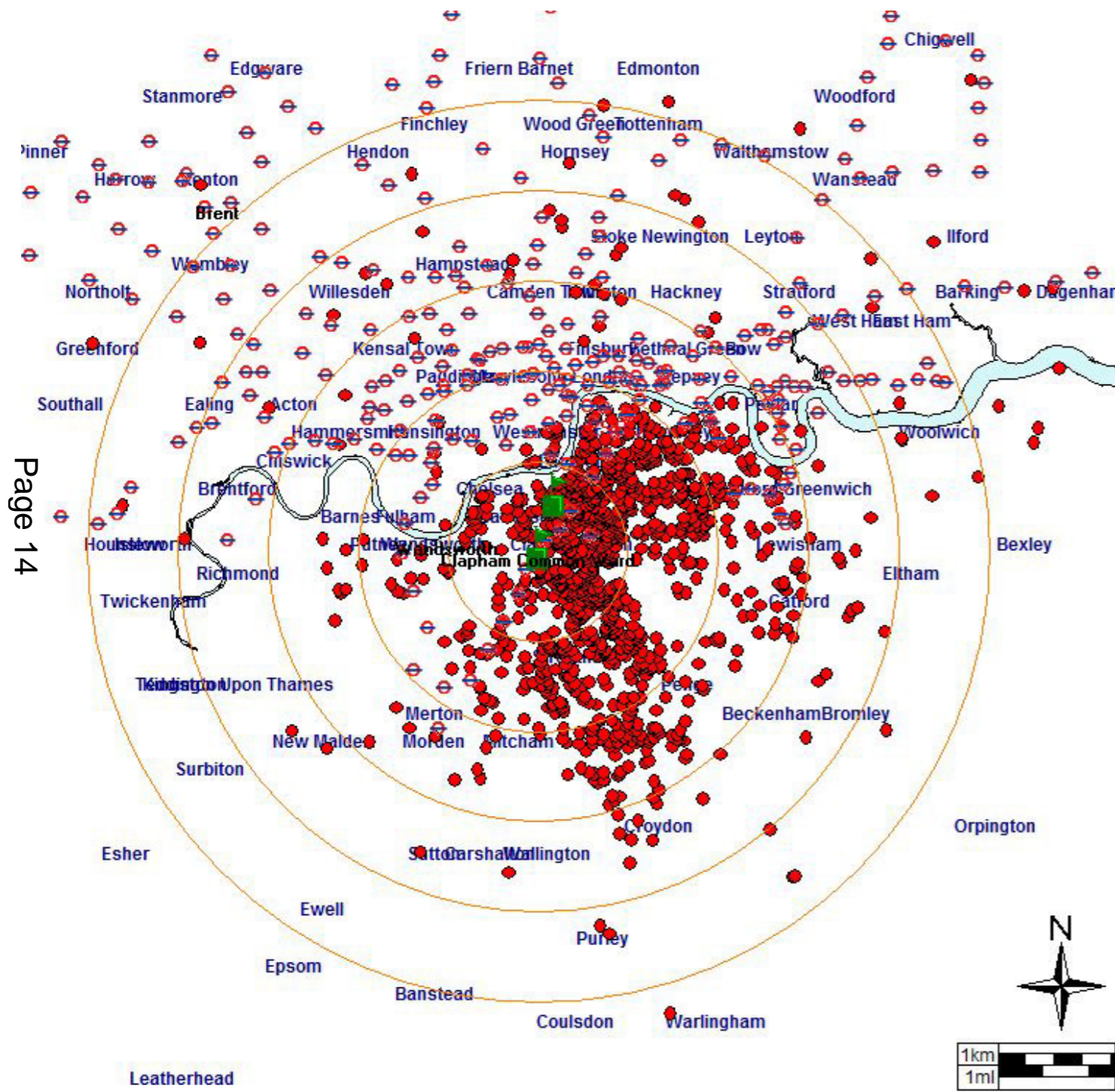
Drawing upon our close links with local employers, we will ensure that the world of work is fully embedded within programmes. The facilities and curriculum design will provide opportunities for learners to apply their learning by running micro businesses within the College and undertake Pre-Apprenticeships with regular work placements. Entrepreneurial skills-based projects will ensure that learners are equipped for the nature of the local employment market in the construction, health, tourism, public service, hospitality, private sector and leisure industries sector. We will work closely with local businesses to ensure our reshaped curriculum is designed by employers and provides clear routes into employment.

Our public access 'street' in Clapham features a strong interface with customers using the restaurant, hairdressing, beauty therapy, spa services and event space. These industry standard training facilities are the first phase of a plan to transform teaching and learning by providing practical facilities to blend learning programmes to include technical, applied and functional skills and ESOL (where necessary), ensuring work readiness.

There is also plenty of scope for joint ventures with local businesses, with job opportunities and footfall available in the College buildings."

3.5 Student Catchment Areas

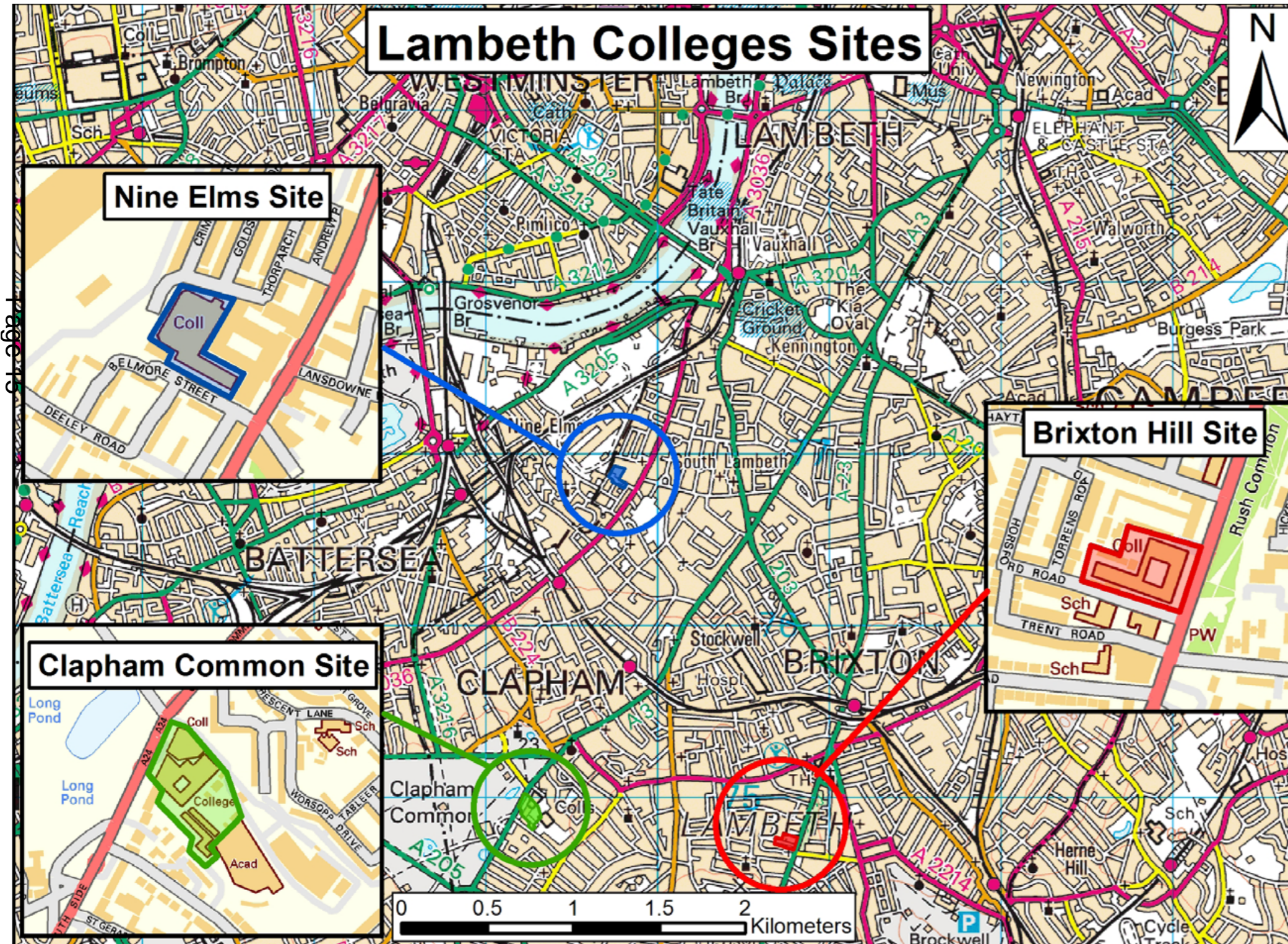
The images below illustrate the catchment area of the College across London by 16-19 year old and 19+ learners.



4.0 EXISTING ESTATE

4.1 Site Locations

All three of the College's sites are located within the London Borough of Lambeth: at Clapham Common, Brixton Hill and at Nine Elms in Vauxhall.



4.2 Summary of Sites

4.2.1 Clapham

There has been an education connection with the Clapham Common site since 1929 when the Henry Thornton School was built there (1927-29) by the then London County Council. This historic link - with a man who was both fundamental to the abolition of the slave trade and the creation of the modern central bank - was re-established when the most recent development on the site was named in his honour in 2015. The Clapham campus now comprises 20,143m² of permanent accommodation including a sports hall, general purpose classrooms, theatre, science and dental labs, IT suites, specialist accommodation for students with learning difficulties as well as for catering, hair & beauty, arts, media and health and social care. Approximately 2,000 m² of temporary accommodation was added to the site in 2016 in the form of temporary construction workshops.

The site provides spaces that support a wide range of vocational learning activities together with general purpose classrooms. This site comprises a former 1950s Technical College, a new-build Sixth Form which was constructed in the mid-2000s (and which was closed relatively shortly after opening and now serves as general purpose and specialist vocational teaching space), and a 4,000m² new building which was completed in October 2015 at the rear of the site.

Within the permanent building stock on the site there are 121 teaching rooms, of which 73% are flexible teaching rooms i.e. classrooms and computer laboratories. Nearly 14% of the rooms are small scale vocational rooms. Medium scale vocational rooms form 5% of the room stock. The remaining 8% of facilities are large scale vocational spaces.

Of the 20,143 m² of space at Clapham, around 16,000 m² will have been constructed or significantly refurbished in the last 12 years; this leaves around 4,000 m² which is in a poor physical state and in need of substantial refurbishment or rebuilding.

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4.2.2 Brixton

At the time of writing (Spring 2017) Lambeth College occupies two buildings at the rear of the Brixton campus (Block B and C) alongside Trinity School and the LSBU UTC which is housed in temporary accommodation whilst new accommodation is being constructed by the EFA's contractor (Bowmer & Kirkland) on the remaining element of the site. The College moved into this temporary accommodation in December 2015 from the older two storey 1960s accommodation which Bowmer & Kirkland started to demolish in January 2016.

The Brixton campus is being developed in two phases – with Phase 1 scheduled for completion in September 2017. Following this all the older buildings that the College and Trinity School occupy will be demolished, and the temporary buildings will be removed, in order to complete the final wing for the UTC which is then scheduled to complete in September 2018.

Under the terms of the sale agreement with the EFA the College will acquire 2,000m² of new space over four floors in the prominent Brixton Hill wing. This space is due to be handed over by B&K in mid-June 2017 and it is then due to be fitted out by the College's appointed fit-out contractor, Gilbert Ash, over a 10-12 week programme with learners commencing their studies in the new building from September 2017. The construction contract value for those works is just under £1.6m exVAT, with all-on costs (inclusive of all professional fees, FFE & IT and VAT) of just under £3m.

The new accommodation will provide the College with 16 general purpose classrooms, 5-6 IT teaching rooms (depending on the allocation of staff room space), and a small training kitchen and café, along with reception, general office and staff room accommodation.

The College's work at Brixton is predominantly focused on ESOL – the teaching of English to Speakers of Other Languages, serving a population that lives close to the local area of Brixton.

4.2.3 Vauxhall

The Vauxhall campus is a tired, unwelcoming and sprawling 16,730m² 1960s concrete mass that offers some of the worst teaching and learning accommodation in London. The key weaknesses of this site have been stated in previous strategies and they remain as follows:

- over 16,000m² of the site is classified as Category C and is not fit for purpose;
- none of the teaching spaces reflects the College's strategy of providing realistic working environments: they do not provide the modern and flexible teaching spaces that employers need and as a result they create too big a gap in learners' experience between the College learning environment and the environment where they will apply their skills;
- there is an absence of natural light in most of the deep-span ground floor learning spaces;
- the building shows obvious signs of a lack of investment before and after incorporation, with tired circulation zones, patch repairs, boarded up windows and a dark, depressing and uninspiring environment;
- the workshop and classroom spaces are too big for many groups and yet not large enough to offer the flexibility of multiple group working. This means that no matter how efficient the College's timetabling process is, space utilisation will always be sub-optimal at best;
- the thermal performance of the building is poor, resulting in teaching spaces that overheat in the summer and that are too cold in the winter;
- the planned maintenance liability of the Vauxhall site was last estimated to be £11.5m and this cannot be funded from the College's ongoing revenue budget – if the site had continued to be used for teaching and learning it was also set to deteriorate further in the coming years;
- the site has an inefficient floor plate, with a 'teaching and learning:total internal area' ratio of under 50%. As a result some 20% (or 3,346m²) of the floor space at Vauxhall is wasted in complex circulation and service cores.

This Vauxhall site has 81 teaching rooms of which 52 or 65% are classrooms or computer laboratories. 19 rooms or 23% of the room stock are large scale vocational rooms. Small scale vocational rooms represent 9% of the teaching facilities. Medium scale vocational rooms represent the remaining 3% of the room stock.

In the summer of 2016 the teaching and learning activities from the Vauxhall site were relocated to the Clapham campus as part of the enabling works phase of the Vauxhall site redevelopment.

During 2015 to 2017 the College had developed proposals and secured £22.5 million funding from London LEAP towards a substantial mixed use development on the Vauxhall site. This included a 9,750 m² new Skills Centre the outline plans of which are shown as **Appendix 4** to this report.

The scheme was to be part funded from the sale of a further 164,000 m² of residential development - comprising 232 homes of which less than 10% were proposed to be affordable via a Private Rental Sector scheme.

In addition a training hotel facility was proposed to sit alongside the College building to provide real-life work experience for hospitality and catering learners. This facility was envisaged to be run in partnership with a commercial operator; it is our understanding that the viability of this venture was not as strong as the alternative hotel offers considered by Strutt & Parker in their valuations of both sites appended to this report.

The College had spent significant time and resource engaging in a competitive dialogue process to appoint a preferred development partner who had then progressed the design at risk. In March we understand the Board of Lambeth College took the decision to withdraw the planning application that had been submitted on the basis that the Local Planning Authority was not minded to approve the scheme with such a low level of affordable housing together with wider concerns in relation to the value for money of the proposals in their near final form. Accordingly the development partner has been stood down and there is a risk that they may make a claim for abortive costs; we have been advised by LSBU that there is no legal basis upon which to pay those costs but we are neither qualified to, or commissioned to, form a view on this aspect of the project.



4.3 Current Estate Appraisal

The condition of the College estate is illustrated photographically in **Appendix I** and it is summarised in tabular form below.

4.3.1 Spring 2017 Estate Condition

The current condition of the College's estate in Spring 2017 is summarised in **Table 4.1** below. Based on the College's existing education estate less than half – only 42% - of the current space is classified as good or better.

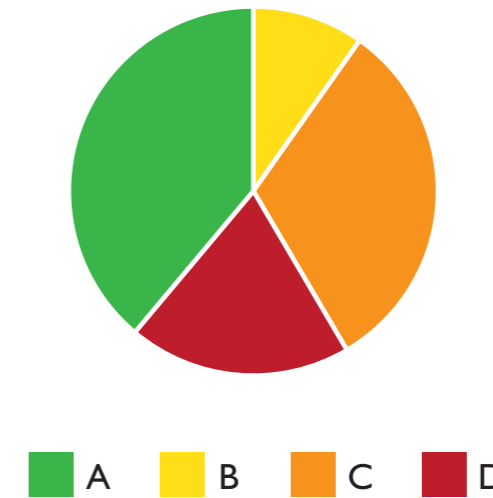
	Whole College %	Whole College m ²	Brixton %	Clapham %	Vauxhall %
Building Condition					
A	10%	4,000	0	18	0
B	32%	12,980	0	55	5
C	20%	8,000	100	27	0
D	39%	15,894	0	0	95

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	Whole College	Whole College	Brixton	Clapham	Vauxhall
Space - Internal					
GIFA (Gross Internal Floor Area) (m ²)	40,873		2,000	22,143	16,730
By Curriculum Area (m²)					
General	20,105		1,800	13,286	5,019
Specialist	20,768		200	8,857	11,711
Total (to equal GIFA)	40,873		2,000	22,143	16,730

Ownership: Enter Freehold or Leasehold		Brixton	Clapham	Vauxhall
Freehold			Freehold	
Leasehold		Leasehold from EFA		
Freehold				Freehold

This is further illustrated in the pie chart below as **Illustration 4.1**.



A – As New. Maintained and serviced to ensure fabric and building services replicate conditions at installation. No structural, building envelope, building services or statutory compliance issues apparent. No impacts upon operation of the building.

B – Sound. Maintenance will have been carried out and only minor deterioration to internal/external finishes. Few structural, building envelope, building services or statutory compliance issues are apparent, and such issues are likely to have only minimal impact upon the operation of the building.

C – Operational. Requiring replacement of building elements or services elements in the short to medium term. Several structural, building envelope, building services or statutory compliance issues are apparent, or one particularly significant issue apparent. Often includes identified problems with the building envelope (windows, roofs etc), building services (boilers, chillers etc). Likely to have a major impact upon the operation of the building, but still allows it to be operative.

D – Inoperable. Building is inoperable, or likely to become inoperable, due to statutory compliance issues or condition representing a health and safety risk or breach. There may be structural, building envelope, or building services problems coupled with compliance issues. The conditions are expected to curtail normal operations within the building.

Reference: <http://www.building-knowledge.info/best-practice/consistent-condition-assessments/>

4.3.2 September 2017 Estate Condition

As reported above, the College will take possession of new accommodation at Brixton in September 2017 which will replace the current Grade C accommodation with new Grade A accommodation on that site. Following that move, the forecast condition of the College's estate in September 2017 is summarised in **Table 4.2** below. At this time it will still be the case that less than half – some 47% - of the College's estate will be classified as good or better.

	Whole College %	Whole College m ²	Brixton %	Clapham %	Vauxhall %
Building Condition					
A	15%	6,000	100	18	0
B	32%	12,980	0	55	5
C	15%	6,000	0	27	0
D	39%	15,894	0	0	95

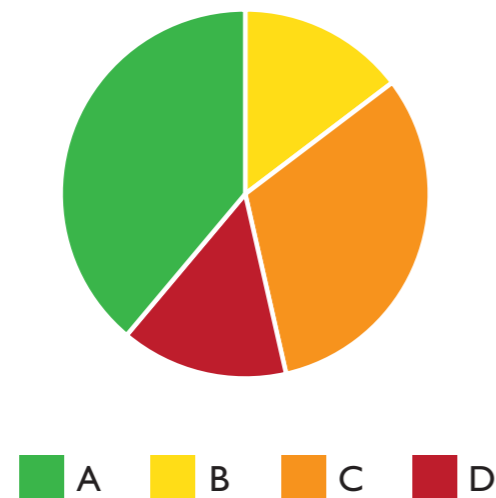
	Whole College	Whole College	Brixton	Clapham	Vauxhall
Space - Internal					
GIFA (Gross Internal Floor Area) (m ²)	40,873		2,000	22,143	16,730
Space per student ² (m ²)					
Utilisation (%)	0		0	0	0
By Curriculum Area (m²)					
General	20,105		1,800	13,286	5,019
Specialist	20,768		200	8,857	11,711
Total (to equal GIFA)	40,873		2,000	22,143	16,730

Ownership: Enter Freehold or Leasehold			Brixton	Clapham	Vauxhall
Freehold				Freehold	
Leasehold			Leasehold from EFA		
Freehold					Freehold

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NB. The data above includes circa 2,000 m² of temporary accommodation at the Clapham site which has been classified as condition C

This is further illustrated in the pie chart below (**Illustration 4.2**).



4.3.3 September 2017 Estate Condition Excluding Vauxhall

Following the decant of the Vauxhall site in September 2016 the College has no plans to teach on that site in the 2017/18 academic year. Its condition is such that it is not reasonably practicable to bring the site back into use without substantial refurbishment costs. Therefore, the College will be operating out of a smaller condensed site based at Brixton and Clapham for the 2017/18 year. The condition of the College's estate in September 2017 excluding the Vauxhall site is summarised in **Table 4.3** below. Based on this condensed footprint some 75% of the College's estate can be seen to be good or better. The 25% classified as Category C is comprised of the temporary accommodation at the Clapham site and the 1950s original structures which were not subject to refurbishment in 2012-2015; these spaces house science, dentistry, general purpose teaching and IT suites.

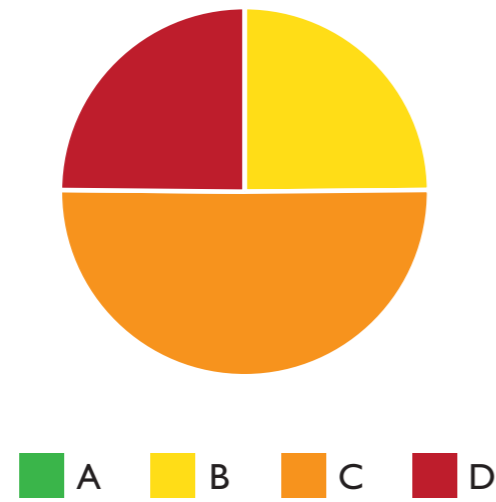
	Whole College %	Whole College m ²	Brixton %	Clapham %	Vauxhall %
Building Condition					
A	25%	6,000	100	18	0
B	50%	12,143	0	55	0
C	25%	6,000	0	27	0
D	0%	-	0	0	0

	Whole College	Whole College	Brixton	Clapham	Vauxhall
Space - Internal					
GIFA (Gross Internal Floor Area) (m ²)	24,143		2,000	22,143	-
Space per student (m ²)					
Utilisation (%)	0		0	0	0
By Curriculum Area (m²)					
General	15,086		1,800	13,286	-
Specialist	9,057		200	8,857	-
Total (to equal GIFA)	24,143		2,000	22,143	-

Ownership: Enter Freehold or Leasehold			Brixton	Clapham	Vauxhall
Freehold				Freehold	
Leasehold			Leasehold from EFA		
Freehold					Freehold

NB. The data above includes circa 2,000m² of temporary accommodation at the Clapham site which has been classified as Category C

This is further illustrated in the pie chart below (**Illustration 4.3**).



5.0 LOCAL PLANNING CONTEXT

5.1 Clapham campus - Planning Policy Framework

The statutory development plan for the site comprises the consolidated London Plan (March 2016) and the Lambeth Local Plan (September 2015). National Planning Policy guidance is contained in the National Planning Policy Framework (NPPF) (2012). Planning Practice Guidance (PPG) also provides guidance on the interpretation of the NPPF.

Protection of the Existing Land Use

The London Borough of Lambeth (the LPA) recognises the important role social infrastructure, including education facilities, have within the community. The LPA therefore seek to safeguard and improve community premises and support the development of new facilities where there are identified gaps in provision.

Local Plan Policy S1 seeks to safeguard existing community premises. Policy S1 specifies that existing community premises, and land formerly in use as community premises, will be safeguarded unless it can be demonstrated that either:

- (i) there is no existing or future need or demand for such uses, including reuse for other community services locally, and adequate alternative accommodation is available to meet the needs of the area; or
- (ii) replacement facilities are proposed on or off site of the same or better size and quality to serve the needs of the area; or
- (iii) development of the site/premises for other uses, or with the inclusion of other uses, will enable the delivery of approved strategies for service improvements.

Further details in this regard are set out in the Strutt & Parker report at **Appendix 6**. We would stress the following advice from that report as material to the consideration of future options in respect of the Clapham site:

“In line with the guidance set out above, the D1 education use on site is protected. Therefore, should the college wish to dispose of the site for a land use other than Class D1 or D2, one or more of the criteria set out under policy S1 would need to be demonstrated. To help justify the loss of educational facilities, it will be important to demonstrate that there is no existing or future need for the facilities; that the college is re-providing the same amount of educational floor space somewhere else in the borough or that the redevelopment of the site for other uses will enable the delivery of approved strategies for service improvements.”

Clapham Site

The London Borough of Lambeth website indicates the following relevant planning history of the premises:

Application Ref.	Description	Decision	Decision Date
16/03734/NMC	Application for a Non-Material Amendment following a grant of planning permission ref 16/00775/FUL (Temporary erection of 3 no. teaching blocks between 1st June 2016 and 31st January 2019.) granted on 16.05.2016 Amendment sought: Relocation of 1 teaching block (Block 3) from its approved location in the external play area to an open hard landscaped area adjacent to the existing college building.	Granted	7 July 2016
16/00775/FUL	Temporary erection of 3 no. teaching blocks between 1st June 2016 and 31st January 2019.	Granted	16 May 2016
13/04304/FUL	The removal of the existing porta-kabins and the erection of a new part one/ part two/part three/ part four storey teaching block including a sports hall, additional car and cycle parking, landscaping, greenhouse and associated works.	Granted	23 December 2013
13/03486/FUL	The creation of a new entrance onto Clapham Common Southside	Granted	1 October 2013
12/04416/FUL	The erection of a roof over the existing courtyard between the sixth form centre and existing buildings to create an additional 210 sq m of internal floor space.	Withdrawn	2012
12/03996/LDCP	Application for a Certificate of Lawfulness (Proposed) with respect to infilling the courtyard between the Sixth Form Centre and existing buildings.	Granted	17 December 2012
12/03993/LDCP	Application for a certificate of lawfulness (proposed) with respect to alterations to fenestration to include the removal of existing rear entrance doors and demolition of adjoining rear entrance wall. Extension outward of existing rear entrance hall including infill works to fully enclose the existing 'overhang' area. Erection of a new rear elevation wall to include the installation of revolving doors and erection of a side elevation wall with the installation of two sets of double doors.	Granted	20 December 2012
12/03994/FUL	The formation of a new entrance and canopy.	Granted	20 December 2012
12/03995/LDCP	Application for a Certificate of Lawful Development (Proposed) with respect to the infilling of existing southern courtyard.	Granted	17 December 2012
05/02281/RG3	Part demolition of existing buildings & structures and erection of a part single, part 5 storey building fronting Clapham Common South Side, and a separate 3-storey building to the rear providing for a new 6th form centre (class D1) for 600 student places with associated administration uses, teaching facilities and a new sports facility and associated alterations.	Granted	26 January 2007

5.2 Vauxhall / Nine Elms campus Planning Context

Lambeth College vacated the site in the summer of 2016 and the application site is currently vacant. The last known use for the site was for education purposes and the lawful use of the site remains as Class D1 Non Residential Institutional.

The statutory development plan for the site comprises the consolidated London Plan (March 2016) and the Lambeth Local Plan (September 2015). National Planning Policy guidance is contained in the National Planning Policy Framework (NPPF) (2012). Planning Practice Guidance (PPG) also provides guidance on the interpretation of the NPPF.

Therefore, the same comments as stated in Section 5.1 also apply to this site. However, we understand that the principles of a mixed use development on the site have been extensively discussed and agreed in principle with the Planning Authority – albeit that the combined massing of the education and training hotel elements could be seen to retain a large portion of the existing education massing on the site as part of that proposed (and now withdrawn) development.

The London Borough of Lambeth website indicates the following relevant planning history (consented and significant withdrawn schemes only) of the premises:

Application Ref.	Description	Decision	Decision Date
16/05435/FUL	Demolition of existing college buildings and the erection of a mixed use development of six buildings ranging from 6 to 26 storeys in height to provide a new college facility (Class D1), a hotel (Class C1) (up to 184 bedrooms) and residential (Class C3) (up to 232 units) with associated works. The application is accompanied with an Environment Statement.	Withdrawn	
16/03512/G31	Application for prior notification of proposed demolition of the existing college buildings.	Granted	13 July 2016
12/04867/FUL	Alterations to the existing single storey outbuilding including the installation of an adjoining canopy structure, the installation of a steel roller shutter and freestanding storage units as well as the replacement of fencing and rooflights.	Granted	21 February 2013
12/04866/FUL	Alterations to the existing two storey outbuilding including extensions to the roof external, re-cladding and elevational alterations to infill the existing void areas either side of the existing building	Granted	21 February 2013
05/00852/FUL	Erection of a single-storey temporary (5 years) classroom for training electricians, to the south-west of the A Block.	Granted	13 May 2005
04/02273/RG3	Erection of two cycle shelters alongside southern elevation of building.	Granted	22 October 2014

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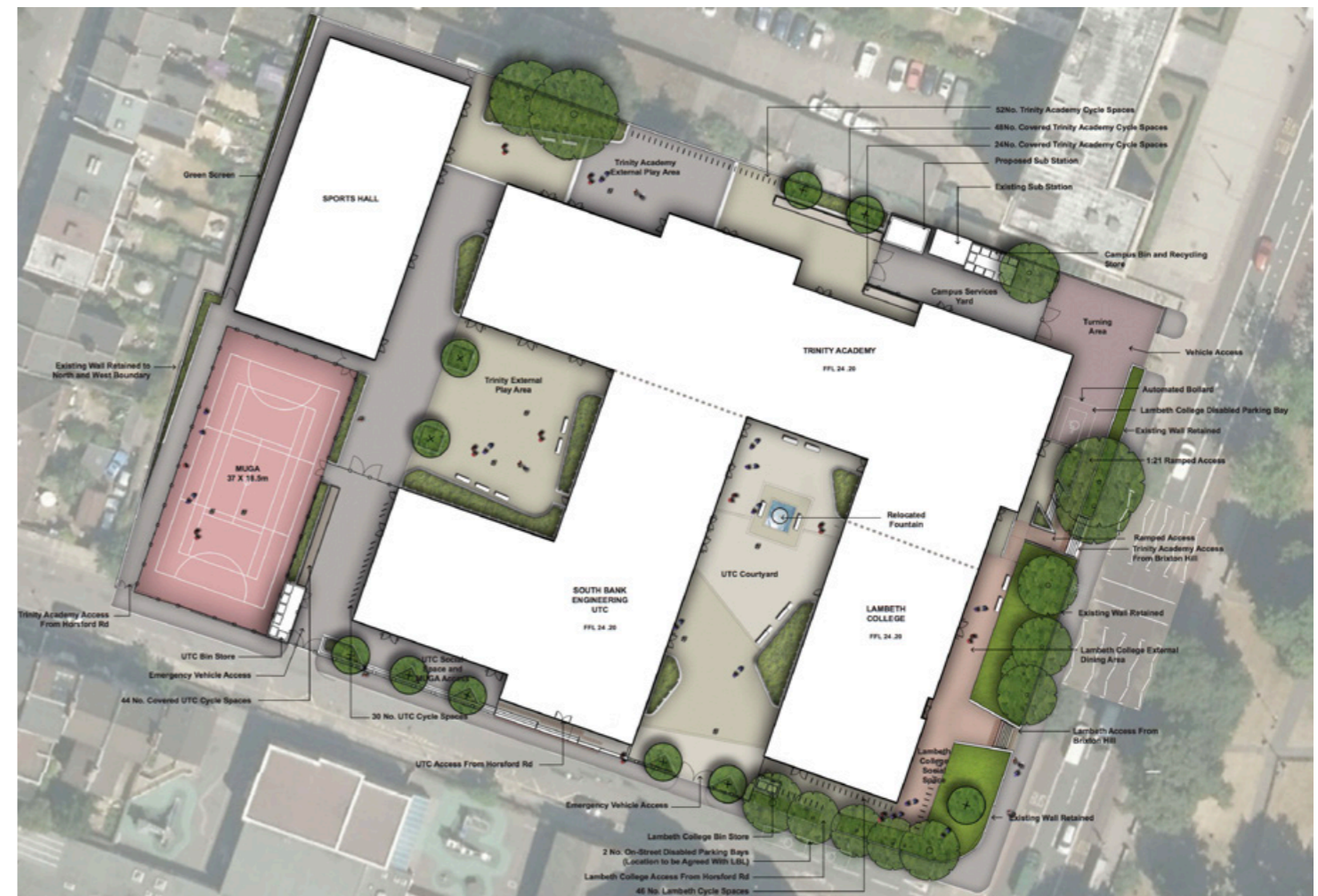
5.3 Brixton Hill Planning Context

A planning application was submitted by Bowmer & Kirkland together with the Education Funding Agency on the 30 July 2015 for the erection of 2-5 storey buildings to provide an Educational campus (Use Class D1) for 3 institutions comprising Lambeth College, Trinity Academy and Southbank Engineering University Technical College including the provision of new Sports Hall, Multi Use Games Area (MUGA), external play/seating/social spaces, relocation of the existing Grade II listed fountain sculpture, soft landscaping, cycle parking and disabled car parking (following demolition of existing buildings).

At the time of the application Lambeth College shared the use of the site at 54 - 56 Brixton Hill London SW2 1QS with Trinity Academy.

The application was considered by the Planning Committee on 24 November 2015 and a decision notice to approve the application (with conditions) was issued on 22 December 2015.

The illustrative Master Plan for the site included within the application is set out below:



Section 5.2 of the Design and Access Statement describes the accommodation that Lambeth College will enjoy on the site as follows:

“There is a clear desire to have Lambeth College retain its presence and frontage to Brixton Hill, due to the nature of its student intake and the desire to continue attracting local people. Lambeth College is therefore located in a four storey block on the prominent eastern corner, adjacent to the listed church. The majority of the building is used as teaching spaces in adult teaching classrooms with good daylight and air quality, provided on every floor level. The staff offices are distributed throughout the building to give staff presence and passive supervision throughout. There are two large social spaces; the dining room and social area is located on the ground floor where it is visible to students and the community with the opportunity for external dining. The library is located on the third floor where it benefits from views across Rush Common. The dining kitchen has been increased in size to provide facilities as a teaching kitchen for students. A stair and lift to the south provides vertical circulation. A secure lobby, reception and staff office is located at the main entrance.”

A number of subsequent applications have been submitted for the site to satisfy conditions pertaining to the above application and/or to approve subsequent additions of temporary buildings to meet the needs of the LSBU UTC who began operation from the site in September 2016. The first phase of the buildings is due to open in September 2017 with the final phase due to complete in September 2018.

The following key facts were stated in the Design and Access statement that supported the planning application for the new campus.

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Southbank Engineering UTC

Funded Area:
4,809m²

Ages :
14-19

Students:
600



Trinity Academy

Funded Area:
6,860m²

Ages :
11-18 Co-educational

Students:
840



Lambeth College

Funded Area:
2,100m²

Ages :
Post 16

Students:
420 Full time

6.0 SPACE NEEDS ANALYSIS

6.1 Current Space Utilisation

Having an accurate understanding of how well spaces are used helps determine what the optimum space requirements are for a further education college. On the basis that each m² of new building costs in the order of £4,000 to deliver and every m² of space can cost up to £100 to run and maintain each year, the benefits of 'right-sizing' the College's footprint through improved utilisation are unquestionable. In April 2015 the College commissioned Stellae to undertake a series of space utilisation surveys. There have not been any further space utilisation surveys completed since that time. The findings in this section are therefore based on this work and our understanding of the changes in the use and size of spaces since those surveys took place.

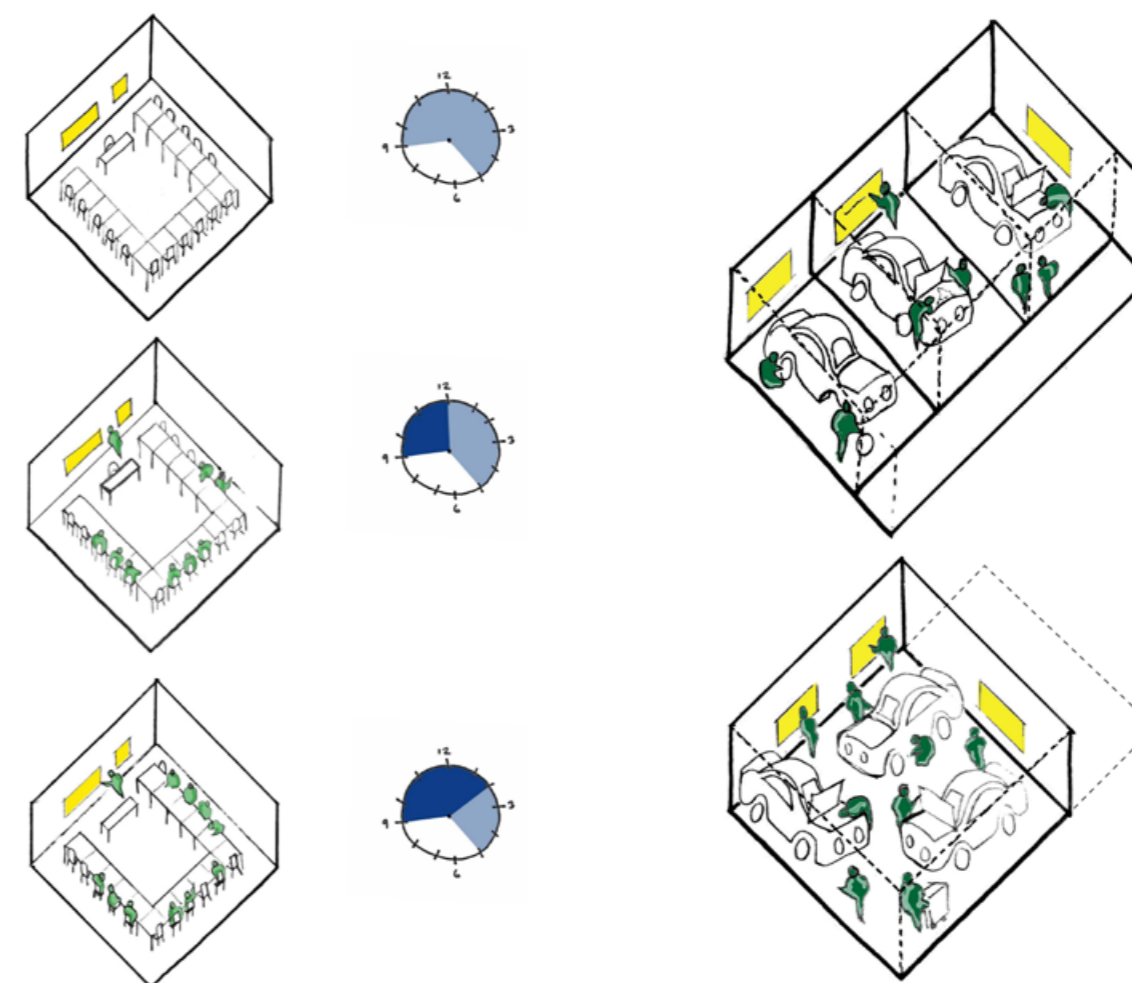
It is not feasible to timetable every workspace in every room for 40 hours per week for 36 weeks per year. From our experience of working with over 100 FE colleges over the last 20 years we would expect the most efficient colleges to operate at a space utilisation factor in the region of 40%. The funding bodies recommend a target of 44%, meaning that rooms – as a rule of thumb – over a 40 hour week, would be used for two-thirds of the time and would be two-thirds full when in use. In practice utilisation will vary considerably across room types and curriculum areas.

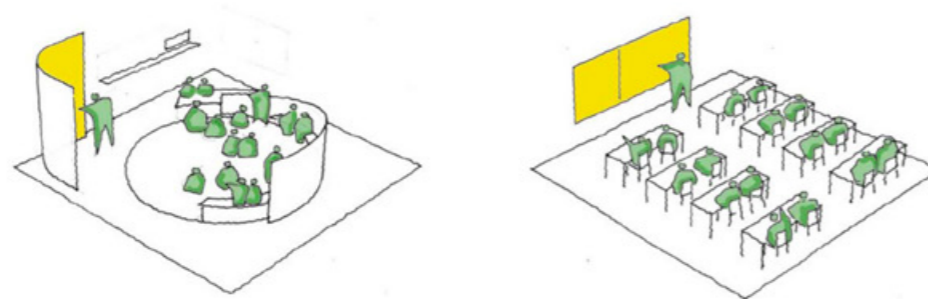
Factors that affect the utilisation of space are illustrated in the diagrams below and over the page. They include:

Room size – the relationship between the size of a room and the actual size of teaching groups has the most fundamental impact on utilisation. Many colleges operate in buildings designed for average class sizes of 25-35. These provide generous teaching spaces that replicate the room sizes of teaching accommodation found in secondary schools. However, the average class size in most colleges is, from our experience, between 11 and 15 learners; this means that the occupancy factor is often just 50% as, on average, half of the seats or workstations in each teaching space are not occupied.

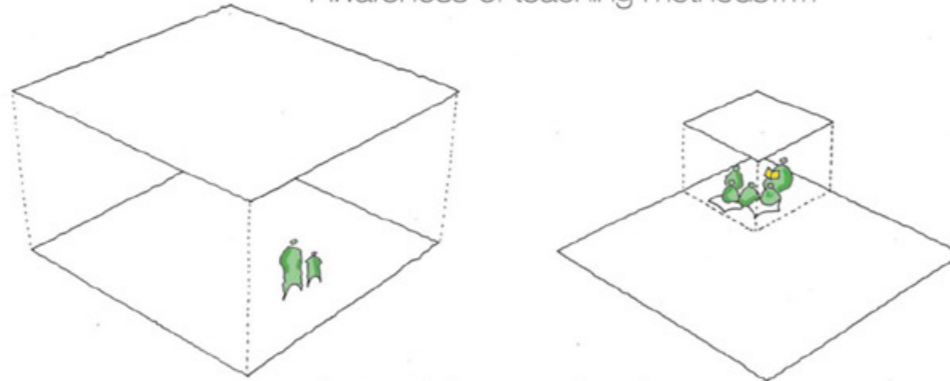
- Timetabling – the space planning formula assumes that each teaching room can be used for 40 hours per week i.e. 9am to 5pm Monday to Friday. If a common lunch break is used in the College for example, 5 hours of potential time will be removed, taking maximum frequency down from 100% to 87.5%.

- Balance between specialist and general purpose teaching spaces – the curriculum supported by most FE College is broader than in schools and, when considered in relation to the size of the institution, more diverse than in most HE institutions. We often find that the availability of general purpose teaching accommodation can be a very significant constraining factor on the overall utilisation of an estate. This issue has become more acute in the last few years with the focus on English and Maths qualifications for all 16-19 learners who have not achieved a GCSE pass at school. Having an undersupply of general purpose (or GP) teaching rooms, or allowing such spaces to be individually owned by particular curriculum areas, can constrain the utilisation of the whole estate. A shortage of GP rooms can limit recruitment and hence the number of learners then able to utilise specialist rooms.

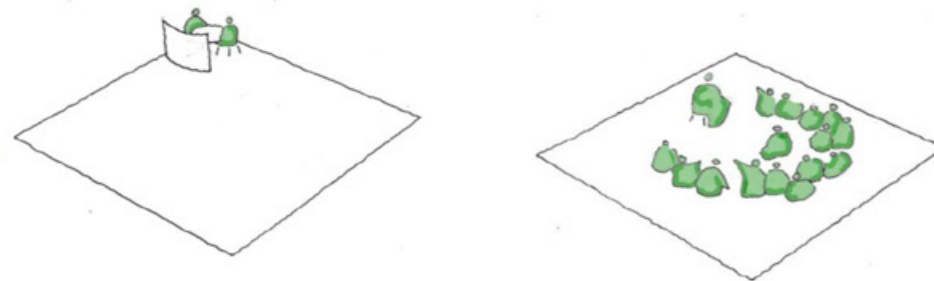




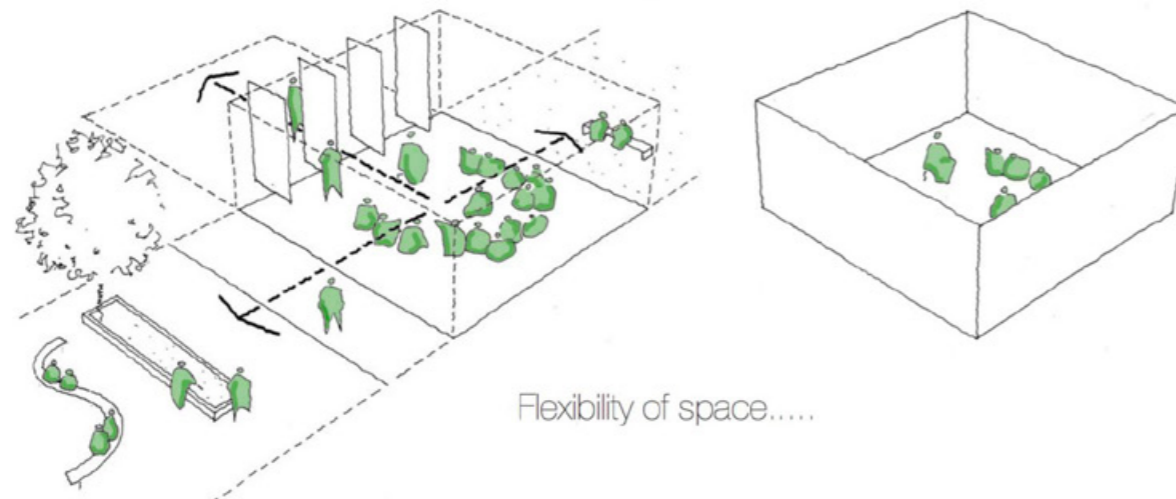
Awareness of teaching methods.....



Appropriateness of scale.....



Group or individual teaching.....



Flexibility of space.....

There is also the question of the overall teaching and learning strategy that any college adopts. Under the current Education Funding Agency Study Programme guidance, 16-19 year-old learners are expected to benefit from a planned 540 directed learning hours over the course of a year (equating to 15 hours per week). Whilst some colleges timetable all of this activity into teacher-led learning in classrooms, studios and workshops, there is a strong educational case to be made for promoting more independent and group study time outside the classroom, using learning resource centres, cafés and other non-teaching spaces. This type of activity still needs to be planned and quality assured in order for it to 'count' towards fundable hours but there is no requirement to use only formal 'teaching spaces' to support learning. We would normally exclude such time from our formal assessment of the utilisation of formal teaching spaces. As such, planning for 1.5 hours per week (54 over the course of a year), say, of independent or group study time can reduce the overall space required in a college by 10%.

In the spring of 2015, space utilisation at Lambeth College was poor, with reported levels of utilisation as follows:

- Brixton 21%
- Clapham 32%
- Vauxhall 25%

Once the additional new build space at Clapham is taken into account, space utilisation at the Clapham site was set to fall to 21% at the start of the 2015/16 academic year, giving a weighted average of 22.6% across the three sites in operation in 2015/16. This means that in 2015/16 space utilisation at Lambeth College was around half of the SFA/LSC benchmark target of 44%. In other words, in September 2015 the College had a theoretical oversupply of space of 50%. Hence the conclusion of the 2015 Estates Strategy was that replacing the 16,730 m² site at Vauxhall with a smaller 9,750 m² site would still give expansion space of some 17.5% over and above the base case at that time.

Since September 2015, the College has closed its Vauxhall site, reduced its footprint at Brixton and added some temporary accommodation at the Clapham site. We estimate that overall the College has reduced its area in this period from 42,000 to 24,150 m². The fact that the College has continued to operate within a footprint which is 42.5% smaller than in 2015 is consistent with our observations on the under-utilisation of space referred to above.

6.2 Theoretical Space Requirements

We set out in Section 6.1 above the factors that can affect space utilisation. In addition to the level of space utilisation that can be targeted through these determinants, the amount of space required is also a function of the curriculum offered. A college that offers a predominantly humanities, business and classroom curriculum will require less space than one with a heavy element of construction, engineering and science for an equivalent number of student guided learning hours.

To cover this range of possibilities and plan for the future, we use the SFA/LSC top-down guidance formula, which requires calculating the minimum number of workplaces (MNW) required in a college by dividing the total number of annual student guided learning hours by 1,440 (being 36 weeks times 40 hours per week).

Then to calculate the total area required, the formula multiplies MNW by an allocation of between 11.5 and 14.5 m² plus a fixed element of 1500 m². to cover the corporate overhead and back office spaces for the Principal and executive, finance, human resources, management information systems, estates, student services and the like.

$$\text{Overall area} = (\text{MNW} \times 11.5 - 14.5) + 1500$$

To calculate a more detailed assessment of space requirements it is possible to take a bottom-up approach, which builds a detailed set of space requirements based on:

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1. the number of student guided learning hours for each course (from which the MNW for each teaching area and for each space type is derived);
 2. a target utilisation factor to convert the theoretical MNW into the actual number of workplaces required; this efficiency target is usually within a range of 40-44%.
 3. a space allocation – expressed as area per workplace which is based upon the nature of the teaching activity in each space type (see table below); from this the total teaching area for the College is determined; and,
 4. teaching space is then supplemented by proportions to cover non-teaching areas such as learning, support and balance areas.

The table below sets out the recommended areas per workplace for different space types:

Space type	Description	Area m ² /workplace
A. General purpose		
A1	Lecture theatre	1.0
A2	Informal teaching	2.3
B. Small scale		
B1	Desk-based visual arts	3.2
B2	Music/media (edit, recording etc)	3.2
C. Medium scale		
C1	Bench based workshops	5.0
C2	Electrical workshops	5.0
C3	Kitchens	5.0
D. Large scale		
D1	Large scale workshops	7.5
D2	Construction Workshops	7.5

We understand that there are likely to be some substantial changes to the curriculum offered by Lambeth College after the merger with LSBU and that it is too early in the planning for those changes to determine course by course student guided learning hours requirements. For this reason, our space planning for this estates strategy is based on the top-down formula using a range of potential student guided learning hours.

6.3 Additional Requirements to Support Business Growth

We also understand from discussions with LSBU that once the merger is complete the corporate LSBU body will provide most of the corporate and back-office support functions from its accommodation within the University campus. However, space will still be needed for the Executive Principal, some governance functions and student services and admissions within the revised Lambeth College estate. Therefore taking these factors into account we have reduced the 'corporate HQ' allocation from the usual 1,500m² by 1,000 m² in our theoretical space planning to support this revised estates strategy (based on an all-in cost of £4,000 per m² this results in a potential capital cost saving of some £4m as a result of the proposed merger strategy.)

For future space planning therefore an area per MNW in the mid-range of the SFA formula would appear appropriate. We have assumed that the SFA formula incorporates an implicit utilisation target of 44%.

In order to generate a range of theoretical space requirements for the future college we have generated a number of scenarios based on:

- A range of daytime student guided learning hours (SGLH) from just over 2 million to 4 million (which vary from 2/3rds to 50% more than the reported 2015 SGLH);
- Three different area requirements per MNW from 11.5 m² to 14.5 m² (being the minimum and maximum normally allowed in FE) including a mid-point of 13 m²; and
- Two alternative space utilisation targets of 40% and 44%.

These scenarios are illustrated in detail in **Appendix 2**.

Theoretical space requirements based on our understanding of nature of the College's likely curriculum offer are summarised below:

Scenario	Space Utilisation Target	Area per MNW	Day Time Student Guided Learning Hours	Area Required
A	40%	13	2,215,385	22,500 m ²
B	40%	13	2,467,133	25,000 m ²
C	40%	13	2,718,881	27,500 m ²
D	40%	13	3,222,378	32,500 m ²
E	44%	13	2,436,925	22,500 m ²
F	44%	13	2,713,846	25,000 m ²
G	44%	13	2,990,769	27,500 m ²
H	44%	13	3,544,615	32,500 m ²

7.0 AFFORDABILITY: CAPITAL COSTS, POTENTIAL GRANT FUNDING & FORECAST REVENUE SAVINGS

7.1 Introduction

In order to evaluate potential options for the future estate strategy of Lambeth College we set out below our assumptions in relation to:

- a) the cost of capital expenditure – based on the then Skills Funding Agency’s 2015 Cost Model uplifted for construction inflation;
- b) the availability of grant funding from the LEAP for a development that meets their identified skills needs;
- c) the future forecast revenue savings that the College should enjoy on a full year basis arising from a reduction in its site area; and,
- d) the future forecast revenue savings that the College may enjoy from a rationalisation of the number of full scale education campuses.

Finally, we set out how we have determined the Net Present Value from savings arising from (c) and (d) above in order to include them within our financial evaluation assessment in Sections 10 and 11 of this report.

7.2 Cost of Capital Expenditure

In collaboration with the AoC and AECOM the SFA have regularly published Further Education Scheme Cost Models for New Build, Small Works & Refurbishment Construction projects. Whilst every project is different in scale, location, design and purpose, cost models have been used by the SFA and Local Enterprise Partnerships to assess the value for money of proposed schemes for some time. The latest model published was dated July 2015 and can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/513204/SFA_AoC_Cost_Models_-_July_2015.pdf. The model guidance states:

“The purpose of the study is to provide a series of guide cost models which relate to typical new build, small works and refurbishment projects. These include typical scope and specifications reflected within the descriptive element.”

Some projects will fall outside the cost models, creating either a lower or higher outturn cost. A number of factors including use, specification, size and geographical location will affect this.

We have tailored the cost models for ease of use by any assessment panel. The cost models will allow the assessment of funding application submissions against an expectation, represented by the cost models.

We have dated these cost models from July 2015, which we refer to as ‘present day’. This assumes a project cost completing in September 2016.

These cost models provide guidance for the following project schemes:

1. Typical new build schemes expected to represent most funded projects and identified by geographical location.
2. Typical refurbishment schemes, classed as “Full”, “Medium” or “Minimal” standard, and identified by geographical location.
3. Typical small works schemes (principally extensions to existing premises) and identified by geographical location.

7.2.1 New Build Costs

The new build cost models include all elements of costs related to a project with the exception of IT Server, PCs and other IT equipment which are stated (incorrectly in our view and experience) to be revenue items. We have made no adjustment to add additional IT costs as these are normally incurred on a cyclical basis even if no major capital works are planned. A total of £90 per m² is provided for new loose furniture and fittings procured through the contract or by the client directly. We have increased this allowance to £180 for the Vauxhall Nine Elms Site to reflect the more intensive vocational offer at this site.

An additional area cost allowance of 12% is provided for projects based in London and the South East. There is no additional cost allowance for Central London provided in the models.

The following costs derived from the SFA model are applicable to our assessment of potential costs for the Lambeth College estate; the estate will most likely be required to achieve the BREEAM Excellent rating as a result either of funding or of planning conditions:

Element	Start on Site September 2016 (1)	Start on Site September 2017 (2)	Start on Site September 2018 (3)
Construction Cost	£2,425	£2,544	£2,633
Professional Fees	£276	£289	£299
Loose Equipment	£180	£189	£195
VAT	£576	£604	£626
TOTAL	£3,457	£3,626	£3,753

N.B All costs above are per m²

(1) – taken from Cost Model 3 for London & the South East

(2) – as above – uplifted by 4.9% forecast inflation as per the above

(3) – as above – uplifted by a further 3.5% to represent lower inflation forecast from September 2017 to September 2018

(4) – In order to reflect the higher levels of vocational and technical activity within Lambeth College we have increased the Loose of Equipment Allowance from £90 to £180 per square metre for any development of the Vauxhall site

7.2.2 Refurbishment Costs

The refurbishment cost model includes all elements of costs as above and is divided into three categories of intervention as set out below:

FULL: Strip the building back to its primary frame, retain structural floors, provide a new envelope, replace and resurface roof and fully fit out internally including M&E, IT and communication installations.

MEDIUM: Retain the existing structural fabric and envelope of the building and introduce extensive new internal finishes and partial replacement of FF&E with part renewal of M&E, IT and communication installations.

MINIMAL: Retain the building in its present form, with limited elements only of new finishes internally including part FF&E.”

In the case of the Lambeth College Estate Strategy we do not consider that any refurbishment of the existing Vauxhall campus represents value for money because the nature of refurbishment requirements is so extensive and because the existing provision of space for its designed purposes greatly exceeds needs. In the case of Brixton the space that will be available in September 2017 is new build and newly fitted out and therefore no refurbishment costs are applicable. In relation to Clapham there are four distinct space types as follows:

- New Build Accommodation – accommodation recently added to the site in September 2015 (circa 4,000m²). No short term capital expenditure is assumed for this element.
- Accommodation that is less than 15 years old and is largely fit for purpose (comprising the new build corner site and parts of the re-modelled older buildings - circa 10,143 m²) where some minimal refurbishment would be beneficial.
- Accommodation that is Category C and in need of substantial investment, comprising some 6,000m² of space.
- Temporary Accommodation – circa 800m² of construction workshops which are of a temporary nature and will need to be replaced with “as new” accommodation elsewhere.

The table below shows the level of investment that would be required on the retained Clapham site if the overall space on the site were kept at 20,143 m².

Refurbishment

	Start on Site September 2016 (1) cost per m ²	Start on Site September 2017 (2) cost per m ²	Start on Site September 2018 (3) cost per m ²	AREA AT CLAPHAM m ²	FORECAST COST
FULL	£2,833	£2,972	£3,076	6,000	£18,453,029
MEDIUM	£2,179	£2,286	£2,366		
MINIMAL	£2,179	£2,285	£2,365	10,143	£23,991,080
TOTAL COSTS					£42,444,109

Should the size of the campus at Clapham be increased to 30,000 m² a further 10,000 m² of new build space would need to be added; at £3,688 per m² this is £36.68m, taking total costs to £79.3m.

7.3 Availability of Grant Funding

We understand from both LSBU and Lambeth College that the London LEAP have:

- allocated £22.5m towards the Nine Elms Skills Centre with an area of circa 9,750m²;
- been informed that the current planning application has been withdrawn whilst a strategic options review is carried out; and,
- indicated that funding will be 'held' in anticipation of a new scheme being brought forward for this site.

We understand from LSBU that there is a possibility of increased funding being made available for a larger and more transformative proposal on the Nine Elms Site but that the likelihood of the funding being made available for works at the Clapham site is very low as this site does not form part of the wider Nine Elms Regeneration area.

7.4 Revenue Savings Arising from a Smaller Site Area

In the FE sector every square metre of space typically costs between £50 and £80 per year to clean, heat, light and maintain. Future savings can therefore be targeted if space is found to be greater than required.

We do not have accurate data to calculate all the estate-related running costs for Lambeth College. However, considering the mixed age of the estate, the higher costs of the London Living Wage and the need for additional security staff in London compared to other areas of the UK, it appears appropriate to us to use a cost towards the upper end of the range. We have therefore identified the potential savings in running costs associated with a reduced estate using a rate of £75 per m².

Since the College closed its Vauxhall site at the start of the 2016/17 academic year the full year impact of the savings in running costs from this closure are yet to be reported in the 2016/17 year-end accounts. We have therefore taken a marginal costing approach to the capture of facilities-related operating savings based on the maximum and minimum college areas set out in Section 6.2 above:

Future Area m ²	Area in Excess of Minimum m ²	Annual Saving @ £75 per m ² in Running Costs	Net Present Value of Annual Saving (1)
32,500	10,000	750,000	13,487,786
27,500	5,000	375,000	6,743,893
25,000	2,500	187,500	3,371,946
22,500	0	0	0

(1) The Net Present Value of Future Savings has been calculated over a 30-year period using a discount rate of 4%.

7.5 Revenue Savings Arising from a Rationalisation of the Number of Sites

There are additional costs associated with operating from more than one site. Whilst it should not be presumed that the College's market share would not be affected by closing one or more of its sites, there are costs that could be saved if one or more of the three potential sites were not developed. These include:

- a) Security & reception costs;
- b) Cleaning, maintenance and general facilities management costs;
- c) Enrolment, advice & guidance costs;
- d) Provision of a Learning Resource Centre with associated staffing costs;
- e) Provision of Student Welfare Services including counselling and student financial services with associated staff costs;

Savings in costs associated with (a) and (b) are already included in our assessment based on campus size as set out in Section 7.4 above. It can be argued that some of these costs may be stepped i.e. there may be a minimum of two security guards needed on even on the smallest site and therefore we have estimated the annual facilities management costs associated strictly with running an additional campus to be £155,000; this is based on two security staff (working an extended shift) and two reception staff being paid the London Living Wage over a full year period plus 40% on-costs.

We have further estimated the additional costs of providing duplicate staff at a second site for activities (c) to (e) at a further £360,500 per year using the following assumptions:

	Number	Salary	On-cost	Total Cost
Enrolment	1	27500	1.40	38,500
Advice	1	27500	1.40	38,500
Welfare	2	35000	1.40	98,000
Student Finance	1	27500	1.40	38,500
LRC	3	35000	1.40	147,000
Totals	8			360,500

7.6 Calculation of the Net Present Value of Future Savings

So as to include the revenue savings to be enjoyed through the development of a smaller campus or through the delivery of a more efficient campus model (one main site rather than two), we have converted the annual savings above into a Net Present Value saving by applying a discount rate to future savings in accordance with the Treasury Green Book methodology. We have used a discount rate of 4% which represents a reasonable allowance for the cost of funds in today's capital market. We have used an appraisal period of 30 years which we consider to be reasonable in the context of the long term nature of the options under consideration. Accordingly, every £1 saved in revenue costs generates a Net Present Value (NPV) future saving of just under £18. The NPV of future potential savings in estates running costs are set out in Section 7.4 above.

Applying the NPV future savings factor to the savings possibly generated by reducing the number of main sites from two to one generates the following long term savings:

Area of Saving	Annual Saving	NPV of Future Savings
Security & Reception	157,248	2,827,903
Student Services & LRC	360,500	6,483,129
TOTALs	517,748	9,311,032

We factor in these savings in order to assess the various space and location options in Sections 9 and 10 below.

8.0 ALTERNATIVE USE – DEVELOPMENT OPTIONS

8.1 Clapham Site – Total Redevelopment for non-education use

8.1.1 Introduction to Appraisal Completed by Strutt & Parker

In February 2017 Strutt & Parker were instructed by LSBU to provide an agency opinion as to the likely market value of the Lambeth College Centre site at Clapham. They based their development appraisals on the redevelopment of the building from existing college accommodation to a residential-led mixed-use scheme comprising private and affordable residential, retail, and a private hotel.

As well as their opinion on the potential development value of the asset, the report includes market commentary specific to each class of use above. It should be noted that the Strutt & Parker valuation report and advice which are included in full as **Appendix 6** to this report, are subject to the following caveat:

“It is very important to note that we were provided with very little information on the site, and only able to view the property externally. We have therefore made very high level assumptions in terms of potential massing and uses for future redevelopment. We would strongly suggest that LSBU seek further advice from planners and architects on the redevelopment of the site.

It is also important to note that we have assumed Lambeth Council supports the loss of educational use on the site, given that the same quantum of space will be re-provided in the redevelopment of Lambeth College’s Vauxhall site.

Should LSBU decide to dispose of the subject site, the potential freehold land values quoted in this report will only be achievable if future redevelopment is supported in writing by Lambeth Council.”

Hence all and any valuations and financial appraisals contained within this estates strategy are subject to the same limitations and restrictions as explicitly stated and implied above.

8.1.2 Residential values estimated by Strutt & Parker

In their report Strutt & Parker provide the following comparable asking prices for nearby residential schemes:

Crescent House	Galliard	£1,115 psf
Aura House	Viridian	£810 psf
Macaulay Walk	Grainger	£950 psf
Listello Buildings	Bellway Homes	£715 psf
Abbeville Road	Rocco	£1,100 psf
London Sq	London Sq	£765 psf
Battersea Exchange	Taylor Wimpey	£965 psf
West Elms	Firmstone	£750 psf
St Johns Way	Peabody	£900 psf

An overall average sales value of £950 psf has been used by Strutt & Parker, which appears reasonable in the context of the spread of values above, the parkland setting of the site and the strong transport links that it enjoys.

Importantly, the residential values that Strutt & Parker have used are also based on a Local Plan policy-compliant affordable housing element of 35% of the development made up of 70% social rented units and 30% intermediate units by floor space, resulting in values of £185 psf and £350 psf respectively.

Taking these figures together we have calculated composite gross yields for residential development on the site as follows:

Clapham Site	% Area	Gross Value	Weighted Gross Value
Market Housing	65%	950	618
Social Rented Housing	25%	185	45
Intermediate Housing	11%	350	37
Total	100%		700

8.1.3 Commercial Values Estimated by Strutt & Parker

The Strutt & Parker report notes high levels of demand and rentals in the Battersea, Nine Elms and other riverside locations within the Borough, commanding rental values of £45 to £56 psf. Values of recent transactions closer to the Clapham Common site are quoted as being within the £28 to £38 psf range. Strutt & Parker also state that “commercial accommodation near the Common commands a significant discount when compared to the riverside locations and the more established light industrial areas in Clapham / Wandsworth. Given the above, we consider that demand for high quality new build office accommodation would be fairly muted.”

Strutt & Parker have used lower values of £22.50 psf overall for retail use in their appraisal methodology, which is lower than the commercial use rents quoted above.

It appears to us that the likely gross yield from a commercial development on the site (using the composite weighted residential site sale values above as a proxy for gross value) would be in the region of 4% to 5.4% (using the £28 to £38 value commercial rental range above). Alternatively, if a target gross yield of 6% was required, then the commercial values of the site might range from around £460 to £630 psf; this is a reduction of between 9% and 33% compared to composite residential values.

8.1.4 Hotel Values Estimated by Strutt & Parker

The Strutt & Parker Alternative Capital Markets team have provided estimations of the Gross Development Value of the Clapham site on both a budget and a full service hotel basis. Whilst the Gross Development Value approaches differ for these two alternative types of hotel, the GDV’s generated are within 10% of each other at £36m and £40m respectively. This is based on a massing of 60,000 square feet, or 5,574m², which is typically large enough for a 150 bed budget hotel. It should be noted that the additional costs associated with building a full service hotel are likely to erode any value enhancement when net development values are calculated.

8.1.5 Assumed Mix & Massing

The Strutt & Parker report assumes an overall massing on the site of just over 51,000 m², comprised as follows:

	Residential GIA		Commercial GIA		Hotel GIA	
	m ²	Sq Ft	m ²	Sq Ft	m ²	Sq Ft
Private	27,174	292,500	-	-	-	-
Social Rent	10,243	110,250	-	-	-	-
Intermediate	4,390	47,250	-	-	-	-
Total	42,735	460,000	2,787	30,000	5,574	60,000

We note that there were non-material errors in the Residential GIA addition above, which we have not adjusted for in this report.

We observe that the massing above is circa 2.3 times the existing education massing on the site. We understand that this assumption has been made after taking into consideration the massing proposed on the adjacent development site, Clapham Parkside, which benefits from several positive pre-application meetings with Lambeth Council. Strutt & Parker have assumed 60% site coverage, and an average of six storeys across the development (plus basement car park).

8.1.6 Gross & Residual Land Values Estimated by Strutt & Parker

The Gross Development Values (GDV) estimated by Strutt & Parker for the site are set out below:

	£ Sq Ft	
Private Units	950	241,442,500
Social Rented Units		18,764,550
Intermediate Units		15,214,500
Ground Rents		3,430,000
Budget Hotel		36,771,775
Retail	22.5	8,836,654
Gross Development Value		324,459,979

The Residual Development Value (RDV) estimated by Strutt & Parker based on an unconditional sale is £62.5m. The Strutt & Parker pricing is based on what they believe the property would achieve if sold on the open market, without the benefit of planning consent. This value assumes that the site is sold with the benefit of a positive response to pre-application discussions from Lambeth Council. N.B. This valuation is not a formal Red Book valuation that can be relied upon by third parties.

Given the abnormally high level of assumptions that have been made in this site appraisal, Strutt & Parker have strongly recommended that the prices quoted within their report are used for guidance purposes only.

The development costs that have been included to arrive at this RDV are set out below:

Development Costs		
Build Costs		128,675,000
Residential & Hotel Contingency	5.0%	15,609,666
Retail Contingency	3.0%	265,100
Residential Professional Fees	11.0%	30,296,371
Hotel Professional Fees	9.0%	3,309,460
Retail Professional Fees	6.0%	530,199
Sales Agent & Legal	1.5%	4,131,323
Marketing Costs Residential	1.0%	2,414,425
Purchasers' Costs on Acquisition	6.80%	4,148,000
Demolition		1,000,000
Mayoral CIL		1,050,858
Borough CIL		2,621,594
Profit on Costs	30%	58,215,599
Finance applied to 100% of costs	5%	9,702,600
Development Costs		261,970,194
Residual Development Value		62,489,785

This compares to an estimated residual value based on a consented scheme of £85.5m – an uplift of some 36% after allowing for the estimated costs of obtaining such a consent of £500,000.

We have compared the above market assessment with other material we have reviewed on behalf of the College since 2015. We note in particular that the valuation that Gerald Eve LLP placed on the site on 13 August 2015 was:

Description: College and Premises

Tenure: Freehold

Market Rent: £3,150,000 (net)

Market Value under the Assumption of vacant possession: £54,100,000

Reinstatement Cost Estimate: £45,700,000

This was a valuation carried out in accordance with the Valuation Practice Statements and Practice Guidance contained in the Valuation – Professional Standards document, incorporating the International Valuation Standards (“the Standards”) of the Royal Institution of Chartered Surveyors (RICS), January 2014.

Furthermore, the Gerald Eve report also considered alternative use values for the site based on a residential-led scheme. Their report concluded that values of between £59.1m (based on 40% affordable housing) and £70.2m (based on 30% affordable housing) might be achieved based on full detailed planning consent being achieved for the site. An average of these two values (which would be a proxy for a 35% affordable housing element) would be £65m. This is some £20m or 32% lower than the Strutt & Parker value.

It should be noted that these values are some 18 months older than that Strutt & Parker ones; however, the Land Registry Index for Lambeth Borough has moved from 113.21 in August 2015 to 115.45 in February 2017, suggesting a rise in prices of around 2% in the period.

Accordingly a range of values of between £67m and £85m could be modelled to forecast the value of the site with full planning permission for a residential-led scheme.

8.2 Clapham Site – Mixed Use Education/Housing/Retail

8.2.1 Introduction

In October 2015 PMc were instructed by Lambeth College to consider the development potential of part of the Lambeth College Clapham campus for residential use. We completed that work in partnership with Bell Phillips Architects. The study reviews the local planning context, the height and massing of neighbouring developments and the options for residential conversion of all or some of the 1950s blocks to the east of the Street. We found that it might be possible to provide between 48 and 94 London Plan-compliant dwellings on part of the site if the College was willing to lose parts of the existing poor quality accommodation on the eastern part of the campus. A copy of the October 2015 report is provided at **Appendix 7**.

In November 2015 we secured the advice of a number of agents as to the likely value and approach to disposal for this element of the site. We summarise the conclusions of that study below, together with some updated observations on costs and value based on the information provided and used by Strutt & Parker in their valuations and assessments referred to in Sections 8.1 above and 8.3 below.

8.2.2 Summary of Mixed Use Education & Housing Scheme

The College’s Clapham campus comprises three distinct stages of development:

- the 1950s original buildings;
- the 2010 additions to the front of the site; and,
- the recently completed three storey teaching block at the rear of the site.

The former Sixth Form block extends to five storeys. The neighbouring mature residential terrace has up to seven storeys including basement and attic floors. By contrast, the 1950s College frontage to the street is just one storey at the street level, rising to two, and then to three storeys at the rear of the site. We consider these 1950s buildings to be a relative under-development on this site.

The Clapham site has benefited from a programme of planned improvements including the addition of the Sixth Form, the ground floor enhancements to the Street and the Restaurant, the refurbishment of the top floor of C building for corporate services, and the creation of the new 4,000 m² teaching block at the rear. When the Street was created the College also invested funds in the new hair and beauty salons; however, these spaces remain under-utilised.

We identified the possibility of removing parts of B and C buildings on this site whilst retaining the new buildings and the Street which effectively connects the 2010 new build development at the front of the site to the new Henry Thornton building at the rear. With the exception of the hair and beauty area at the front of the building and the third floor of C building, the remainder of blocks B and C are in a relatively poor condition: they have a post-war institutional feel, are difficult to navigate and, with the exception of a new roof, are in need of comprehensive refurbishment. Many of these teaching spaces were occupied by:

- Health, Social Care and Early Years - which has been relocated into the Henry Thornton building;
- Science and Dentistry - which has been identified for relocation to the proposed redevelopment of the Vauxhall site.

As stated in Section 4, the Clapham site contains circa 6,000m² of Category C accommodation. The majority of the lower quality accommodation is in the 1950s blocks - B and C - on the east of the campus. Whilst some internal refurbishment of these spaces has been completed in the last 5 years, the overall condition of much of the specialist and general purpose teaching accommodation in this wing is poor. Disciplines that are based in this below standard accommodation include dentistry and science as well as a range of IT and general purpose teaching spaces.

This wing also represents the least dense parts of the site – with a single storey frontage, two storey set-back rising to four storeys at the rear of the site. Given the more recent investments in new build accommodation at the west corner of the site and at the rear of the site, we consider that a strategic intervention on this part of the site would remove the worst of the remaining education stock whilst liberating important and valuable development land for residential purposes.

The report in **Appendix 7** sets out 3 options for the potential partial site development as below:

Option 1 – 25 dwellings in a single building which has four full floors and two set back floors with a Net Internal Area of 1,724m² and a Gross Internal Area of 2,209m². This provides an overall density of 291 units per Hectare.

Option 2 – 48 dwellings in two buildings, the first as per Option 1 with four full floors and two set back floors and the second with a further additional floor providing views over the Common from the top floor with a Net Internal Area of 3,218m² and a Gross Internal Area of 4,091m². This provides an overall density of 233 units per Hectare.

Option 3 - 94 dwellings in three buildings with a third block at the rear of the site to replace the existing 1950s education building on this footprint. The Net Internal Area of this option is 5,880m² and the Gross Internal Area is 6,710m². This provides an overall density of 298 units per Hectare. The Capacity Study recognises that in Option 3 there is the planned loss of at least one specimen tree and some green space and that this would need to be subject of some negotiation with the planning authority.

In order to remain London Plan-compliant the layouts have retained natural light to all bedrooms and living spaces, and have provided the space per habitable room required by the plan. Densities have been planned at the upper end of our understanding of acceptability, at between 230 and 298 homes per hectare compared to a London Plan guide of up to 270 units per hectare.

Under Option 3 the education area removed from the campus has been estimated to be 6,710m² on a Gross Internal Area basis or 5,633 m² on a Net Internal Area Basis as illustrated in the table below:

Area Schedule of C building:

Description	GIA
Ground Floor calculated GIA	2624.58
First Floor calculated GIA	1,722.20
Second Floor calculated GIA	1,269.92
Third Floor calculated GIA	1,093.52
	6,710.22

(N.B. The above areas are based on an area survey assessment completed with and by Gerald Eve to support their valuation of the site for Barclays Bank – they should be subject to further verification at the next stage).

8.2.3 Assumed Site Mix and Massing

We set out below the impact of taking forward each of the above options on the footprint of the College and the overall massing on the site. In each of these options we presume that the (estimated) 2,000 m² of temporary accommodation on the site would be removed in 2019 when its temporary approved planning status comes to an end. We have estimated the difference in the loss of educational space based on our understanding of the site.

GIA Massing	Option 1	Option 2	Option 3
Current Site m ²	20,150	20,150	20,150
Educational Massing Removed m ²	(1,449)	(3,533)	(6,710)
Remaining Educational Massing m ²	18,701	16,617	13,440
Housing m ²	2,209	4,091	7,698
Total m ²	20,910	20,708	21,138

In each of the above options the massing on the site is increased – from 3% to 5%. This is a much smaller increase in density than could potentially be achieved via a total redevelopment of the site.

8.2.4 Disposal Options

We have identified four broad options for the potential sale of the site and these were set out in our updated Capacity Study as follows:

- (a) sale of the parts of the site identified without planning permission;
- (b) sale of the parts of the site following an exchange of letters with the planning authority confirming acceptance in principle of the concept of residential development being acceptable (in essence a pre-application letter);
- (c) sale of the parts of the site based on an outline residential consent; and,
- (d) sale of the parts of the site based on a detailed residential consent.

8.2.5 Market Values Obtained in October 2015

Disposal based on a positive pre-application discussion and exchange of letters

Option	BNP Paribas Value	JLL Value	Savills Value
1 - 25 units	£3.8m	£5.0m	£5.615m
2 - 48 units	£6.95m	£8.4m	£10.28m
3 - 94 units	£11.35m	£12.3m	£17.475m

Timescales: Circa 6 months from instruction. Costs: Agent's fees of 0.5-0.85% and other costs of circa £25,000 - £50,000.

Disposal based on achieving planning consent (outline consent if possible or detailed consent if not)

Option	BNP Paribas Value	JLL Value	Savills Value	Lambert Smith Value
1 - 25 units	£4.1m	£5.9m	£6.45m	£4m
2 - 48 units	£7.65m	£9.7m	£11.81m	£7.6m
3 - 94 units	£12.15m	£14.4m	£20.2m	£14.8m

Timescales: Circa 16 months from instruction. Costs: Agent's fees of 0.5-0.85% and other costs of circa £175,000 - £350,000.

8.2.6 Review of Potential Values as at April 2017

Using the gross market values provided by Strutt & Parker as per above we calculate composite gross yields for residential development on the site as follows:

Clapham Site	% Area	Gross Value	Weighted Gross Value
Market Housing	65%	825	536
Social Rented Housing	25%	185	45
Intermediate Housing	11%	350	37
Total	100%		618

The value of £618 per square foot converts to a value of £6,652 per square metre.

We can then convert the m² development areas above (using NIA for prudence) into Gross Residual Values for each of the options as below. We can also estimate Residual Development Values by reference to the percentages of RDV : GDV obtained by Strutt & Parker in their valuations for a wider redevelopment of the site, which was 16%. Finally we can estimate the additional value that could be achieved via a site sale following a consent for change of use being obtained by adding a further 30% value premium as below:

	Option 1	Option 2	Option 3
Housing m ²	1,724	3,218	5,880
Gross Development Value	£11,468,204	£21,406,426	£39,114,290
Residual Development Value – Non Consented Scheme	£1,834,913	£3,425,028	£6,258,286
Residual Development Value – Consented Scheme	£2,385,386	£4,452,537	£8,135,772

Thus, depending on the nature of the scheme developed and whether planning is sought or not a range of values of between £2m and £8m appears achievable for partial residential infill on the site. We note that these values are substantially lower than those provided by the three agents above in November 2015. We consider this difference to be a factor of risk and profit and time:

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- Risk – the risk of a partial site development is much lower given the retention of D1 on the site and the lower level of massing being proposed under this option.
 - Profit – the level of profit assumed in the Strutt & Parker proposals makes up 25% of total development costs which drove residual values down to 16%. Whilst this level of profit is generally accepted as a threshold for use in viability assessments, in practice developers are often prepared to bid for sites at 20-25% of their value and to accept profits of 15-20%.
 - Time – the time to develop out a smaller scheme is shorter than for a whole site redevelopment and this allows for a more aggressive attitude to be taken to risk.

For the purpose of modelling the options in the next section of the report, we have used a value of £12m as a forecast net receipt for the sale of the land which would enable the Option 3 housing development to be taken forward.

8.3 Vauxhall/Nine Elms Site – Mixed Use Education/Housing/Retail

8.3.1 Introduction to Appraisal Completed by Strutt & Parker

In February 2017 Strutt & Parker were instructed by LSBU to provide an agency opinion as to the likely market value of the Lambeth site at Vauxhall Nine Elms. The site comprises 2.27 acres (0.92 hectares) and some 15,238 m² of predominantly 1960s education buildings. They based their development appraisals on the redevelopment of the current buildings from existing college accommodation to the following three options:

- Based on a 100% residential scheme;
- Based on a mixed-use scheme to comprise residential, flexible commercial accommodation, and a private hotel;
- Based on the residential element only of planning application ref: 16/05435/FUL.

As well as their opinion on the potential development value of the asset, their report includes market commentary specific to each class of use above. It should be noted that the Strutt & Parker valuation report and advice which are included in full as **Appendix 5** to this report are subject to the following caveat:

“We have appraised the site assuming the site is sold with the benefit of this planning consent secured, and therefore supports the significant increase in massing and height on the site (up to 26 storeys). If the current application is withdrawn and/or fails to get consent, we would need to re-evaluate the development potential of the site taking into consideration the grounds for refusal.”

Hence all and any valuations and financial appraisal contained within this estates strategy are subject to the same limitations and restrictions as explicitly stated and implied above.

8.3.2 Residential Values Estimated by Strutt & Parker

In their report Strutt & Parker provide the following comparable asking prices for nearby residential schemes:

West Elms Studios	Firmstone Developments	£750 psf
The Printworks	Galliard Homes	£1,025 psf
Vauxhall Sky Gardens	Frasers Property	£1,374 psf
Park Heights	Network Homes	£795 psf
Battersea Exchange	Taylor Wimpey	£965 psf
Keybridge House	London Sq	£765 psf
Battersea Exchange	Mount Anvil / A2 Dominion	£1,155 psf
Embassy Works	Bmor	£1,195 psf
Nine Elms Point	Barratt London	£1,127 psf
Embassy Gardens	EcoWorld Ballymore	£1,460 psf

An overall average sales value of £825 psf has been used by Strutt & Parker which is lower than a number of the higher value schemes above. It should be noted, however, that the spread of values on the second hand market included within their report ranges from £650 to £921 psf. The neighbouring areas of the College site suggest that the lower £825 is a reasonable assumption at this time; however, it should be noted that the Nine Elms area is subject to substantial development and a number of major developers intend to 're-make' the market based on values in excess of £1,000 psf.

Importantly, the residential values that Strutt & Parker have used are also based on a Local Plan policy-compliant affordable housing element of 35% of the development, made up of 70% social rented units and 30% intermediate units by floor space, resulting in values of £185 psf and £350 psf respectively. These values and proportions are as per the Clapham appraisal analysed above.

Taking these figures together we have calculated composite gross yields for residential development on the site as follow:

Clapham Site	% Area	Gross Value	Weighted Gross Value
Market Housing	65%	825	536
Social Rented Housing	25%	185	45
Intermediate Housing	10%	350	37
Total	100%		618

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8.3.3 Commercial Values Estimated by Strutt & Parker

The Strutt & Parker report notes high levels of demand and rentals in the Battersea, Nine Elms and other riverside locations within the Borough commanding rental values of £45 to £55 psf. They state:

"The riverside district to the north of the site in Nine Elms and Vauxhall has been identified as a prime commercial and retail zone in the making with the potential to rival established business clusters found in the City and West End. There is a high volume of new commercial floor space (6.5 million sq ft) now being built across Nine Elms which is drawing tenants thanks to new infrastructure links, and new tenants already committed to the area include the U.S. Embassy, Dutch Embassy, St James Group headquarters, Waitrose, Damien Hirst, Young's, and the Royal College of Art. Established employers include New Covent Garden Market, M16 and Sainsbury's. This activity will have a positive impact on future occupier demand in the area and indeed investor appetite."

However their view on rents that could be achieved on the site are more subdued as follows:

"We consider that a new build development in this location offering high quality flexible commercial accommodation would be well received by occupiers, and in our view rents of approximately £35.00 per sq ft blended could be achievable. The rents within the development would vary depending on floor, specification and the provision of premium features such as 24 hour security, communal facilities and roof terraces."

It appears to us that the likely gross yield from a commercial development on the site (using the composite weighted residential site sale values above as a proxy for gross value) would be in the region of 5.7% (using the £35 value commercial rental range above). Alternatively, if a target gross yield of 6% was required, then the commercial

value of the site might be around £583 psf; this is a reduction of just 6% compared to composite residential values. This suggests to us that the gap between residential and commercial values on this site is narrower than at Clapham because residential values are marginally lower and commercial values marginally higher.

8.3.4 Hotel Values Estimated by Strutt & Parker

Strutt & Parker have estimated the Gross Development Value of a budget hotel on the site on a budget hotel basis and have arrived at a GDV of £30m (which is 83% of the value assumed for the Clapham site). This is based on a massing of 56,510 square feet, or 5,250 m², which is typically large enough for a 150 bed budget hotel (and just 6% smaller than the footprint assumed on the Clapham Site above). Comparing the two values between the Vauxhall and Clapham sites it can be seen that the GDV psf assumed at Clapham is slightly higher – at £600 psf compared to £530 at Nine Elms.

8.3.5 Assumed Site Mix & Massing

The Strutt & Parker report assumes an overall massing on the site of 38,850m² (which is based on the scheme recently submitted to the Planning Authority and subsequently withdrawn) comprised as follows:

Option 1 – FULL RESIDENTIAL SCHEME:

	Residential GIA	
	m ²	Sq Ft
Private	25,253	271,816
Social Rent	9,518	102,454
Intermediate	4,079	43,909
Total	38,850	418,179

Option 2 – MIXED-USE RESIDENTIAL SCHEME:

	Residential GIA		Commercial GIA		Hotel GIA	
	m ²	Sq Ft	m ²	Sq Ft	m ²	Sq Ft
Private	25,253	271,816	-	-	-	-
Social Rent	9,518	102,454	-	-	-	-
Intermediate	4,079	43,909	-	-	-	-
Total	38,850	418,179	9,743	104,873	5,250	56,510

Option 3 – RESIDENTIAL ELEMENT OF RECENT SCHEME ONLY:

	Residential GIA	
	m ²	Sq Ft
Private	13,743	147,928
Social Rent	5,180	55,757
Intermediate	2,220	23,896
Total	21,143	227,581

N.B. Under Option 3 there would remain some 17,707m² massing which could be used for educational or other purposes on the site.

We observe that the massing above is circa 2.5 times the existing education massing on the site. We understand that this assumption has been made after taking into consideration the generally positive reaction to the volume of massing proposed by the College to Lambeth Council in recent pre-application discussions. Given the increase in heights being approved in a large number of neighbouring developments, a level of densification on this site of this order appears reasonable. We understand that the key concern expressed by the planners on the prior application related to the low levels of affordable housing being proposed on the site.

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8.3.6 Gross & Residual Land Values Estimated by Strutt & Parker

The Gross Development Value (GDV) and Residual Development Values estimated by Strutt & Parker for the site for the three options outlined above are set out below:

	Option 1	Option 2	Option 3
	Residential Scheme	Mixed Use Scheme	Smaller Residential Scheme
Developable Area (m²)	38,850	38,850	21,143
Private Units	190,610,970	117,049,845	103,734,510
Social Rented Units	17,058,591	10,475,348	9,283,541
Intermediate Units	13,831,335	8,493,345	7,527,240
Car Parking	3,750,000	3,750,000	3,750,000
HOTEL	-	30,000,000	-
Commercial Space	-	49,056,160	-
Ground Rent	3,190,000	1,960,000	1,510,000
Total GDV	228,440,896	220,784,698	125,805,291
Development Cost			
Purchaser's Costs	-	3,123,426	
Build Costs	115,574,200	101,696,025	62,897,725
Contingency	3,467,226	3,050,881	1,886,932
Professional Fees	11,557,420	11,186,563	6,289,772
Sales Fees	3,048,314	1,595,870	1,666,372
Marketing Costs	1,429,582	3,018,132	1,037,345
Costs on Acquisition	2,061,287	2,452,936	1,463,656
Mayoral CIL	826,420	826,420	206,675
Borough CIL	6,692,045	3,529,480	1,017,140
Profit on Cost	45,688,181	43,532,269	25,161,061
Finance at 5% of costs	8,691,813	11,342,914	3,968,526
Total Development Costs	199,036,488	185,355,916	105,595,204
Residualised Land Value	29,404,408	35,429,782	20,210,087
RDV as a % GDV	13%	16%	16%
Uplift in Value for a Consented Scheme	38,922,795	45,238,880	25,474,857

The Strutt & Parker pricing is based on what they believe the property would achieve if sold on the open market, without the benefit of planning consent. This value assumes that the site is sold with the benefit of a positive response to pre-application discussions from Lambeth Council. N.B. This valuation is not a formal Red Book valuation that can be relied upon by third parties.

Strutt & Parker then assess the additional values that could be obtained via a sale with full planning permission and these are set out below:

Proposed Use	Site value assuming unconsented sale	Site value assuming consented sale
100% Residential build-to-sell over whole site (assumed 35% affordable housing provision)	£29,404,408	£38,922,795
Mixed-Use (Residential, Flexible Commercial and Hotel Uses)	£35,429,782	£45,238,880
Planning App ref: 16/05435/FUL – Residential in Isolation (assumed build-to-sell with 35% affordable housing provision)	£20,210,086	£25,474,857

Thus, depending on the nature of the scheme developed and on whether planning is sought or not, a range of values of between £30m and £45m appears achievable for the level of density previously discussed during the formal pre-application period.

We note that one option under consideration is the re-use of the entire site is for educational purposes. This may comprise a further education skill centre or larger FE campus development plus an academy school serving young people between the ages of 3 and 18. Under such a proposal the Department of Education would normally be expected to pay (or expect another party to pay) for or fund the acquisition of the site based on an alternative market value which is normally assessed based on residential use.

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9.0 OPTIONS GENERATED – EDUCATIONAL

9.1. Background to Options Generated to Date and Further Options to be Evaluated

Having set out in Section 6 the alternative space requirements of the College; established the capital costs, likely LEP funding and revenue savings that could be generated from various options; and having reviewed the alternative use of the two main campuses, we set out below a range of options for the future organisation of the College's estate based on our understanding of both the curriculum requirements and the potential development capacity at each site.

For each option considered we have examined four alternative scenarios based upon the four space envelope options set out in Section 6 of this report i.e. ranging from a smaller College at 22,500 square metres to a larger College estate at 32,500 square metres. Accordingly, the size and massing on each campus will vary according to the assumptions made about the area retained and the overall space requirements considered under each scenario.

In all options we have assumed that a presence will be retained at the Brixton Hill campus where some 2,100 square metres of new build space is due to complete this September 2017.

Where options include retention of a presence at Nine Elms we have calculated the cost of creating the new area at that site and also estimated the value of developing the rest of the site for residential or other educational use based on the total massing that was anticipated in the now withdrawn planning application for that site.

Where options include keeping a presence at Clapham Common we have calculated (a) the cost of adding new space and/or refurbishing space at that site based on the current condition of the site and (b) the new build and refurbishment costs set out in Sections 4 and 7 above together with an estimation of potential partial site sales receipts based upon the estimates set out in Section 8.1 and 8.2 above.

9.2. Option 1: Three Site campus – Nine Elms, Clapham Common & Brixton Hill

In this Option it is assumed that the Brixton Hill site is retained as a local venue serving the Brixton community, that the Clapham Common site is retained on a reduced foot-print basis with the part of the site in the worst condition disposed of for residential purposes (as set out in Section 8.2) and that the Nine Elms campus is redeveloped.

The extent of educational development at the Nine Elms campus depends upon which Space Planning Scenario is adopted and ranges from a smaller scheme of 6,400 square metres to a larger scheme of some 16,400 square metres. Where the size of the Nine Elms scheme is smaller than that currently approved by the London LEAP the value of their grant is reduced pro-rata, unless the remaining development value of the site means that the site could be developed without grant subsidy. Where the area is larger than the current scheme no increase in grant is currently assumed.

We have assumed - based on information supplied to us by LSBU - that the planning authority are generally receptive to a development on this site of the order set out in the recently withdrawn planning application of circa 38,500 square metres provided that such a development continues to have a strong educational element and that any residential element achieves a closer match to the Council's affordable housing requirement than previous schemes had achieved. We have therefore included a development value based on the proportion of massing not used for education purposes based on the residual development value estimated by Strutt & Parker for a mixed use scheme of £35,429,782 for 38,850 square metres as set out in Section 8.2 of this report. We consider that these values are also suitable proxies for the value that would be expected to be agreed for an alternative - academy school- education use.

Costs for the Brixton Site are as per PMc Cost Report Number 4 issued in April 2017 based on the tendered and contract price for the fit out works and associated FFE & IT installation taking place this summer 2017.

Costs for the Clapham site are based on the areas and costs of refurbishment as set out in Section 7.2 above.

9.2.1 Option I - Scenarios A & E 2.21-2.46 million guided learning hours @ 22,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	6,400	14,000	2,100	22,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	6,400	(6,143)	2,100	2,357
New Build m ² Rate (inc VAT and FFE)	3,753	-	1,216	
Construction Cost of New Build Space	18,766,946	-	1,887,160	20,654,106
Equipment Allowance	1,250,744	-	241,414	1,492,158
VAT	4,003,538	-	425,715	4,429,253
Gross Cost of New Build	24,021,227	-	2,554,289	26,575,516
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	24,021,227	23,991,080	2,554,289	50,566,596
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(29,593,216)	(12,000,000)		(41,593,216)
m ² of development released	32,450	6,000		38,450
Net Cost or Receipt	(5,571,988)	11,991,080	2,554,289	8,973,380

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9.2.2 Option I - Scenarios B & F 2.46 - 2.71 million guided learning hours @ 25,000 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	8,900	14,000	2,100	25,000
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	8,900	(6,143)	2,100	4,857
New Build m ² Rate (inc VAT and FFE)	3,753	-	1,216	
Construction Cost of New Build Space	26,097,784	-	1,887,160	27,984,944
Equipment Allowance	1,739,315	-	241,414	1,980,729
VAT	5,567,420	-	425,715	5,993,135
Gross Cost of New Build	33,404,519	-	2,554,289	35,958,808
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	33,404,519	23,991,080	2,554,289	59,949,888
LEP GRANT ASSUMED	(6,091,212)			(6,091,212)
Site Value Realised Through Sale	(27,313,307)	(12,000,000)		(39,313,307)
m ² of development released	29,950	6,000		35,950
Net Cost or Receipt	0	11,991,080	2,554,289	14,545,369

9.2.3 Option I - Scenarios C & G 2.7 - 3 million guided learning hours @ 27,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	11,400	14,000	2,100	27,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	11,400	(6,143)	2,100	7,357
New Build m ² Rate (inc VAT and FFE)	3,753	-	1,216	
Construction Cost of New Build Space	33,428,622	-	1,887,160	35,315,782
Equipment Allowance	2,227,887	-	241,414	2,469,301
VAT	7,131,302	-	425,715	7,557,017
Gross Cost of New Build	42,787,811	-	2,554,289	45,342,100
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	42,787,811	23,991,080	2,554,289	69,333,180
LEP GRANT ASSUMED	(17,754,413)			(17,754,413)
Site Value Realised Through Sale	(25,033,398)	(12,000,000)		(37,033,398)
m ² of development released	27,450	6,000		33,450
Net Cost or Receipt	(0)	11,991,080	2,554,289	14,545,368

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9.2.4 Option I - Scenarios D & H 3.2-3.5 million guided learning hours @ 32,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	16,400	14,000	2,100	32,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	16,400	(6,143)	2,100	12,357
New Build m ² Rate (inc VAT and FFE)	3,753	-	1,216	
Construction Cost of New Build Space	48,090,298	-	1,887,160	49,977,458
Equipment Allowance	3,205,031	-	241,414	3,446,445
VAT	10,259,066	-	425,715	10,684,781
Gross Cost of New Build	61,554,395	-	2,554,289	64,108,683
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	61,554,395	23,991,080	2,554,289	88,099,763
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(20,473,581)	(12,000,000)		(32,473,581)
m ² of development released	22,450	6,000		28,450
Net Cost or Receipt	18,580,814	11,991,080	2,554,289	33,126,183

9.3. Option 2: Two Site campus – Clapham Common & Brixton Hill

In this option it is assumed that the Brixton Hill site is retained as a local venue serving the Brixton community, that the Clapham Common site is retained and that the Nine Elms campus is redeveloped for non Further Education purposes.

This option assumes that the planning authority would be generally receptive to a non education development on the Nine Elms Site of the order set out in the recently withdrawn planning application of circa 38,500 square metres. We have therefore included a development value based on the value estimated by Strutt & Parker for a mixed use scheme of £35,429,782 for 38,850 square metres as set out in Section 8.2 of this report.

Costs for the Brixton Site are as per PMc Cost Report Number 4 issued in April 2017 based on the tendered and contract price for the fit out works and associated FFE & IT installation taking place this summer 2017.

Costs for the Clapham site are based on the areas and costs of refurbishment as set out in Section 7.2 above. We assume that under this scenario some 6,000m² of existing Category C space would be removed from the site with new build elements added to replace this.

Where options require more than 23,500 square metres of development on the Clapham campus we have assumed that all of the education buildings apart from the new 4,000m² at the rear of the site would need to be demolished and replaced with new buildings on the site in order to achieve the higher levels of density and massing implied by the scenario.

9.3.1 Option 2 - Scenarios A & E 2.21-2.46 million guided learning hours @ 22,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	20,400	2,100	22,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	257	2,100	2,357
Category C space replaced m ²		6,000		
Total New Space to be Added/Replaced		6,257		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	19,090,419	1,887,160	20,977,579
Equipment Allowance	-	480,000	241,414	721,414
VAT	-	3,914,084	425,715	4,339,799
Gross Cost of New Build	-	23,484,503	2,554,289	26,038,792
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	-	47,475,583	2,554,289	50,029,872
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-		(35,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	47,475,583	2,554,289	14,600,090

9.3.2 Option 2 - Scenarios B & F 2.46 - 2.71 million guided learning hours @ 25,000 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	22,900	2,100	25,000
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	2,757	2,100	4,857
Category C space replaced m ²		6,000		
Total New Space to be Added/Replaced		8,757		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	26,909,829	1,887,160	28,796,989
Equipment Allowance	-	480,000	241,414	721,414
VAT	-	5,477,966	425,715	5,903,681
Gross Cost of New Build	-	32,867,795	2,554,289	35,422,083
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	-	56,858,875	2,554,289	59,413,163
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-		(35,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	56,858,875	2,554,289	23,983,381

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9.3.3 Option 2 - Scenarios C & G 2.7 - 3 million guided learning hours @ 27,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	25,400	2,100	27,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	5,257	2,100	7,357
Existing Category A area m ²		4,000		
Total New Space to be Added/Replaced		21,400		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	66,614,149	1,887,160	68,501,309
Equipment Allowance	-	320,000	241,414	561,414
VAT	-	13,386,830	425,715	13,812,545
Gross Cost of New Build	-	80,320,979	2,554,289	82,875,267
Refurbishment area at Clapham m ²		-		
Refurbishment Cost (Clapham) Minimal	-	-	-	-
TOTAL CAPITAL COST	-	80,320,979	2,554,289	82,875,267
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-		(35,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	80,320,979	2,554,289	47,445,485

9.3.4 Option 2 - Scenarios D & H 3.2-3.5 million guided learning hours @ 32,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	30,400	2,100	32,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	10,257	2,100	12,357
Existing Category A area m ²		4,000		
Total New Space to be Added/Replaced		26,400		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	82,252,969	1,887,160	84,140,129
Equipment Allowance	-	320,000	241,414	561,414
VAT	-	16,514,594	425,715	16,940,308
Gross Cost of New Build	-	99,087,562	2,554,289	101,641,851
Refurbishment area at Clapham m ²		-		
Refurbishment Cost (Clapham) Minimal	-	-	-	-
TOTAL CAPITAL COST	-	99,087,562	2,554,289	101,641,851
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-		(35,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	99,087,562	2,554,289	66,212,069

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9.4. Option 3: Two Site campus – Nine Elms & Brixton Hill

In this option it is assumed that the Brixton Hill site is retained as a local venue serving the Brixton community, that the Clapham Common site is disposed of and that the Nine Elms campus is redeveloped for a Further Education campus plus additional residential an/or other mixed use.

The extent of education development at the Nine Elms campus varies depends upon which Space Planning Scenario is adopted and ranges from a larger scheme of 20,400 square metres to a much larger scheme of some 30,400 square metres. Although the size of all of the Nine Elms schemes in this option are larger than that currently approved by the London LEAP we have not assumed any increase in grant at this stage of modelling.

We have assumed - based on information supplied to us by LSBU - that the planning authority are generally receptive to a development on this site of the order set out in the recently withdrawn planning application of circa 38,500 square metre provided that such a development continues to have a strong educational element and that any residential element achieves a closer match to the Council's affordable housing requirement than previous schemes had achieved. We have therefore included a development value based on the proportion of massing not used for education purposes based on the residual development value estimated by Strutt & Parker for a mixed use scheme of £35,429,782 for 38,850 square metres as set out in Section 8.2 of this report.

Costs for the Brixton Site are as per PMc Cost Report Number 4 issued in April 2017 based on the tendered and contract price for the fit out works and associated FFE & IT installation taking place this summer 2017.

This option assumes that the Clapham Common campus would be sold as set out in Section 8.1 of this report. A value of £67 million has been assigned to the Clapham Common campus based on an unconditional sale of the site. Should the College be minded to delay sale and achieve planning consent for the change of use and increase in density assumed within Section 8.1, it would be reasonable to increase the sales value to the £85.5m estimated by Strutt & Parker for modelling purposes. That would add a further £18.5 million to the sales receipts reported below.

9.4.1 Option 3 - Scenarios A & E 2.21-2.46 million guided learning hours @ 22,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	20,400	-	2,100	22,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	20,400	(20,143)	2,100	2,357
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	62,174,385	-	1,887,160	64,061,545
Equipment Allowance	1,632,000	-	241,414	1,873,414
VAT	12,761,277	-	425,715	13,186,992
Gross Cost of New Build	76,567,662	-	2,554,289	79,121,950
TOTAL CAPITAL COST	76,567,662	-	2,554,289	79,121,950
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(16,825,727)	(67,000,000)		(83,825,727)
m ² of development released	18,450	-		18,450
Net Cost or Receipt	37,241,935	(67,000,000)	2,554,289	(27,203,776)

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9.4.2 Option 3 - Scenarios B & F 2.46 - 2.71 million guided learning hours @ 25,000 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	22,900	-	2,100	25,000
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	22,900	(20,143)	2,100	4,857
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	69,793,795	-	1,887,160	71,680,955
Equipment Allowance	1,832,000	-	241,414	2,073,414
VAT	14,325,159	-	425,715	14,750,874
Gross Cost of New Build	85,950,954	-	2,554,289	88,505,242
TOTAL CAPITAL COST	85,950,954	-	2,554,289	88,505,242
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(14,545,818)	(67,000,000)		(81,545,818)
m ² of development released	15,950	-		15,950
Net Cost or Receipt	48,905,136	(67,000,000)	2,554,289	(15,540,576)

9.4.3 Option 3 - Scenarios C & G 2.7 - 3 million guided learning hours @ 27,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	25,400	-	2,100	27,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	25,400	(20,143)	2,100	7,357
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	74,481,316	-	1,887,160	76,368,475
Equipment Allowance	4,963,889	-	241,414	5,205,303
VAT	15,889,041	-	425,715	16,314,756
Gross Cost of New Build	95,334,246	-	2,554,289	97,888,534
TOTAL CAPITAL COST	95,334,246	-	2,554,289	97,888,534
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(12,265,909)	(67,000,000)		(79,265,909)
m ² of development released	13,450	-		13,450
Net Cost or Receipt	60,568,336	(67,000,000)	2,554,289	(3,877,375)

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9.4.4 Option 3 - Scenarios D & H 3.2-3.5 million guided learning hours @ 32,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	30,400	-	2,100	32,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	30,400	(20,143)	2,100	12,357
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	92,652,024	-	1,887,160	94,539,184
Equipment Allowance	2,432,000	-	241,414	2,673,414
VAT	19,016,805	-	425,715	19,442,520
Gross Cost of New Build	114,100,829	-	2,554,289	116,665,118
TOTAL CAPITAL COST	114,100,829	-	2,554,289	116,665,118
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(7,706,092)	(67,000,000)		(74,706,092)
m ² of development released	8,450	-		8,450
Net Cost or Receipt	83,894,738	(67,000,000)	2,554,289	19,449,026

9.5. Option 4: Single Site campus – Clapham Common

In this option it is assumed that the Brixton Hill site is sold or leased to another education provider to serve the Brixton community, that the Clapham Common site is retained and further developed and that the Nine Elms campus is redeveloped for non Further Education purposes.

This option assumes that the planning authority would be generally receptive to a non education development on the Nine Elms Site of the order set out in the recently withdrawn planning application of circa 38,500 square metres. We have therefore included a development value based on the value estimated by Strutt & Parker for a mixed use scheme of £35,429,782 for 38,850 square metres as set out in Section 8.2 of this report.

In relation to the Brixton site we have assumed that capital costs as per PMc Cost Report Number 4 issued in April 2017 based on the tendered and contract price of this summer 2017 would apply but that reduced fit out costs would be incurred. We have further assumed a value of £35 psf as a market rent for the site - producing an annual rent of £786,000 which discounts to a present day value of £14m for the site.

Costs for the Clapham site are based on the areas and costs of refurbishment as set out in Section 7.2 above. We assume that under this scenario some 6,000m² of existing Category C space would be removed from the site with new build elements added to replace this.

Where options require more than 23,500 square metres of development on the Clapham campus we have assumed that all of the education buildings apart from the new 4,000m² at the rear of the site would need to be demolished and replaced with new buildings on the site in order to achieve the higher levels of density and massing implied by the scenario.

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9.5.1 Option 4 - Scenarios A & E 2.21-2.46 million guided learning hours @ 22,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	22,500	-	22,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	2,357	2,100	4,457
Category C space replaced m ²		6,000		
Total New Space to be Added/Replaced		8,357		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	25,658,723	1,887,160	27,545,883
Equipment Allowance	-	480,000	241,414	721,414
VAT	-	5,227,745	425,715	5,653,459
Gross Cost of New Build	-	31,366,468	2,554,289	33,920,757
Refurbishment area at Clapham m ²		10,143		
Refurbishment Cost (Clapham) Minimal	-	23,991,080	-	23,991,080
TOTAL CAPITAL COST	-	55,357,548	2,554,289	57,911,837
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-	(14,000,000)	(49,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	55,357,548	(11,445,711)	8,482,055

9.5.2 Option 4 - Scenarios B & F 2.46 - 2.71 million guided learning hours @ 25,000 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	25,000	-	25,000
Current Space on site m ²	-	20,143	-	22,143
Additional Space Needs m ²	-	4,857	2,100	6,957
Existing Category A area m ²		4,000		
Total New Space to be Added/Replaced		21,000		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	65,363,043	1,887,160	67,250,203
Equipment Allowance	-	320,000	241,414	561,414
VAT	-	13,136,609	425,715	13,562,323
Gross Cost of New Build	-	78,819,652	2,554,289	81,373,940
Refurbishment area at Clapham m ²		-		
Refurbishment Cost (Clapham) Minimal	-	-	-	-
TOTAL CAPITAL COST	-	78,819,652	2,554,289	81,373,940
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-	(14,000,000)	(49,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	78,819,652	(11,445,711)	31,944,158

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9.5.3 Option 4 - Scenarios C & G 2.7 - 3 million guided learning hours @ 27,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	27,500	-	27,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	7,357	2,100	9,457
Existing Category A area m ²		4,000		
Total New Space to be Added/Replaced		23,500		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	73,182,453	1,887,160	75,069,613
Equipment Allowance	-	320,000	241,414	561,414
VAT	-	14,700,491	425,715	15,126,205
Gross Cost of New Build	-	88,202,944	2,554,289	90,757,232
Refurbishment area at Clapham m ²		-		
Refurbishment Cost (Clapham) Minimal	-	-	-	-
TOTAL CAPITAL COST	-	88,202,944	2,554,289	90,757,232
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-	(14,000,000)	(49,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	88,202,944	(11,445,711)	41,327,450

9.5.4 Option 4 - Scenarios D & H 3.2-3.5 million guided learning hours @ 32,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	-	32,500	-	32,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	-	12,357	2,100	14,457
Existing Category A area m ²		4,000		
Total New Space to be Added/Replaced		28,500		
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	-	88,821,273	1,887,160	90,708,433
Equipment Allowance	-	320,000	241,414	561,414
VAT	-	17,828,255	425,715	18,253,969
Gross Cost of New Build	-	106,969,528	2,554,289	109,523,816
Refurbishment area at Clapham m ²		-		
Refurbishment Cost (Clapham) Minimal	-	-	-	-
TOTAL CAPITAL COST	-	106,969,528	2,554,289	109,523,816
LEP GRANT ASSUMED	-			
Site Value Realised Through Sale	(35,429,782)	-	(14,000,000)	(49,429,782)
m ² of development released	38,850	-		38,850
Net Cost or Receipt	(35,429,782)	106,969,528	(11,445,711)	60,094,034

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9.6. Option 5: Single Site campus – Nine Elms

In this option it is assumed that the Brixton Hill site is sold or leased to another education provider to serve the Brixton community, that the Clapham Common site is disposed of and that the Nine Elms campus is redeveloped for a Further Education campus plus additional residential and/or other mixed use.

The extent of education development at the Nine Elms campus depends upon which Space Planning Scenario is adopted and ranges from a larger scheme of 22,500 square metres to a much larger scheme of some 32,500 square metres. Although the sizes of all of the Nine Elms schemes in this option are larger than that currently approved by the London LEAP we have not assumed any increase in grant at this stage of modelling.

We have assumed - based on information supplied to us by LSBU - that the planning authority are generally receptive to a development on this site of the order set out in the recently withdrawn planning application of circa 38,500 square metres provided that such a development continues to have a strong educational element and that any residential element achieves a closer match to the Council's affordable housing requirement than previous schemes had achieved. We have therefore included a development value based on the proportion of massing not used for education purposes based on the residual development value estimated by Strutt & Parker for a mixed use scheme of £35,429,782 for 38,850 square metres as set out in Section 8.2 of this report.

In relation to the Brixton site we have assumed that capital costs as per PMc Cost Report Number 4 issued in April 2017 based on the tendered and contract price of this summer 2017 would apply but that reduced fit out costs would be incurred. We have further assumed a value of £35 psf as a market rent for the site - producing an annual rent of £786,000 which discounts to a present day value of £14m for the site.

This option assumes that the Clapham Common campus would be sold as set out in Section 8.1 of this report. A value of £67 million has been assigned to the Clapham Common campus based on an unconditional sale of the site. Should the College be minded to delay sale and achieve planning consent for the change of use and increase in density assumed within Section 8.1 then it would be reasonable to increase the sales value to the £85.5m estimated by Strutt & Parker for modelling purposes. That would add a further £18.5 million to the sales receipts reported below.

9.6.1 Option 5 - Scenarios A & E 2.21-2.46 million guided learning hours @ 22,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	22,500	-	-	22,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	22,500	(20,143)	2,100	4,457
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	65,977,543	-	1,887,160	67,864,703
Equipment Allowance	4,397,146	-	241,414	4,638,560
VAT	14,074,938	-	425,715	14,500,653
Gross Cost of New Build	84,449,627	-	2,554,289	87,003,916
TOTAL CAPITAL COST	84,449,627	-	2,554,289	87,003,916
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(14,910,603)	(67,000,000)	(14,000,000)	(95,910,603)
m ² of development released	16,350	-		16,350
Net Cost or Receipt	47,039,024	(67,000,000)	(11,445,711)	(31,406,688)

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9.6.2 Option 5 - Scenarios B & F 2.46 - 2.71 million guided learning hours @ 25,000 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	25,000	-	-	25,000
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	25,000	(20,143)	2,100	6,957
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	73,308,382	-	1,887,160	75,195,541
Equipment Allowance	4,885,718	-	241,414	5,127,132
VAT	15,638,820	-	425,715	16,064,535
Gross Cost of New Build	93,832,919	-	2,554,289	96,387,207
TOTAL CAPITAL COST	93,832,919	-	2,554,289	96,387,207
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(12,630,694)	(67,000,000)	(14,000,000)	(93,630,694)
m ² of development released	13,850	-		13,850
Net Cost or Receipt	58,702,224	(67,000,000)	(11,445,711)	(19,743,487)

9.6.3 Option 5 - Scenarios C & G 2.7 - 3 million guided learning hours @ 27,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	27,500	-	-	27,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	27,500	(20,143)	2,100	9,457
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	80,639,220	-	1,887,160	82,526,380
Equipment Allowance	5,374,289	-	241,414	5,615,703
VAT	17,202,702	-	425,715	17,628,417
Gross Cost of New Build	103,216,211	-	2,554,289	105,770,499
TOTAL CAPITAL COST	103,216,211	-	2,554,289	105,770,499
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(10,350,786)	(67,000,000)	(14,000,000)	(91,350,786)
m ² of development released	11,350	-		11,350
Net Cost or Receipt	70,365,425	(67,000,000)	(11,445,711)	(8,080,286)

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9.6.4 Option 5 - Scenarios D & H 3.2-3.5 million guided learning hours @ 32,500 m²

	Nine Elms	Clapham Common	Brixton Hill	Total
Future Space Requirements m ²	32,500	-	-	32,500
Current Space on site m ²	-	20,143	-	20,143
Additional Space Needs m ²	32,500	(20,143)	2,100	4,457
New Build m ² Rate (inc VAT and FFE)	3,753	3,753	1,216	
Construction Cost of New Build Space	95,300,896	-	1,887,160	97,188,056
Equipment Allowance	6,351,433	-	241,414	6,592,847
VAT	20,330,466	-	425,715	20,756,181
Gross Cost of New Build	121,982,795	-	2,554,289	124,537,084
TOTAL CAPITAL COST	121,982,795	-	2,554,289	124,537,084
LEP GRANT ASSUMED	(22,500,000)			(22,500,000)
Site Value Realised Through Sale	(5,790,968)	(67,000,000)	(14,000,000)	(86,790,968)
m ² of development released	6,350	-		6,350
Net Cost or Receipt	93,691,826	(67,000,000)	(11,445,711)	15,246,115

10.0 OPTIONS APPRAISAL – EVALUATION CRITERIA

10.1 Introduction

In this section we set out a range of criteria that we have applied in order to evaluate each of the options set out in Section 9 above. We have chosen a range of financial, estates quality, student experience and market share factors which we consider to be appropriate in completing a rounded assessment of the options in order to ensure an optimum choice is made and to provide a robust audit trail to support strategic decision making. For each criterion we have used a scale of one to ten, with ten being the score which reflects the option with the most advantages compared to others and one being the score that suggests that the option has very little to zero benefit. We set out the basis of that range of scores in Section 10.2 below.

We then propose a series of weighting factors which we have applied to each of the evaluation criteria in recognition that some criteria have a greater strategic importance than others. It should be stressed that whilst a number of factors are based on 'hard' numbers there remains a degree of qualitative assessment - and hence subjectivity - in determining the relative scores and weightings. However, the absence of any qualitative assessment process may lead to decisions being based on purely financial grounds which would, in our opinion, be a less robust methodology.

10.2 Evaluation Criteria

A. Delivery of new and updated facilities

Each of the options considered is based on a future investment in facilities to bring all teaching and learning spaces up to a good or better standard. Where options will result in 100% of all accommodation being Grade A - or as new - they are scored as 10. In options where a significant proportion of the final space occupied will be refurbished space as opposed to new build, a score of 6 is provided as it is more likely that the existing building design will restrict the configuration of teaching and learning spaces. Options that fall midway between these two positions are given a score of 8.

B. Size of Estate - right sizing to reduce running costs

Each of the options evaluated is based on the same area of space being provided. For this iteration of the Estates Strategy we have used a space envelope of 27,500m² which we consider to be adequate for the size and scale of the College's activities. On this basis all options are given the full evaluation score of 10.

C. Reduction in Running Costs - Non Estate Related Savings

Flowing from the analyses at 7.5 and 7.6 we have concluded that operating costs would be lower if the College operated from one site. Single site options are therefore scored 10. Options that include a main campus plus a satellite at Brixton are scored with an 8 on the basis that the element of duplication for a largely adult cohort is reduced. Options which retain all three sites are scored with a 6. We considered whether the range of scores in this section should be wider but in the context that the NPV of future savings in moving from two to one main campus was a relatively modest £6.4m, we consider that this scoring range is appropriate.

D. Strategic fit with Planning Policy

We recognise that scoring in this section remains subjective in relation to options that have yet to be discussed with the Planning Authority. We have taken the approach that all three of the College's sites are currently designated for education use and that the Council's preferred outcome would be the preservation of such in part or in full on each. Therefore options that preserve an education presence on all three sites are scored a 10. From information provided to us by LSBU we understand that if there were to be a choice between retaining one main campus at either Nine Elms or Clapham, the Authority's preference would be Nine Elms given the importance of skills training provision to the wider regeneration of this area. We have therefore scored a two site option with Nine Elms with an 8 and a two site solution with Clapham with a 6. For a single site solution we have maintained the same 2 point differentiation between Nine Elms and Clapham. Should the views of the Planning Authority alter materially from this assessment then it would be appropriate to adjust these scores accordingly.

E. Strategic fit with the LEP Priorities

For this evaluation criterion we have taken the approach that any option that does not include a Skills Centre at Nine Elms would not be supported by the London LEP and that accordingly grant funding would be lost - resulting in an evaluation score of 0. For the options where Nine Elms becomes the main campus of the College the score is given as a 10 on the basis that we understand the LEP are interested in exploring a larger skills centre on this site than has been proposed to date. Whilst LEP funding has already been agreed for the three site solution we have scored this option as an 8 because there is a risk that the case for funding may be reduced given that the probable need for learning space across the College has decreased since the LEP bid was approved.

F. Capital cost of funding - Affordability of Options

The net cost of the options modelled in Section 9, based on a 27,500m² campus, varies from a £55m outlay to a £8 capital receipt subject to the sale of the Clapham site. Given this wide variation in costs we have assigned a score of 10 to the option that meets the College's estate needs whilst returning a surplus on the sale of assets. The options that require a net cash injection in addition to site sales and LEP funding are scored proportionately to the size of the funding required.

G. Future capacity to grow

Each of the options evaluated is based on the same area of space being provided. For this iteration of the Estates Strategy we have used a space envelope of 27,500m² which we consider to be adequate for the size and scale of the College's activities. All options have therefore been scored with an 8. If a higher space allocation were determined to be more appropriate then scores in this area could all be lifted (with consequent reductions in scores under evaluation criterion B - right sizing - above).

H. Minimising Disruption to Learners - ability to deliver whilst maintaining operations

The College is starting from a position of having one operational main campus and a satellite campus nearly completed ready to be moved into. With the closure of Vauxhall we do not now consider it to be realistic for that site to be used as decant space during any building programme. Given that the College is operating over the Clapham and Brixton sites adequately, we consider that the option that would be least disruptive to learners is the two site solution based at Nine Elms and Brixton because it would not create any disruption as a result of the construction process to Clapham learners and it would not require Brixton learners to move - we have therefore scored this option a 10. The three site option scores a lower 8 because some disruption would be inevitable at Clapham in order to refurbish the older built elements on that site. Options that see Brixton closed are scored lower by 2 points in recognition of the perceived importance of that site to the local Brixton Community as a centre for adult learning. The options that depend upon a major redevelopment at Clapham have been given the lowest scores as these would necessarily involve either disruption to learning due to on-site building works or an off-site decant.

I. Travel to study impact - protecting market share

The College currently has campuses in Clapham, Brixton and Vauxhall. Just over 40% of the College's learners are resident in Lambeth, with around 30% of other learners resident in surrounding London boroughs. Three quarters of the learners at the college are adults. This suggests to us that "localness" matters to a good proportion of the College's learners. Local adult learners in particular are less likely to engage in learning when they are required to travel out of their normal travel to work patterns. We have therefore given the retention of a three site model a score of 10, the two site options a 7 and the single site options a 4 to reflect the potential impact on the College's market share through closure of one or more sites. We have no information to judge whether the closure of the Nine Elms or the Clapham campus would have a bigger impact in this regard.

10.3 Proposed Weightings

The rationale for the adoption of the weighting of the evaluation criteria is set out in the table below:

Table 10.1 Evaluation Criteria Weightings

Criteria	Weighting	Rational
A. Delivery of new and updated facilities	10	A key strategic priority of Lambeth College & LSBU
B. Size of Estate - right sizing to reduce running costs	5	Whilst this is an important factor the relative savings in running costs remain small compared to both site values and potential investment requirements.
C. Reduction in Running Costs - Non Estate Related Savings	5	as above
D. Strategic fit with Planning Policy	7	The realisation of some of the development values stated elsewhere in this report is linked to the ability of the College to secure appropriate consent for change of use. However, both the availability of speculative foreign investment and the current willingness of the EFA to pay full market value for free school and other sites required to meet a growing population suggest that the College is not as exposed to this risk as it otherwise might be - hence a moderate weighting is proposed.
E. Strategic fit with the LEP Priorities	9	There is a direct link between this element and affordability but, moreover, the College's ability to transform its offer and meet emerging business demands is also directly linked to alignment with the LEP priorities.
F. Capital cost of funding - Affordability of Option	10	Given the financial pressures facing the College, affordability remains a key driver.
G. Future capacity to grow	5	The College has seen a declining share of the market in recent years and remains reliant on a number of subcontractors to deliver its current funding allocation. This coupled with the potential to use spare capacity for FE work elsewhere in the LSBU campus has guided us to give this element a lower weighting.
H. Minimising Disruption to Learners - ability to deliver whilst maintaining operations	8	The impact of capital works on the College's learners can be significant and whilst the College remains on a challenging improvement journey there is a need to mitigate any disruption to learners on programme - and therefore a high weighting in this area appears appropriate.
I. Travel to study impact - protecting market share	5	Given the general proximity of the three sites and the planned extension to the Northern Line to Nine Elms we have reduced the weighting of this element to a 5.

10.4 Application of Options Criteria

The results of the application of the evaluation criteria and their weighting are set out in the tables below

Table 10.2 Raw or Unweighted Evaluation Scores

Unweighted Options Evaluation Matrix	Net Cost of option based on a 27,500 m2 campus	A. Delivery of new and updated facilities	B. Size of Estate - right sizing to reduce	C. Reduction in Running Costs - Non Estate Related Savings	D. Strategic fit with Planning Policy	E. Strategic fit with the LEP Priorities	F. Capital cost of funding - Affordability of Option	G. Future capacity to grow	H. Minimising Disruption to Learners - ability to deliver whilst maintaining operations	I. Travel to study impact - protecting market share	Total	RANKING	VARIATION %
Option 1: Three Site campus - Nine Elms, Clapham Common & Brixton Hill	14,545,368	8	10	6	10	8	4	8	7	10	71	3	90%
Option 2: Two Site campus - Clapham Common & Brixton Hill	47,445,485	6	10	8	6	0	1	8	4	7	50	4	63%
Option 3: Two Site campus - Nine Elms & Brixton Hill	(3,877,375)	10	10	8	8	10	8	8	10	7	79	1	100%
Option 4: Single Site campus - Clapham Common	41,327,450	8	10	10	3	0	2	8	2	4	47	5	59%
Option 5: Single Site campus - Nine Elms	(8,080,286)	10	10	10	5	10	10	8	8	4	75	2	95%

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Table 10.3 - Weighted Evaluation Scores

Unweighted Options Evaluation Matrix	Net Cost of option based on a 27,500 m2 campus	A. Delivery of new and updated facilities	B. Size of Estate - right sizing to reduce	C. Reduction in Running Costs - Non Estate Related Savings	D. Strategic fit with Planning Policy	E. Strategic fit with the LEP Priorities	F. Capital cost of funding - Affordability of Option	G. Future capacity to grow	H. Minimising Disruption to Learners - ability to deliver whilst maintaining operations	I. Travel to study impact - protecting market share	Total	RANKING	VARIATION %
Option 1: Three Site campus - Nine Elms, Clapham Common & Brixton Hill	14,545,368	80	50	30	70	72	40	40	56	50	488	3	85%
Option 2: Two Site campus - Clapham Common & Brixton Hill	47,445,485	60	50	40	42	0	10	40	32	35	309	4	54%
Option 3: Two Site campus - Nine Elms & Brixton Hill	(3,877,375)	100	50	40	56	90	80	40	80	35	571	1	100%
Option 4: Single Site campus - Clapham Common	41,327,450	80	50	50	21	0	20	40	16	20	297	5	52%
Option 5: Single Site campus - Nine Elms	(8,080,286)	100	50	50	35	90	100	40	64	20	549	2	96%

It can be seen from the tables above that the ranking remains consistent between the weighted and the unweighted scores but that the degree of variance between the highest and lowest ranking scores (as shown by the percentage variance from the highest ranking scores) becomes more exaggerated in the weighted score table.

The top three options that emerge from this evaluation process are:

1. Option 3: Two Site campus - Nine Elms & Brixton Hill
2. Option 5: Single Site campus - Nine Elms
3. Option 1: Three Site campus - Nine Elms, Clapham Common & Brixton Hill

The risks and issues that need to be further considered in the adoption of the preferred option are considered further in Section 11 of this report.

11.0 PREFERRED OPTION

The last adopted Estates Strategy was written in September 2015 when extensive remodelling of a major part of the College's Clapham campus was nearing completion. This updated strategy has been produced with the benefit of the passing of time since the completion of those works, an updated (and lower) forecast of student learning activity, and refreshed market valuations. Accordingly, a wider range of options has been considered in this updated strategy, these include: three site; two site and single site options for the future configuration of the College's estate.

We conclude, based on the information available to us, that a two-site strategy with a new, larger, development at the Vauxhall Nine Elms site, with a smaller satellite centre at Brixton, is the optimum solution for the future estate need of the College. We arrive at this conclusion using both a financial and a qualitative assessment basis as set out in Section 10 above.

In this option it is assumed that the Brixton Hill site is retained as a local venue serving the Brixton community, that the Clapham Common site is disposed of and that the Nine Elms campus is redeveloped for a Further Education campus plus additional education facilities to meet the needs of the local population and/or mixed use of educational/residential site.

The extent of education development at the Nine Elms campus varies depending upon which Space Planning Scenario is adopted and ranges from a larger scheme of 20,400 square metres to a much larger scheme of some 20,400 square metres. Although the size of all of the Nine Elms schemes in this option are larger than that currently approved by the London LEAP we have not assumed any increase in grant at this stage of modelling.

Based on our Space Planning Analysis set out above we conclude that an overall area of 27,500m² would be sufficient to meet the College's current and future space needs. On that basis the key elements of the proposed option can be summarised as shown in Table 11:

Table 11 – Preferred Option – Key facts

	Nine Elms	Brixton Hill	Total
Future Space Requirements m ²	25,400	2,100	27,500
Current Space on site m ²	-	-	20,143
Additional Space Needs m ²	25,400	2,100	7,357
New Build m ² Rate (inc VAT and FFE)	3,753	1,216	
Construction Cost of New Build Space	74,481,316	1,887,160	76,368,476
Equipment Allowance	4,963,889	241,414	5,205,303
VAT	15,889,041	425,715	16,314,756
Gross Cost of New Build	95,334,246	2,554,289	97,888,535
TOTAL CAPITAL COST	95,334,246	2,554,289	97,888,535
LEP GRANT ASSUMED	(22,500,000)		(22,500,000)
Site Value Realised Through Sale	(12,265,909)		(12,265,909)
m ² of development released	13,450		13,450
Capital Cost	60,568,337	2,554,289	63,122,626
Less Clapham Site Sale Receipt			(67,000,000)
Net Cost of Option			(3,877,374)

We have assumed - based on information supplied to us by LSBU - that the planning authority are generally receptive to a development on this site of the order set out in the recently withdrawn planning application of circa 38,500 square metre provided that such a development continues to have a strong educational element and that any residential element achieves a closer match to the Council's affordable housing requirement than previous schemes had achieved.

We have therefore included a development value based on the proportion of massing not used for further education purposes based on the residual of £12,265,909 development value estimated by Strutt & Parker for a mixed use scheme of £35,429,782 for 38,850 square metres as set out in section 8.2 of this report. i.e £912 per square metre. We understand that this additional massing may be developed by another part of the wider LSBU family through its academy school development. We have, however, included the full development value of the space within our appraisal above.

Costs for the Brixton Site are as per PMc Cost Report Number 4 issued in April 2017 based on the tendered and contract price for the fit-out works and associated FFE & IT installation taking place this summer 2017.

This option assumes that the Clapham Common campus would be sold as set out in Section 8.1 of this report. A value of £67 million has been assigned to the Clapham Common campus based on an unconditional sale of the site. Should the College be minded to delay sale and achieve planning consent for the change of use and increase in density assumed within Section 8.1, it would be reasonable to increase the sales value to the £85.5m estimated by Strutt & Parker for modelling purposes. That would add a further £18.5 million to the sales receipts reported below. We have considered whether it would be appropriate to use a mid point between these two values, but consider that to do so would not be prudent at this stage of the Estates Strategy development given that the planning policy parametre remains to be confirmed.

This report has been written in a short period of time (April and May 2017) prior to the appointment of a new Executive Principal of the College and alongside other work on developing financial and curriculum strategies. We have therefore developed a range of potential space parameters for the future College estate for scenario planning purposes, ranging from the minimum area required to support the existing College activities of 22,500m², up to a maximal area which is closer to that upon which the 2015 Estates Strategy was based, namely 32,500m². We have completed our options evaluation based on an area of 27,500m²; our conclusions stand if alternative space parameters are chosen.

Page 59 There remain risks and issues to close out before the preferred option outlined in this report can be formally adopted as follows:

Confirmation of the LEP funding allocated for the Nine Elms project can be held and reapplied to the larger scheme proposed as Option 1;

- agreement in principle, or via pre-application or outline consent; to a change in use for all or part of the Clapham campus with the Planning Authority; and,
- agreement with the SFA for the recycling of historic capital funds that have been granted to the College following (or indeed in advance of) the sale of the Clapham site.

Accordingly, we recommend the next highest scoring option:

- a single site 27,500m² campus at Nine Elms Vauxhall with the Brixton campus sold for alternative education use and the Clapham campus sold for a mixed use development;

be kept under consideration until these issues and risks are closed out.

APPENDIX I: COLLEGE SITE PHOTOGRAPHS & CONTEXT – CLAPHAM CAMPUS



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Front of Henry Thornton Building including Feature Tree

Front of Henry Thornton Building

Corner view of 1950s C block



Rear of C block and nursery area

Rear of Henry Thornton Building

New Temporary Construction Accommodation



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New Temporary Construction Accommodation

New Temporary Construction Accommodation

New Temporary Construction Accommodation



Rear of Henry Thornton Building



New Temporary Construction Accommodation



New Temporary Construction Accommodation



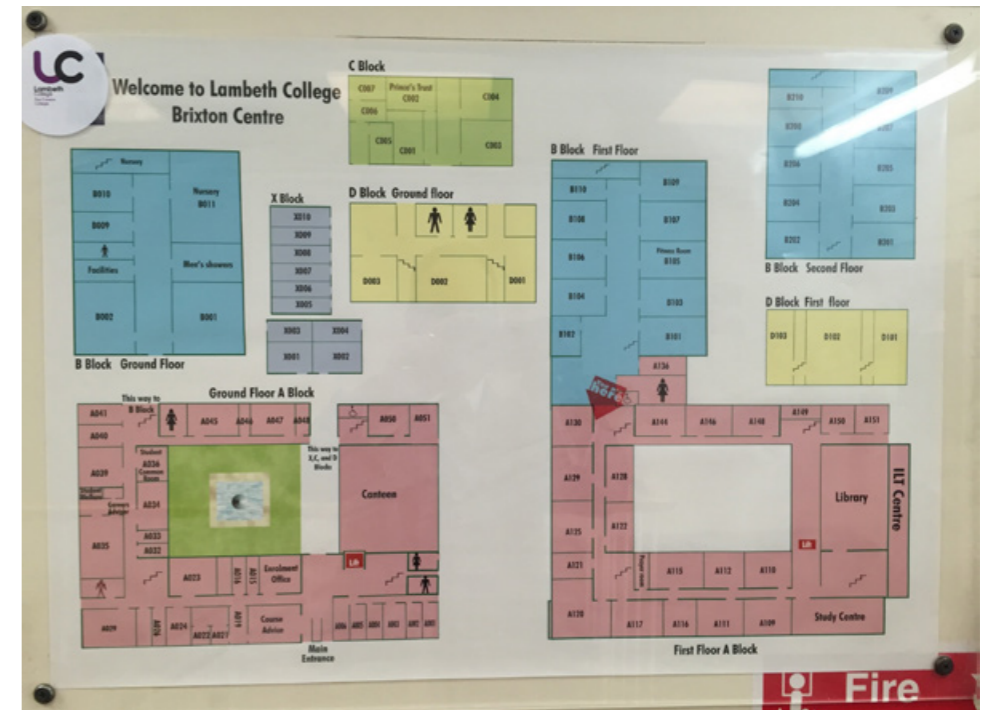
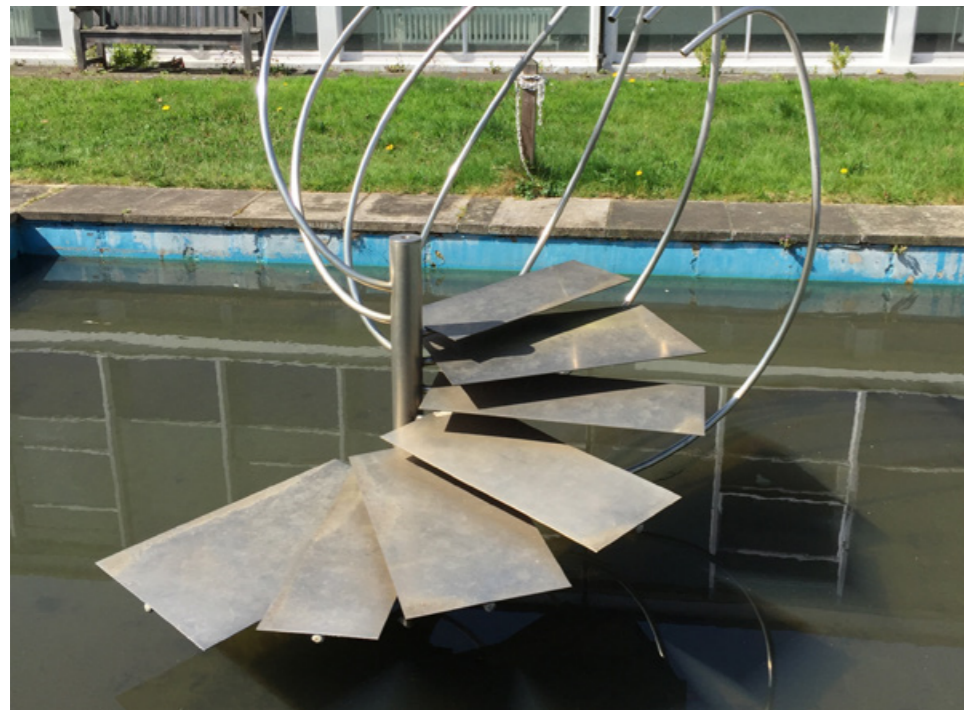


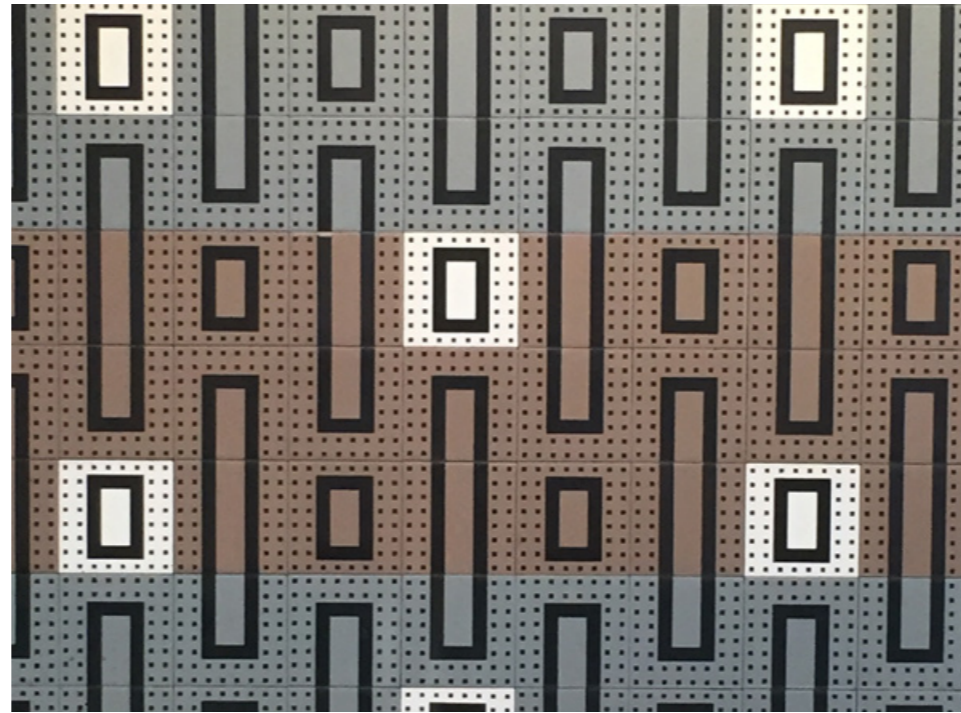
APPENDIX I: COLLEGE SITE PHOTOGRAPHS & CONTEXT – BRIXTON CAMPUS

Legacy campus Buildings - All demolished or scheduled for demolition



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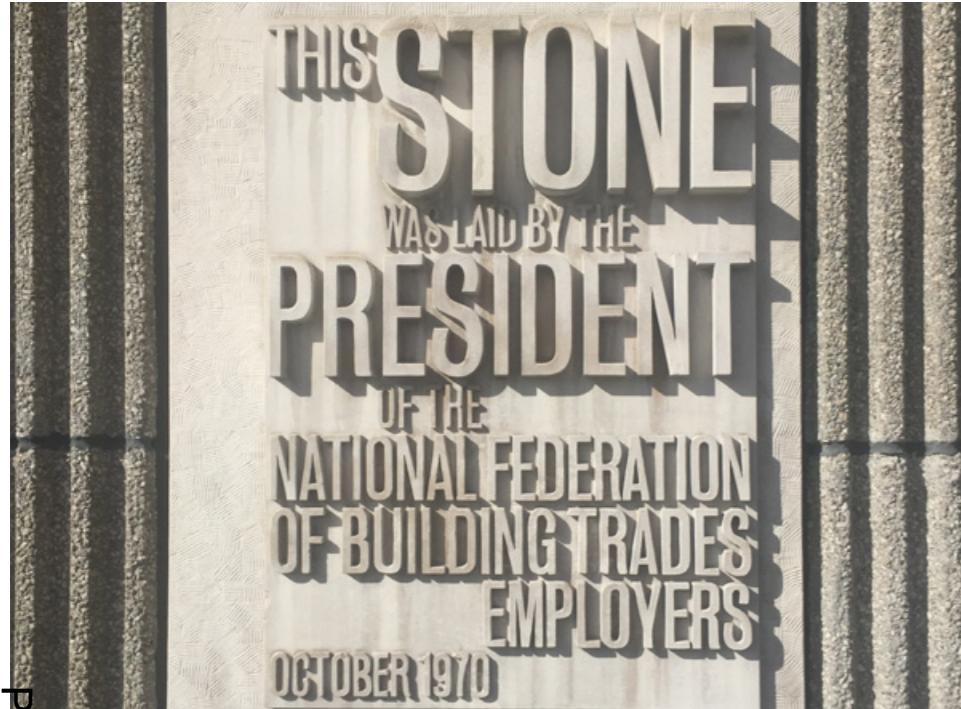


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New campus Under Construction



APPENDIX I: COLLEGE SITE PHOTOGRAPHS & CONTEXT – VAUXHALL CAMPUS







APPENDIX 2: THEORETICAL SPACE REQUIREMENTS

At an **assumed** 44% utilisation

possible total area	HQ	available	Maximum 11.5 sqm per MNW			Minimum 14.5 sqm per MNW			Average of 13 sqm per MNW		
			MNW	SGLH	Students @ 600 hours each	MNW	SGLH	Students @ 600 hours each	MNW	SGLH	Students @ 600 hours each
22500	500	22000	1913	2,754,783	4,591	1517	2,184,828	3,641	1692	2,436,923	4,062
25000	500	24500	2130	3,067,826	5,113	1690	2,433,103	4,055	1885	2,713,846	4,523
27500	500	27000	2348	3,380,870	5,635	1862	2,681,379	4,469	2077	2,990,769	4,985
30000	500	29500	2565	3,693,913	6,157	2034	2,929,655	4,883	2269	3,267,692	5,446
32500	500	32000	2783	4,006,957	6,678	2207	3,177,931	5,297	2462	3,544,615	5,908

At an **assumed** 40% utilisation

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possible total area	HQ	available	Maximum 11.5 sqm per MNW			Minimum 14.5 sqm per MNW			Average of 13 sqm per MNW		
			MNW	SGLH	Students @ 600 hours each	MNW	SGLH	Students @ 600 hours each	MNW	SGLH	Students @ 600 hours each
22500	500	22000	1739	2,504,348	4,174	1379	1,986,207	3,310	1538	2,215,385	3,692
25000	500	24500	1937	2,788,933	4,648	1536	2,211,912	3,687	1713	2,467,133	4,112
27500	500	27000	2134	3,073,518	5,123	1693	2,437,618	4,063	1888	2,718,881	4,531
30000	500	29500	2332	3,358,103	5,597	1850	2,663,323	4,439	2063	2,970,629	4,951
32500	500	32000	2530	3,642,688	6,071	2006	2,889,028	4,815	2238	3,222,378	5,371

Notes

1. Using LSC top-down recommendations of 11.5 to 14.5 sq.m. per MNW, plus 1500 for HQ. Since 1000 will be accommodated in LSBU, we have removed only 500.

APPENDIX 3: PREVIOUS VAUXHALL SCHEME – ACCOMMODATION SCHEDULE

AREA SCHEDULE

Project: NESC - Skills Centre
 Project No: 10505
 Doc Name: Area Schedule
 Doc No: 9020
 Rev: 00085
 Date: 05.07.2016



Level	Number	Name	Department	Area	Area Totals
GF Ground Floor	0020	Bricklaying	Construction & Electrical	203 m ²	
GF Ground Floor	0022	Construction Classroom	Construction & Electrical	64 m ²	
GF Ground Floor	0023	Tool Store	Construction & Electrical	13 m ²	
GF Ground Floor	0025	SFS / Dry Lining	Construction & Electrical	110 m ²	
GF Ground Floor	0026	Machine Workshop	Construction & Electrical	48 m ²	
GF Ground Floor	0028	Carpentry	Construction & Electrical	97 m ²	
GF Ground Floor	0029	Building Envelope	Construction & Electrical	111 m ²	
Level 01	1019	Buildings & Maintenance Workshop	Construction & Electrical	178 m ²	
Level 01	1022	Construction Classroom	Construction & Electrical	59 m ²	
Level 01	1023	Building Maintenance Classroom	Construction & Electrical	53 m ²	
Level 01	1024	Plumbing Workshop	Construction & Electrical	162 m ²	
Level 01	1025	Interior Design Workshop	Construction & Electrical	145 m ²	
Level 01	1026	Large Plumbing / Building Skills Workshop	Construction & Electrical	125 m ²	
Level 01	1029	Plumbing Store	Construction & Electrical	43 m ²	
Level 01	1031	Construction Site	Construction & Electrical	37 m ²	
Level 01	1037	Store	Construction & Electrical	3 m ²	
Level 01	1038	COMMS	Construction & Electrical	4 m ²	
Level 01	1039	IT Lab	Construction & Electrical	80 m ²	
Level 02	2013	Learning Lounge	Construction & Electrical	80 m ²	
Level 02	2014	Electrical Classroom	Construction & Electrical	54 m ²	
Level 02	2015	Electrical Workshop	Construction & Electrical	48 m ²	
Level 02	2016	Electrical Classroom	Construction & Electrical	54 m ²	
Level 02	2017	Electrical Workshop	Construction & Electrical	49 m ²	
Level 02	2025	Large Flexible Teaching Space	Construction & Electrical	129 m ²	
Level 02	2010	EM Classroom	Construction & Electrical	52 m ²	1998 m ²
Level 07	7020	Dental Tech Lab	Dental	67 m ²	
Level 07	7018	Dental Tech Prep Room	Dental	53 m ²	
Level 07	7019	Storage	Dental	5 m ²	
Level 07	7016	Dental Tech Prep Room	Dental	53 m ²	
Level 07	7017	Storage	Dental	5 m ²	
Level 07	7015	Dental Tech Lab	Dental	68 m ²	
Level 07	7005	Dental Store	Dental	13 m ²	
Level 07	7006	Dental Theory	Dental	52 m ²	
Level 07	7007	Student Store	Dental	19 m ²	
Level 07	7008	Dental Theory	Dental	55 m ²	391 m ²
Level 02	2018	3D Workshop	Engineering	54 m ²	
Level 02	2019	Electrical Workshop	Engineering	49 m ²	
Level 02	2020	3D Workshop	Engineering	54 m ²	
Level 02	2021	Electrical Workshop	Engineering	49 m ²	
Level 02	2022	Holographic Lab	Engineering	54 m ²	
Level 02	2023	Sound Lab	Engineering	47 m ²	
Level 02	2038	Architecture REVIT Lab	Engineering	54 m ²	
Level 02	2039	Architecture CAD Studio	Engineering	65 m ²	425 m ²
Level 03	3023	EM Classroom	English & Maths	54 m ²	
Level 03	3024	EM Classroom	English & Maths	54 m ²	
Level 03	3025	EM Classroom	English & Maths	54 m ²	
Level 03	3027	EM Classroom	English & Maths	54 m ²	
Level 03	3028	EM Classroom	English & Maths	54 m ²	
Level 04	4003	EM	English & Maths	56 m ²	
Level 05	5004	EM	English & Maths	55 m ²	
Level 06	6003	EM	English & Maths	56 m ²	
Level 07	7004	EM Classroom	English & Maths	55 m ²	489 m ²
Level 03	3001	Healthy Gourmet Kitchen	Hospitality	310 m ²	
Level 03	3011	Dry Store	Hospitality	19 m ²	
Level 03	3012	Healthy Gourmet Kitchen	Hospitality	145 m ²	
Level 03	3014	Staff Office	Hospitality	37 m ²	
Level 03	3010	Cold Store	Hospitality	22 m ²	
Level 03	3015	General Store	Hospitality	9 m ²	
Level 04	4017	Hospitality	Hospitality	68 m ²	
Level 04	4016	Hospitality Store	Hospitality	18 m ²	
Level 04	4015	Hospitality	Hospitality	45 m ²	
Level 04	4014	Hospitality	Hospitality	47 m ²	
Level 04	4013	Development Kitchen	Hospitality	48 m ²	768 m ²
Level 02	2003	ICT Testing Area	ICT Testing Centre	98 m ²	98 m ²
Level 01	1004	Construction Learning Lounge	Learning Lounge	97 m ²	

Level 03	3017	Functional Skills Learning Lounge	Learning Lounge	185 m ²	283 m ²
Level 05	5015	Science Lab	Science	66 m ²	
Level 05	5014	Science Lab	Science	72 m ²	
Level 05	5013	Prep Room	Science	21 m ²	
Level 05	5012	Science Lab	Science	68 m ²	
Level 05	5005	Science Lab	Science	60 m ²	
Level 05	5006	Science Store	Science	20 m ²	
Level 05	5007	Science Lab	Science	65 m ²	
Level 06	6017	Science Lab	Science	66 m ²	
Level 06	6016	Science Lab	Science	73 m ²	
Level 06	6015	Prep Room	Science	21 m ²	
Level 06	6014	Science Lab	Science	67 m ²	
Level 06	6005	Science Lab	Science	60 m ²	
Level 06	6006	Science Store	Science	20 m ²	
Level 06	6007	Science Lab	Science	65 m ²	742 m ²
GF Ground Floor	0021	Staff Workroom	Staff & Student Areas	46 m ²	
GF Ground Floor	0001	Student Centre	Staff & Student Areas	96 m ²	
GF Ground Floor	0004	Centre Director	Staff & Student Areas	11 m ²	
GF Ground Floor	0010	Coffee Shop	Staff & Student Areas	26 m ²	
GF Ground Floor	0037	Reception	Staff & Student Areas	15 m ²	
Level 01	1001	Meeting / Board Room	Staff & Student Areas	37 m ²	
Level 01	1010	Staff Offices	Staff & Student Areas	19 m ²	
Level 01	1020	Staff Workroom	Staff & Student Areas	48 m ²	
Level 01	1002	Small Meeting Room	Staff & Student Areas	11 m ²	
Level 01	1003	Staff Offices	Staff & Student Areas	37 m ²	
Level 02	2001	Student Hub	Staff & Student Areas	96 m ²	
Level 02	2012	Staff Workroom	Staff & Student Areas	54 m ²	
Level 03	3022	Staff Workroom	Staff & Student Areas	25 m ²	
Level 03	3021	Meeting Room	Staff & Student Areas	19 m ²	
Level 03	3018	Large Meeting / Board Room	Staff & Student Areas	48 m ²	
Level 04	4006	Staff Workroom	Staff & Student Areas	26 m ²	
Level 05	5011	Staff Workroom	Staff & Student Areas	19 m ²	
Level 06	6013	Staff Workroom	Staff & Student Areas	19 m ²	
Level 07	7014	Staff Workroom	Staff & Student Areas	19 m ²	670 m ²
Level 04	4005	LLDD	Supported Learning	52 m ²	
Level 04	4007	LLDD	Supported Learning	55 m ²	107 m ²
TOTAL NET AREA				5971 m²	
Total Ancillary Inc Toilets, Stores, Risers, Plant				798 m ²	
Total Circulation Including Foyer, Lifts				2199 m ²	
Total Area taken up by internal walls				394 m ²	
External Cycle Store				231 m ²	
Energy Centre (in Block D)				150 m ²	
TOTAL GIA AREA				9743 m²	
The above areas have been measured in accordance with the RICS Code of Measuring Practice, 6th edition and the GIA area includes risers, stairwells, and liftshafts.					

APPENDIX 4: FUTURE SPACE REQUIREMENTS – VAUXHALL SITE DEVELOPMENT PROPOSALS

3D Visualisations



3D Visualisations



3D Visualisations



3D Visualisations



3D Visualisations



3D Visualisations



Site Plan



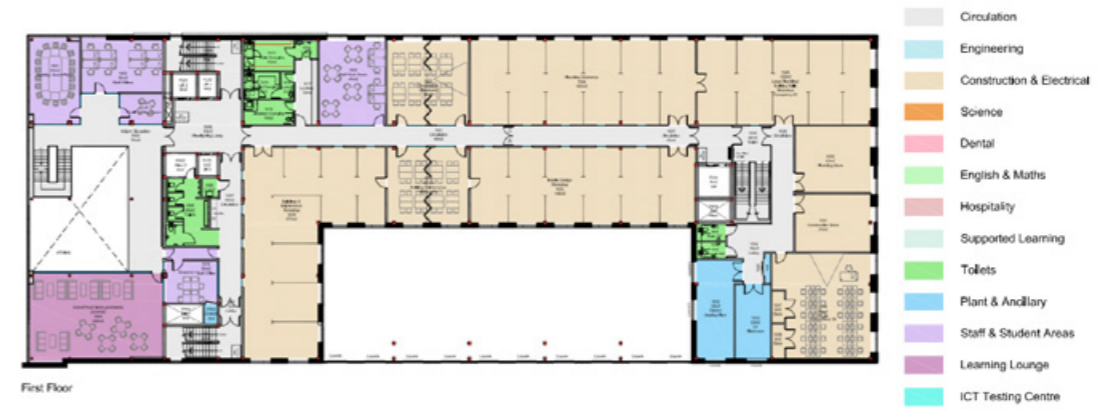
Site Plan



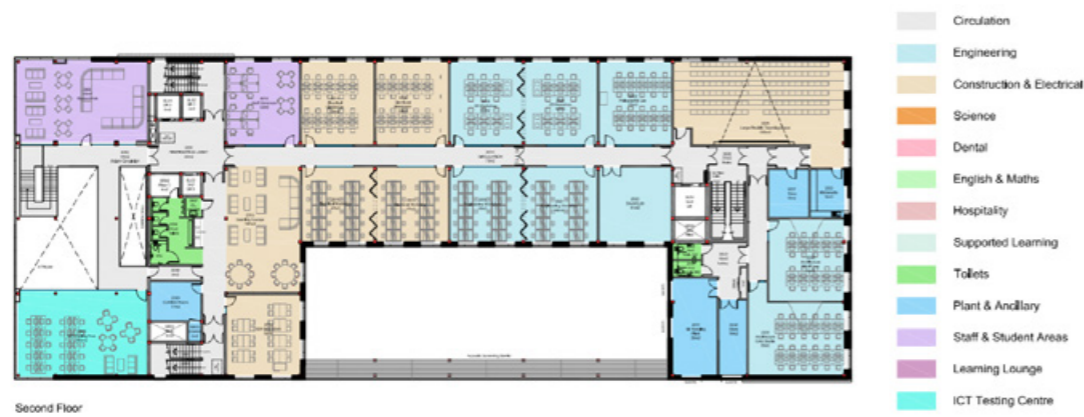
Ground Level Plan



Level 01 Floor Plan



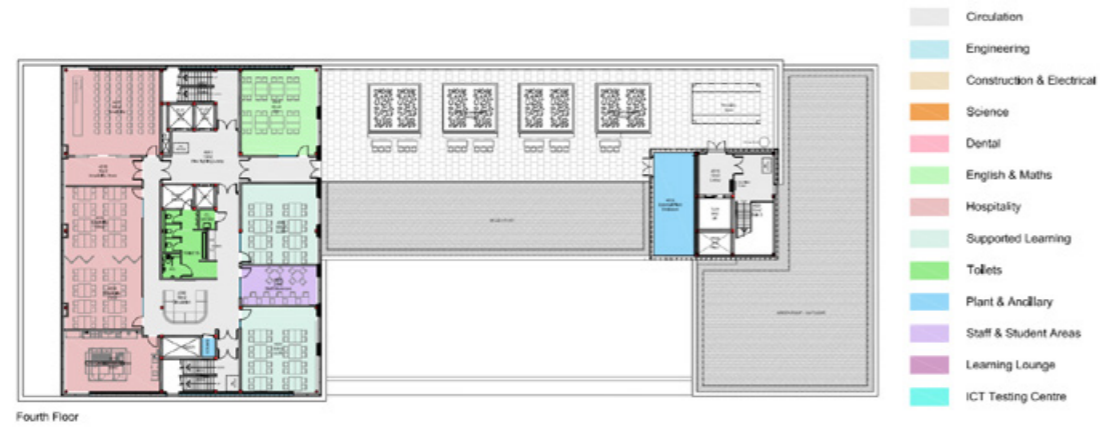
Level 02 Floor Plan



Level 03 Floor Plan



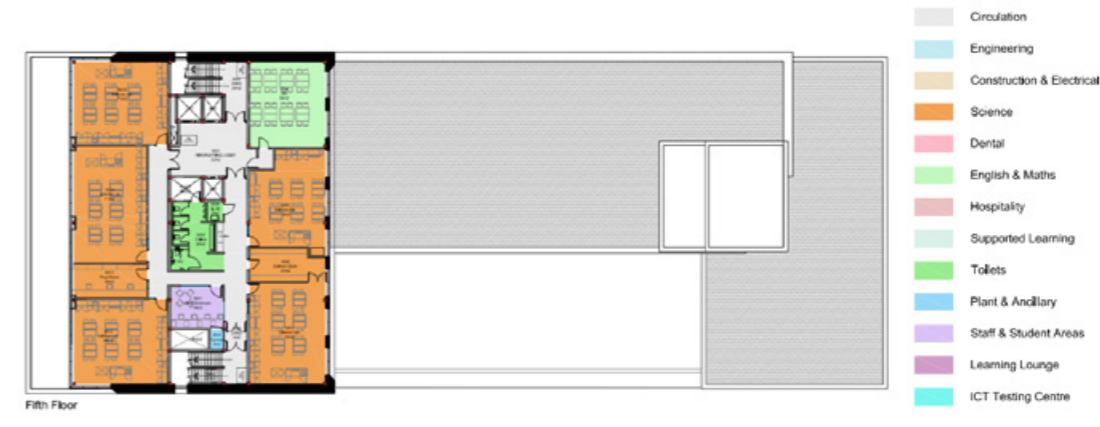
Level 04 Floor Plan



Fourth Floor



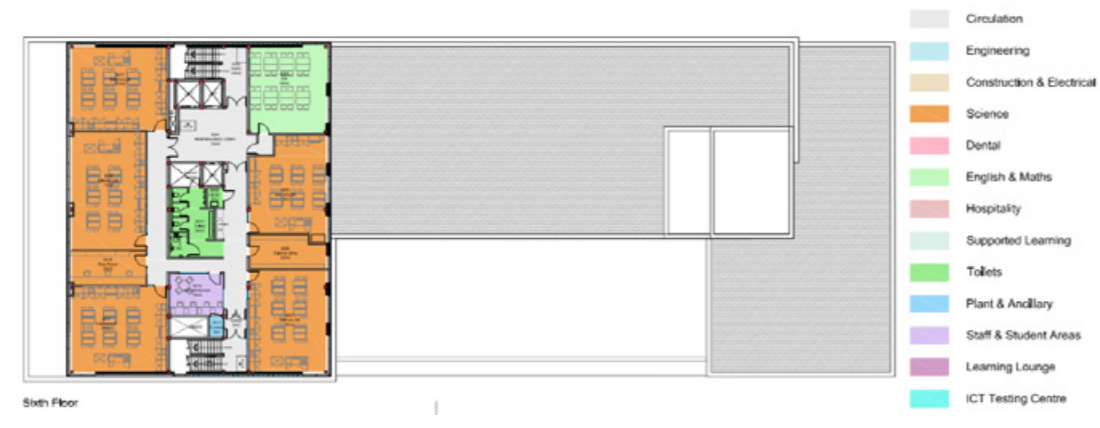
Level 05 Floor Plan



Fifth Floor



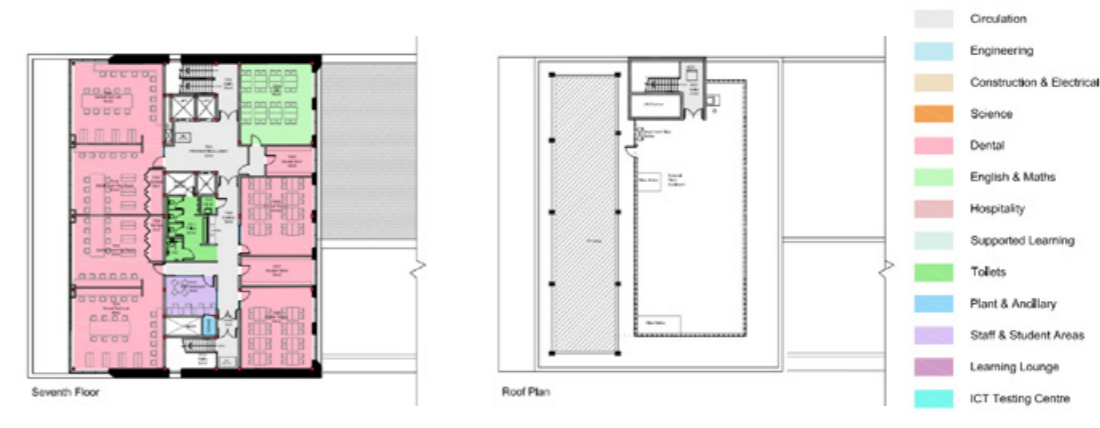
Level 06 Floor Plan



Sixth Floor



Level 07 & 08 Floor Plans

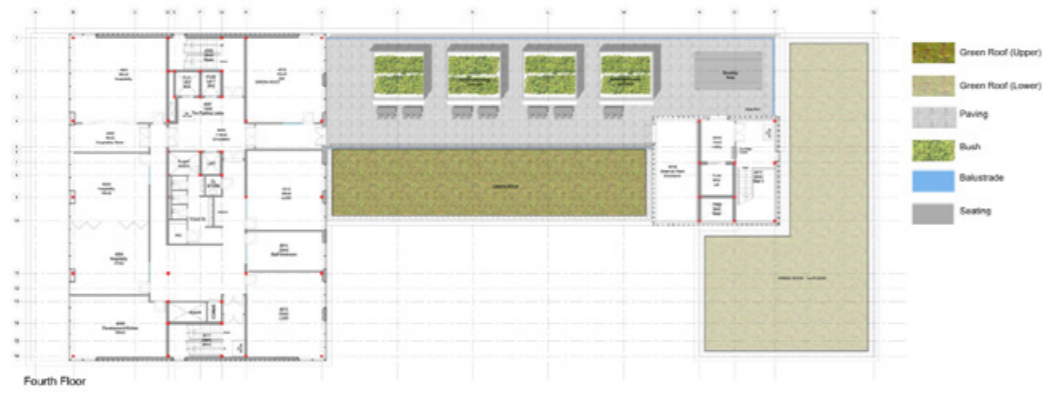


Seventh Floor

Roof Plan



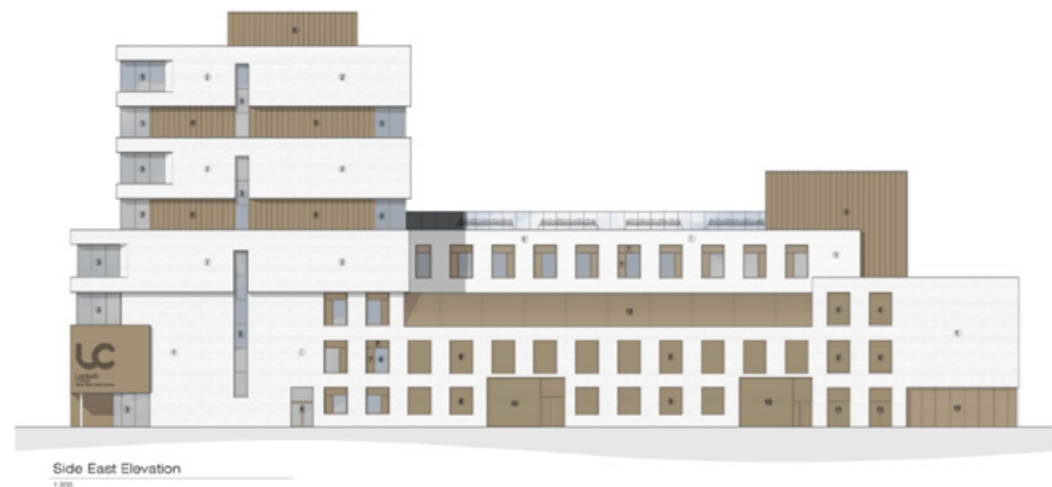
Roof Garden Plan



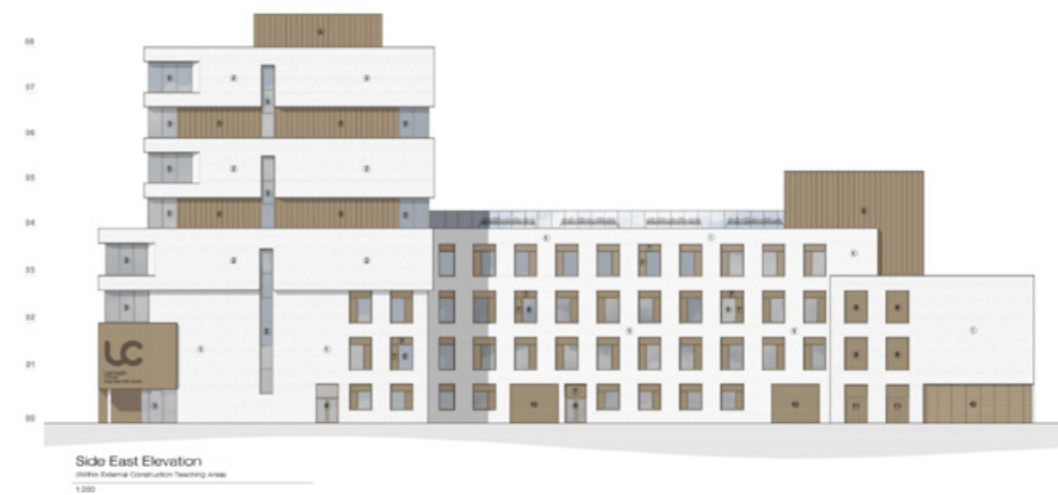
Proposed North and South Elevation



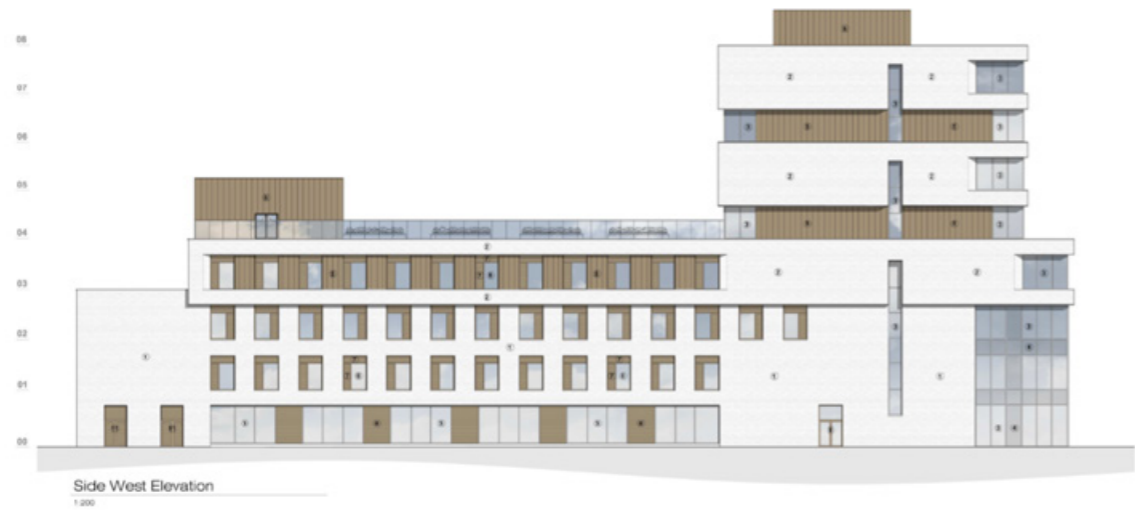
Proposed East Elevation



Proposed East Elevation (construction yard)



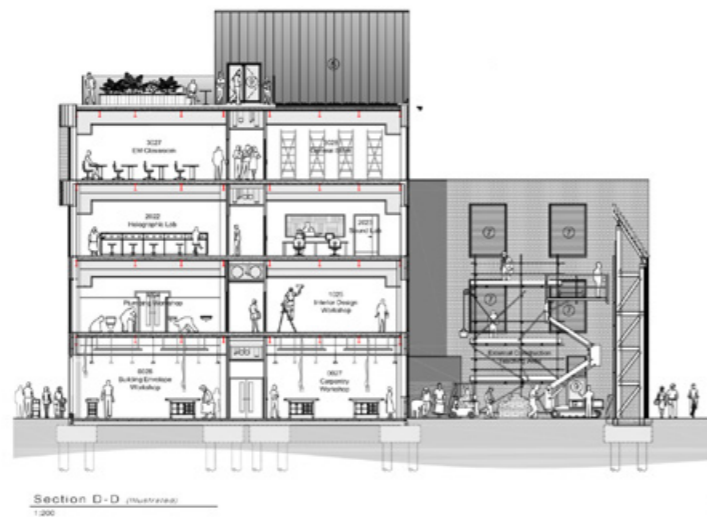
Proposed West Elevation



Proposed Atrium Section A-A



Proposed Section D-D & E-E



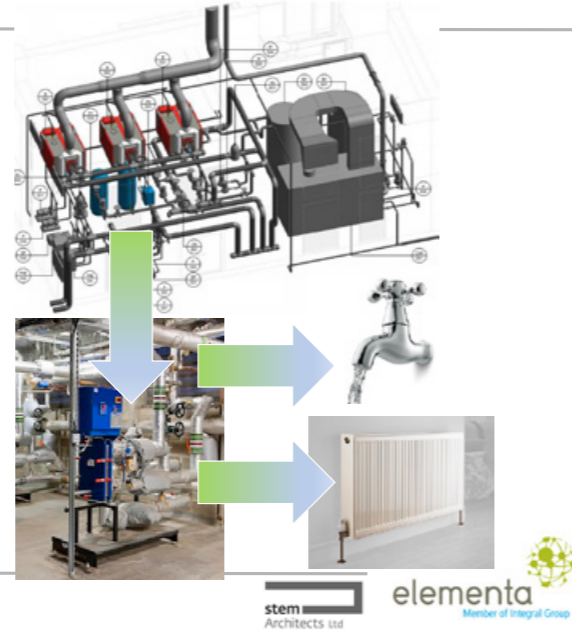
Click to edit Master title style
Primary Servicing/Infrastructure Principles



Click to edit Master title style

Primary Servicing/Infrastructure Principles

- CHP Energy centre to satisfy planning and original Skills Centre ER's
 - Located in Block D
 - Large primary gas feed to this location
- Combined heat and power unit size: 250kW
- Energy centre boiler capacity: 3MW
- Each building (or collection of) will have a primary separation station including:
 - Buildings A, B, C & D
 - Skills Centre
 - Hotel



APPENDIX 5: DEVELOPMENT VALUATION APPRAISAL – VAUXHALL SITE



STRUTT & PARKER

Contents

- 1 Overview
- 2 Residential
 - 2.1 Residential Market Update
 - 2.2 Comparable New Build Residential Schemes
 - 2.3 Second Hand Sales Market
 - 2.4 Affordable Housing Provision
 - 2.5 Local Development Pipeline
- 3 Hotels
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 - 3.2 Hotel Local Development Supply and Development Pipeline
- 4 Commercial Market Update
- 5 Planning Context
- 6 Development Appraisals
 - 6.1 Residential Development Appraisal
 - 6.2 Mixed-Use Development Appraisal
 - 6.3 Planning Application Ref: 16/05435/FUL Residential Element Only Development Appraisal
- 7 Consented Sale
- 8 SWOT Analysis

Appendix 1: Argus Development Appraisals

STRUTT & PARKER

**Lambeth College Vauxhall Centre Site,
Belmore Street, Wandsworth Road, SW8 2JY**

Strutt & Parker (S&P) have been instructed by London South Bank University (LSBU) to provide our agency opinion on the likely market value of the Lambeth College Vauxhall Centre site.

For the purpose of this report, we have based our development appraisals on the redevelopment of the building from existing college accommodation into the following:

- i) Based on a 100% residential scheme;
- ii) Based on a mixed-use scheme to comprise residential, flexible commercial accommodation, and a private hotel;
- iii) Based on the residential element only of planning application ref: 16/05435/FUL.

The residential element of planning application 16/05435/FUL referenced above proposes 100% build-to-rent for the residential accommodation. In our experience, at this price point (average exit value of £825 per sq ft), a built-to-rent scheme is unlikely to achieve a higher land value than that for build-to-sell, therefore if part of the site were to be sold off in the open market, as per option iii) above, we have assumed the tenure is build-to-sell.

The build-to-rent model is very specialised and we do not have the relevant experience to value the site on this basis, therefore we would suggest seeking further specialist advice, or given the nature of the agreement with Carillion, asking them to share their headline assumptions which has enabled them to get to a land value of £20,000,000.

From a viability point of view, we understand the 9% affordable housing proposed on the build-to-rent scheme has been well-received by Lambeth Council in preliminary meetings, however we are of the opinion that were the model build-to-sell then 35% affordable housing is a more realistic provision given the borough's strict affordable housing policy, and the scale of the site attracting GLA interest, and therefore have included this within our appraisals for option iii).

Another important issue is car parking; the current application proposes a car-free scheme which would have a negative impact on potential revenues for both rental and sale tenure, therefore in our appraisals for build-to-sell we have assumed that car parking is provided on site at basement level (we are not aware of any restrictions to building a basement on the site, and given the site is to be cleared we do not consider this would significantly increase build costs). The adjacent Mount Anvil scheme fronting Wandsworth Road provides 131 parking spaces at basement level which cover the majority of the footprint of the building. Taking into account the footprint of the subject site, we consider 125 car parking spaces a reasonable assumption in our appraisals.

As well as our opinion on the potential development value of the asset, this report includes market commentary specific to each use class along with development pipeline in Stockwell/Vauxhall/Nine Elms.

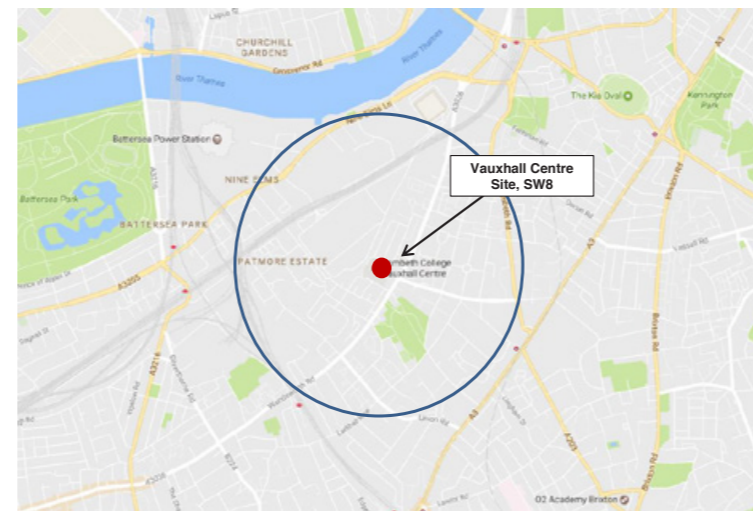
The Strutt & Parker London planning team have also provided a brief summary note on the London Borough of Lambeth's relevant planning policies that could affect the redevelopment of the site, specific to each use class.

1. Overview

- We understand that Lambeth College's interest comprises the freehold of the Vauxhall Centre site, totalling approximately 0.92 hectares / 2.27 acres and providing two buildings totalling approximately 15,238 sq m, and currently in education use.
- The site is well-located at the junction of Wandsworth Road and Belmore Street in an established residential area in the London Borough of Lambeth.
- The site is close to Wandsworth Road, Queenstown Road and Battersea Park Overground Stations, while Stockwell Underground Station is approximately 0.5 miles distance and Vauxhall Overground and Underground stations are easily accessible via an 8 minute bus journey. The two new Underground stations to be built at Nine Elms and Battersea Power Station will further enhance connectivity.
- We have assessed the likely development potential of the site, taking into consideration a range of uses including, but not limited to; residential, commercial and hotel. We have also reviewed the current planning application Ref: 16/05435/FUL that was submitted in September 2016 and comprises a mixed use scheme, including new college facilities for Lambeth College. **We have appraised the site assuming the site is sold with the benefit of this planning consent secured, and therefore supports the significant increase in massing and height on the site (up to 26 storeys). If the current application is withdrawn and/or fails to get consent, we would need to reevaluate the development potential of the site taking into consideration the grounds for refusal.**

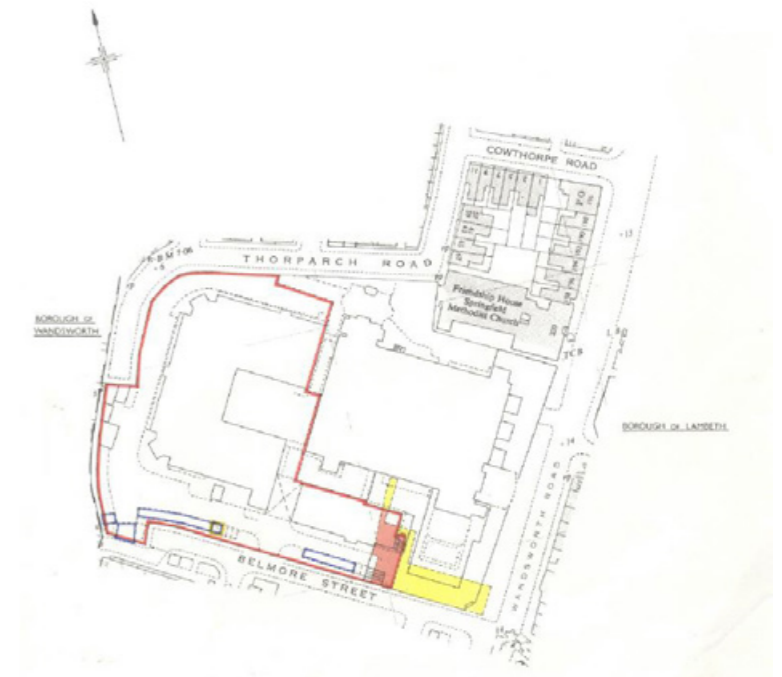


Location Map



○ 10 minutes' walking distance

Title ownership



Site area: approximately 2.27 Acres



2. Residential

2.1 Residential Market Update

Over the last 12 months, the London residential market has been one of uncertainty and we expect market activity and price growth to continue to be low in Q1 2017. The London residential market experienced a predicted spike in transaction levels immediately before the Stamp Duty Land Tax (SDLT) change in April last year, but since then market conditions have been challenging. The lead up to, and outcome of, the EU Referendum caused a significant amount of uncertainty with both domestic and international buyers.

Political uncertainty following the Brexit vote and the triggering of Article 50, the shake-out from the US presidential election, and the Dutch, French and German elections taking place throughout 2017 are all likely to dampen market demand in the short-run, with the risk principally remaining on the downside. Buyers and sellers who do not have to move quickly are likely to adopt a 'wait and see' approach.

Developers have reported a slowdown in sales at the top end of the market, with Berkeley Homes recently reporting a 20% fall in demand as a result of the new stamp duty rate and concerns over the UK's decision to leave the EU.

There has, however, been a considerable amount of variation across the capital and the focus of housebuilders and developers is predominantly on sites which can deliver a realistic price point that is affordable to owner occupiers and first-time buyers, and those that are located in areas of regeneration. We believe that the Vauxhall Centre site is positioned within a 'stable' price point within the London market, and this fairly under-developed part of SW8 is an area that we believe will experience continued growth.

Price levels haven't fallen as had been anticipated in the immediate aftermath of the referendum vote, however sales rates have certainly slowed as a result of a dip in investor confidence. It is difficult to gauge the true impact of the vote on the transaction market as it is not yet clear how much this dip can be attributed towards the uncertainty surrounding a British exit of the EU, or the changes in SDLT earlier in the year.

The overhaul of SDLT in December 2014 increased the level of property tax on homes sold for more than £937,000, with the changes being particularly hard felt in the £5 million to £10 million price range. We therefore believe that this will have had a limited effect on the local market, given the average local market and price point. There have been signs, however, that the increase in SDLT for additional homebuyers has softened demand.

The UK domestic market will be impacted by purchaser sentiment and the UK economic outlook. Further, the likelihood of price increases in construction may well reduce supply levels and have the unintended consequence of putting further upwards pressure on prices even whilst demand levels soften.

The new build developments our new homes team are currently marketing have seen mixed results. Television Centre in West London has sold at near asking prices to principally domestic investors, while



One Nine Elms and Hempel Collection, situated in more 'prime' London locations (Battersea and Bayswater respectively) have seen discount levels of 5% to 12%.

Product that is selling well in today's market is driven by the following factors:

- **Location** | existing strong locations, with good transport links and amenities which may have not yet realised their growth potential.

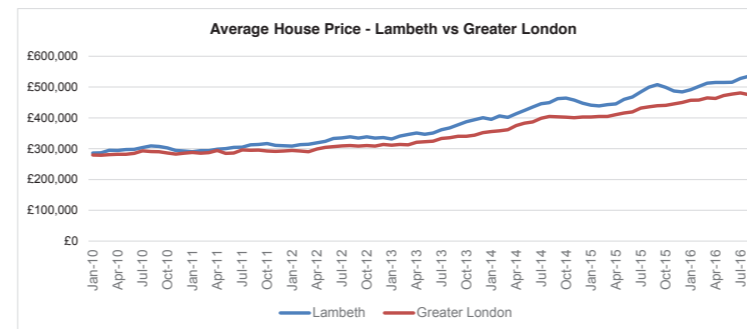
- **Price** | developments that are selling well have been priced sensitively and accurately for today's market rather than applying a typical "new build" premium. Capital values are also becoming increasingly more important over 'per sq ft' rates.

- **Product** | studio, one and small two bedroom apartments are still high in demand across all locations of London. The demographic of buyer is vast for this type of product, and will therefore remain attractive despite market impacts.

The Local Market

Prices in the local area and the wider borough of Lambeth have outperformed Greater London. Average residential prices in the borough have risen by 87% since the beginning of 2010, as figure 1 shows. This exceeds the 70% growth seen in Greater London and the 45% growth seen in prime central London.

Figure 1:



Source: House Price Index

In 2016, the average sale price for Lambeth was approximately £515k, according to the Land Registry. This is a 12% higher than the Greater London average of £470k but offers a significant discount compared to north of the river where Hammersmith & Fulham and Kensington & Chelsea recorded average sale prices of approximately £765k and £1.275m respectively.



There are, however, smaller enclaves of higher value properties scattered throughout the local area, for example in the nearby Lansdowne Gardens and St Barnabas Villas, and new build apartments at St George's Wharf tower and Nine Elms Lane.

There have been a considerable number of new build residential and mixed use schemes built over recent years in the vicinity, particularly on riverside locations in the Vauxhall, Nine Elms and Battersea regeneration area. There are also a considerable number of schemes in the development pipeline, as outlined in section 2.5.

The immediate area is, however, fairly under-developed, and provides more affordable private sector accommodation compared to riverside locations, and good value given the proximity to Central London, with the area appealing to predominantly domestic buyers, rather than the large proportion of overseas buyers and investors who have purchased homes in the Nine Elms schemes.

Buyers in this location are likely to be more mortgage dependent and include a higher proportion of UK buyers than in more prime central London locations. They will therefore be more affected by domestic economic conditions than in more prime central London locations dominated by wealthy overseas purchasers. For some domestic buyers, the area acts as a stepping stone before making the move out of London to the country, but for a large proportion of buyers this is an area to set down roots.

Perception of job security and wage growth potential within the London economy will continue to be important factors affecting purchaser demand, particularly in the finance and business service sectors, in this location.

Nine Elms Regeneration

The site lies on the periphery of the Vauxhall, Nine Elms and Battersea regeneration area. This is the largest regeneration area in Central London, comprising approximately 195 ha of former industrial land between Chelsea Bridge and Lambeth Bridge that includes more than 20 interconnected development sites including Battersea Power Station, the US Embassy, Vauxhall Cross and New Covent Garden Market. These sites will benefit from improved transport links including an extension of the Northern Line that will link Kennington Station with new stations at Nine Elms and Battersea (scheduled for completion in 2020).

In the last five years Nine Elms has repeatedly been highlighted as an emerging central London residential 'hotspot', fuelled by the redevelopment of Battersea Power Station and the enhancement of connectivity following the completion of the new Underground stations. By 2025, 20,000+ new homes, 3.2 million sq ft of new office space, 2.3 million sq ft of new retail space, 1,600 new hotel rooms and a 30 acre linear park will have been built.

The area has attracted a lot of media attention due to the high level of supply that is set to be delivered, and has attracted some negative press due to the scale of the development, high overseas ownership, high prices and a perceived disjointed approach to 'placemaking' by the different developers.

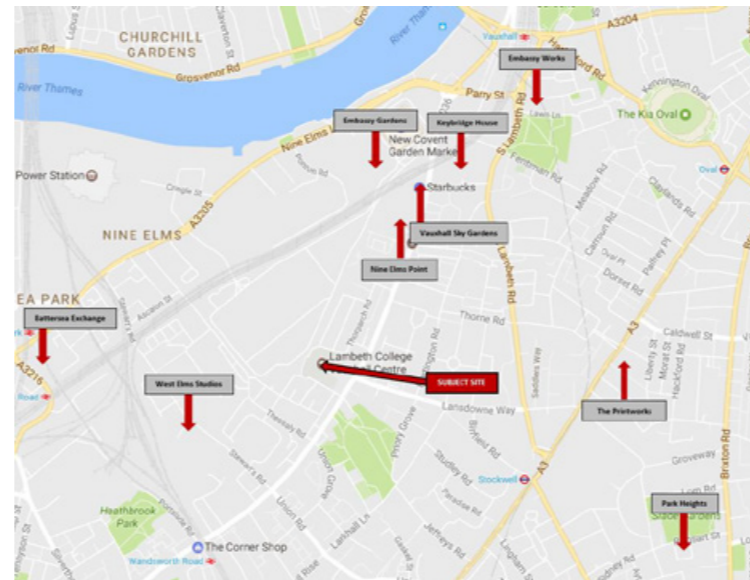
On top of the high level of supply we are seeing a large amount of re-sales come onto the market. However, it is evident that high quality schemes at a realistic price point are still very well-received by both the overseas and domestic market.

2.2 Comparable New Build Residential Schemes

In reaching our view on pricing as shown in section 6, we have used our knowledge of schemes within close vicinity to the site within Vauxhall, these schemes are detailed below.

In the nearby new build schemes there is a clear differential between those units benefitting from river views and those without, and this will be reflected in the price point of any residential provision at the Vauxhall Centre site.

It is not possible to directly compare the Vauxhall Centre site to the schemes cited on a like for like basis due to differences in location, however please find below an overview of asking and achieved prices for developer sales, as well as re-sales where applicable.



WEST ELMS STUDIOS, 102-104 Stewarts Road, SW8 - COMPLETE



Development	West Elms Studios
Developer	Firmstone Developments
No of Units	20 (all private)
Completion	Q2 2016
Average Price	£750 psf (asking)

Boutique development by Firmstone Developments near Battersea / Clapham Old Town. This scheme does not benefit from river nor tower views and lacks the amenities of the large Nine Elms developments which is reflected in the lower £psf achieved across the scheme. The scheme sold out in Q4 2016.

THE PRINTWORKS PHASE 2, 131-143 Clapham Road, SW9 - COMPLETE



Development	The Printworks
Developer	Galliard Homes
No of Units	155 (all private)
Completion	May 2016
Average Price	£1,025 psf (asking)

Dating back to 1903, the building was formally occupied by a printworks company, and has now undergone a redevelopment into a commercial and residential scheme which is now selling off its second phase of apartments. The development, located within close proximity to Stockwell and Oval Underground Stations, is a mix of studios and 1-bedroom apartments, which start from £309,500 for a studio, and benefits from 24-hour security, underground parking and a high specification.

The scheme launched in September 2014 and all of the 100 units launched had sold by the time conversion works commenced at the end of Q2 2015.

Below we outline some recent re-sales:



Property	Floor	Beds	Sq ft	Price	£/sq ft	Date
304 The Printworks	3	Studio	306	£363,500	£1,187	Apr-16
104 The Printworks	1	Studio	296	£324,671	£1,096	Apr-16

VAUXHALL SKY GARDENS, 143-161 Wandsworth Road, SW8 – UNDER CONSTRUCTION



Development	Vauxhall Sky Gardens
Developer	Frasers Property
No of Units	239 (198 private)
Completion	Q2 2017
Average Price	£1,374 psf (asking)

The development by Frasers Property comprises a mix of commercial and residential space, including a 36 storey tower block.

As well as the residential element, Vauxhall Sky Gardens comprises 4,000 sq m of commercial office space within the tower. Further, two 'sky gardens' offer over 22,000 sq ft of outdoor space. All apartments will have their own winter garden or balcony.

The scheme commenced construction in Q1 2014 having been pre-sold in a bulk deal in April 2013. Many have since been re-sold via a number of agents.

Below we outline some recent re-sales:

Property	Floor	Beds	Sq ft	Price	£/sq ft	Date
2101 Sky Gardens	21	1	503	£639,995	£1,272	Aug-16
1801 Sky Gardens	18	1	495	£560,000	£1,131	Jun-16



PARK HEIGHTS (PHASE 5) – 48 Robsart Street Stockwell Park & Rosart Village Estates, SW9 - COMPLETE



Development	Park Heights (Phase 5)
Developer	Network Homes
No of Units	159 (75 private)
Completion	Q2 2016
Average Price	£795 psf (asking on most recent pricelist)

Phase 5 is part of a master consent to refurbish and extend existing residential buildings, and erect new buildings to provide up to 542 new dwellings.

The phase was launched in May 2015 and at the end of Q4 2016 all units have been sold. The launch pricelist showed 1-beds from £395,000, 2-beds from £556,000 and an average of £728 psf.

The scheme has a high affordable provision compared to the other developments cited, however the apartments, benefitting from a residents' roof terrace, concierge facilities and a landscaped new garden square, have sold well due to the price point.

BATTERSEA EXCHANGE, Battersea Park Road and Queenstown Road, SW8 – UNDER CONSTRUCTION



Development	Battersea Exchange
Developer	Taylor Wimpey
No of Units	290 (230 private)
Completion	Q1 2017
Average Price	c.£965 psf (asking)

The first phase underway comprises two blocks:

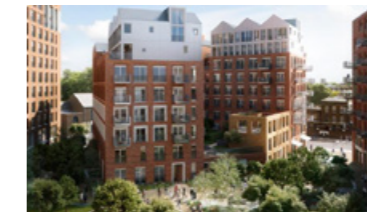
- Foundry is 56 units, has sold out and completed at the end of 2016.
- Mercer is 30 units, has sold out and will complete in Q1 2017.

Taylor Wimpey reports that Phase two, containing the 126 remaining units, is on hold pending contractor selection. The latest price list available shows 2-beds from £790,000, 3-beds from £880,000 and an average of c.£965 psf.

The comparatively low Epsf is partly attributable to the large size of the units (the average size of a 2-bed apartment is in excess of 900 sq ft). The scheme has been priced at a sensible level given the large volume of pipeline new build stock in the nearby Nine Elms, therefore sales rates have been comparatively good.



KEYBRIDGE HOUSE, 80 South Lambeth Road, SW8 – UNDER CONSTRUCTION



Development	Keybridge House
Developer	Mount Anvil / A2Dominion
No of Units	441 (415 private)
Completion	Late 2019
Average Price	£1,155 psf (asking)

Development by Mount Anvil and Fabrica by A2 Dominion will offer 441 new build homes from studio to three bedrooms apartments and 'Skylofts', as well as 43,600 sq ft of new commercial retail space.

The scheme benefits from private outdoor spaces including terraces and balconies, a 24-hour concierge service, members' club lounge, a swimming pool, gym and spa facilities.

163 units were retained by A2Dominion for PRS, with the remaining 252 private units sold on the open market. Six months after launch in October 2015 the scheme was approximately 70% sold.

Construction is progressing on Blocks C (74 PRS units) and D (affordable units) whilst demolition continues on the former tower, which will reach ground level in March/April 2017. Across the rest of the site there are 252 private sale units (208 sold) and 89 more PRS units pending the last part of the demolition. The current pricelist shows studios from £575,000, a 1-bed at £700,000, 2-beds from £865,000, 3-beds from £1,562,500 and an average of £1,155 psf. Overall completion is billed for late 2019.

Below we outline a recent re-sale:

4th floor, 1 bed apartment, 556 sq ft:
Sold in June 2016 for £615,000 which equates to £1,106 psf



EMBASSY WORKS, 10-12 Lawn Lane, SW8: COMPLETE



Development	Embassy Works
Developer	bmor
No of Units	39 (all private)
Completion	Q4 2016
Average Price	£1,195 psf (asking)

A development by bmor comprising 37 studio, one, and two bedroom loft apartments, and two penthouses in a Victorian warehouse conversion. Embassy Works provides exposed brickwork and period features, as well as contemporary interior design. The development is located approximately 300m from Vauxhall Station and overlooks Vauxhall Park.

Construction recently completed and at the end of Q4 2016 one unit remains to be sold, a 2-bed at £860,000, following a price reduction.

This smaller scheme benefits from increased privacy and is a more attractive build when compared to the larger developments in the vicinity, however lacks river views, amenities and outdoor space.

Below we outline some recent re-sales:

1st floor, 2 bed apartment, 780 sq ft:
Sold February 2016 for £950,000 which equates to £1,217 psf

Ground floor, 1 bed apartment, 483 sq ft:
Sold February 2016 for £565,000 which equates to £1,169 psf



NINE ELMS POINT, 62 Wandsworth Road, SW8: UNDER CONSTRUCTION



Development	Nine Elms Point
Developer	Barratt London
No of Units	737 (593 private)
Completion	Tranches up to Q1 2019
Average Price	£1,127 psf (asking)

Nine Elms Point is one of the largest developments at Nine Elms and consists of a linear village with apartments provided in seven separate buildings, including a 37-storey tower, and c.20,000 of office floorspace. The development is located at the western end of Nine Elms, just off Wandsworth Road and close to Vauxhall Underground Station.

Amenities include an acre of podium gardens, private dining room, private fitness suite and 24 hour concierge service. Further onsite amenities include a brand new 80,000 square foot flagship Sainsbury's supermarket. Most of the apartments benefit from private terraces or balconies, while some top floor penthouses have access to large rooftop gardens.

In May Barratt London was reported to have made a bulk sale of 88 units within the scheme to a consortium. At the end of Q4 2016, 161 units have completed and more completions will follow in tranches up to the end of Q1 2019. 216 units have sold and the current price list shows 2-beds from £830,000, a 3-bed at £1.03m, a 4-bed at £2.7m and an average of £1,127 psf.

Below we outline some recent re-sales:

Property	Floor	Beds	Sq ft	Price	£/sq ft	Date
265 Watts Apartments, Nine Elms Point	3	2	902	£829,350	£919	Dec-16
233 Watts Apartments, Nine Elms Point	5	1	524	£610,000	£1,164	Nov-16
231 Watts Apartments, Nine Elms Point	5	Studio	419	£485,000	£1,158	Mar-16
93 Nine Elms Point	2	2	767	£793,000	£1,034	Apr-16
89 Nine Elms Point	1	1	488	£550,000	£1,127	Apr-16



EMBASSY GARDENS PHASE 2, 51 Nine Elms Lane, SW8 – UNDER CONSTRUCTION



Development	Embassy Gardens Phase 2
Developer	EcoWorld Ballymore
No of Units	872 (709 private)
Completion	H2 2019
Average Price	£1,460 psf (asking)

A development by EcoWorld Ballymore located adjacent to the new US Embassy's landscaped gardens. The phase features a swimming pool, spanning and suspended between two buildings, and residents will benefit from a members club and amenities including a 24 hour concierge, gym, an orangery, bar and health spa.

The sales position has been kept closely guarded however we understand that sales have been about 50/50 to domestic and overseas investors. At the end of Q4 2016 construction was progressing and is billed to complete in the latter half of 2019:

- Building 1 is 168 units and 75% had sold.
- Building 3 is 250 units and 40% had sold.
- Building 2 is 291 units and has not yet been launched.

The current pricelist shows a studio at £630,000, 1-beds from £925,000, 2-beds from £1.1m, a 3-bed at £1.495m and an average of £1,460 psf.

Recent re-sales in the first phase achieved approximately £1,240 psf for one bedroom apartment on the 11th floor, and £1,185 psf for a two bedroom apartment on the 7th floor.



2.3 Second Hand Sales Market

We have researched the local second hand residential market and found a number of transactions that have taken place recently, as shown below:

Address	Type	Beds	Tenure	G. R.	Date of Sale	Asking Price	Selling Price	Agent	G. F. A.
Flat B3 (2nd Floor), 3 Cornhill Square, London SW8 2ER	Flat	1	Leasehold; expiring 21/05/2135	E350	11/03/2016	£435,000 (£764 / R)	£435,000 (£764/R)	Chestertone (Battersea)	569 R ² 53 m ²
2nd Floor Flat, 188 Wandsworth Road, London SW8 2JU	Flat	2	Leasehold; TBA	TBA	24/02/2016	£400,000 (£591 / R)	£410,000 (£606/R)	Kinleigh Folkard & Hayward (Kennington)	678 R ² 63 m ²
1st Floor Flat, 188 Wandsworth Road, London SW8 2JU	Flat	2	Leasehold; TBA	TBA	29/01/2016	£390,000 (£727 / R)	£390,000 (£727/R)	Kinleigh Folkard & Hayward (Kennington)	536 R ² 50 m ²
Ground Floor Flat, 23 Mill Pond Close, London SW8 4SN	Flat	2	Leasehold; TBA	TBA	19/09/2016	£530,000 (£711 / R)	£560,000 (£854/R)	Kinleigh Folkard & Hayward (Kennington)	886 R ² 82 m ²
29 Priory Grove School (3rd Floor), 10 Priory Grove, London SW8 2PH	Flat	1	Leasehold; TBA	TBA	22/01/2016	£450,000 (£907 / R)	£430,000 (£866/R)	Kinleigh Folkard & Hayward (Clapham Common)	496 R ² 46 m ²
Ground Floor Flat, 6 Corben Mews, London SW8 4TA	Flat	2	Leasehold; TBA	TBA	29/01/2016	£625,000 (£736 / R)	£620,000 (£732/R)	Sold Privately/Agent Unknown	848 R ² 79 m ²
37 Brocket House (2nd Floor), Union Grove, London SW8 2RE	Flat	2	Leasehold; TBA	TBA	01/07/2016	£425,000 (£654 / R)	£405,000 (£624/R)	Kinleigh Folkard & Hayward (Clapham Common)	640 R ² 60 m ²
2nd Floor Flat, 74 Killyon Road, London SW8 2XT	Flat	2	Leasehold; TBA	TBA	03/08/2016	£475,000 (£541 / R)	£495,000 (£568/R)	Winkworth (Clapham)	741 R ² 69 m ²
Flat 2 (1st Floor), 10 Killyon Road, London SW8 2XT	Flat	2	Leasehold; TBA	TBA	02/09/2016	£565,000 (£929 / R)	£560,000 (£921/R)	Kinleigh Folkard & Hayward (Clapham Common)	608 R ² 56 m ²
33 Morant House (1st Floor), St Michael's Road, London SW9 8AA	Flat	2	Leasehold; TBA	TBA	12/04/2016	£399,950 (£753 / R)	£395,000 (£743/R)	Kinleigh Folkard & Hayward (Clapham)	531 R ² 49 m ²
2 Vincent Court (2nd Floor), 96 Hackford Road, London SW9 0DU	Flat	2	Leasehold; TBA	TBA	11/04/2016	£495,000 (£706 / R)	£495,000 (£706/R)	Chestertone (Battersea)	701 R ² 65 m ²



2nd Floor Flat, 49 Hackford Road, London SW9 0RE	Flat	2	Leasehold; TBA	TBA	18/02/2016	£550,000 (£737 / R)	£530,000 (£710/R)	Kinleigh Folkard & Hayward (Kennington)	746 R ² 69 m ²
Ground Floor Flat, 51 Hackford Road, London SW9 0RE	Flat	2	Leasehold; TBA	TBA	22/02/2016	£560,000 (£727 / R)	£572,000 (£718/R)	Kinleigh Folkard & Hayward (Kennington)	935 R ² 87 m ²
Flat A (Ground Floor), 8 Clitheroe Road, London SW9 9DZ	Flat	2	Leasehold; TBA	TBA	12/10/2016	£685,000 (£957 / R)	£680,000 (£952/R)	Kinleigh Folkard & Hayward (Clapham Common)	1,042 R ² 97 m ²
1st/2nd Floor Flat, 86 Grantham Road, London SW9 9EB	Flat	2	Leasehold; plus share of F/H	NKN	15/08/2016	£595,000 (£780 / R)	£575,000 (£754/R)	Kinleigh Folkard & Hayward (Clapham)	762 R ² 71 m ²
4th Floor Flat, 31 Stane Grove, London SW9 9AL	Flat	2	Leasehold; TBA	TBA	19/05/2016	£650,000 (£853 / R)	£600,000 (£787/R)	Kinleigh Folkard & Hayward (Clapham Common)	762 R ² 71 m ²

2.4 Affordable Housing Provision

As a Labour Party controlled borough, Lambeth has a strict and ambitious affordable housing policy, hence their target of a minimum 50% affordable housing provision across all new build residential and mixed use schemes. Moreover, with the appointment of Sadiq Khan as Mayor of London and his manifesto promise of seeking at least 35% affordable housing in new homes schemes (and 50% on publically owned sites) across the capital, we are already seeing evidence of a pressure on housebuilders and developers to provide a higher proportion of affordable units in their schemes across the London boroughs.

Local developments have habitually argued viability in order to lessen the affordable housing requirements therefore in our appraisals we have assumed 35% provision of affordable housing. We draw your attention to the fact that of the 1,406 units completed in the borough in 2014/2015, 24% were affordable tenure, less than half of the borough requirement of 50%.

Figure 2: Rolling Annual Completions by Tenure:

	Affordable				Market				Total			
	Gross		Net		Gross		Net		Gross		Net	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2006/07	223	16%	209	19%	1173	84%	918	81%	1396	100%	1127	100%
2007/08	404	26%	346	29%	1158	74%	861	71%	1562	100%	1207	100%
2008/09	468	44%	567	52%	708	56%	528	48%	1176	100%	1095	100%
2009/10	490	33%	420	36%	1008	67%	732	64%	1498	100%	1152	100%
2010/11	694	50%	694	54%	694	50%	595	46%	1388	100%	1289	100%
2011/12	417	37%	348	41%	714	63%	502	59%	1131	100%	850	100%
2012/13	365	46%	269	43%	436	54%	354	57%	801	100%	623	100%
2013/14	484	33%	99	12%	977	67%	754	88%	1461	100%	853	100%
2014/15	390	24%	354	25%	1212	70%	1052	75%	1602	100%	1406	100%
Total	3926	33%	3297	34%	8089	67%	6305	66%	12015	100%	9602	100%

Source: Lambeth Housing Development Pipeline Report 2014/15

The challenge is to adhere to policy whilst achieving a sufficient GDV for the private units at the Vauxhall Centre site in order to ensure the scheme is viable. The proposed tenure split within the affordable housing accommodation at the site is 70%/30% in favour of social rented housing, in line with the Borough target. The higher quantum of social/affordable rented accommodation compared to intermediate will increase the negative impact on the value of the private units, and the scheme overall.

Below we set out several local developments' agreements with the Council:

- Keybridge House - 6% affordable housing in terms of unit numbers
- Park Heights - 53% affordable housing

3 Hotels

3.1 Hotels Market Update

A drop-off in demand for London hotels contributed to a challenging first half of the 2016, with revenue per available room (RevPAR) declines of 3.5% for the six months to June according to PwC. This demand slump has been exacerbated by a flurry of new hotel openings, meaning more competition for hoteliers at a challenging time; for example H1 2016 saw 24 hotels and over 1,600 new rooms open in the capital.

Uncertainty after the Referendum and economic slowdown has undoubtedly further affected consumer sentiment and tightened corporate travel budgets. Further, the effect on inward migration, particularly from other EU countries, could affect the hotel sector's ability to recruit and retain skilled staff going forward.

However, a fall in Sterling against other major currencies could provide a boost to UK tourism and a weaker pound may stimulate 'staycations' and domestic holidays in the UK, while on the investment side, London assets appear to provide good value compared to other major European cities, which could act as a spur to the transaction market.

Forecasts remain cautious, with PwC anticipating that RevPAR in London hotels is expected to fall by around 2.8% this year and a further 0.5% in 2017. The forecast occupancy level for 2017 of 80% in London is a decrease of 0.8%, and the lowest experienced since 2008.

New concepts continue to disrupt the norm, with Airbnb representing a high profile and significant competitor to the hotel industry. PwC research shows a 54% increase in Airbnb listings in London in July 2016 compared to July 2015.

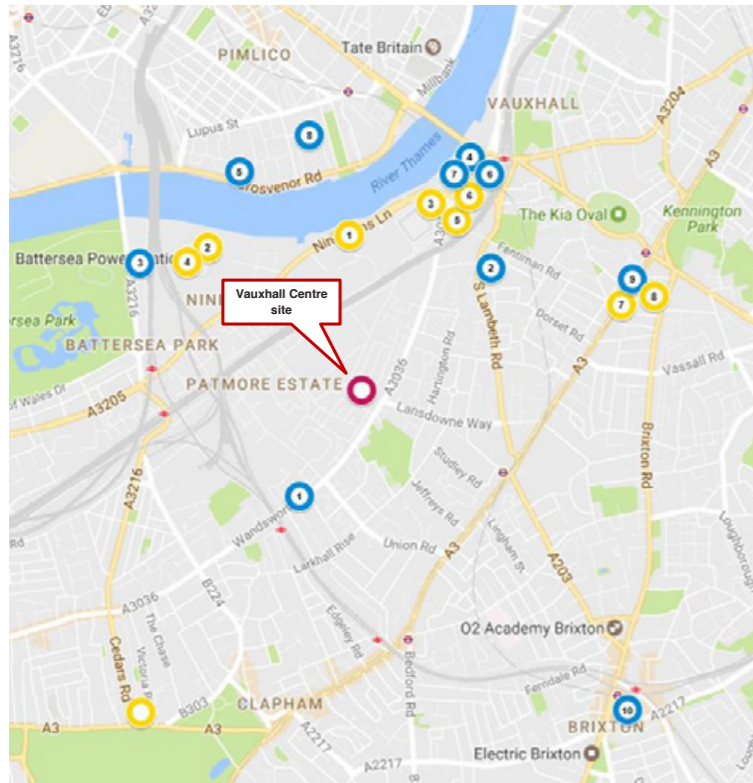
The hotels investment market outlook shows a better picture. According to Savills research, total transaction volumes in the UK hotel market reached £8.1 billion in 2015, the highest level since the £8.3 billion record in 2006. Volumes over the first nine months of 2016 totalled just over £3.1bn, with London accounting for 52% of transaction volumes. A good example of the strong investor appetite was Townsend House in Victoria, which was marketed in summer 2016 as both a residential and hotel development, where 50% of viewings were undertaken by hotel operators and developers, with several offers made above the asking price of £15 million.

2.5 Local Development Pipeline



- Vauxhall Sky Garden – 17% affordable housing
- The Printworks – 35% (Phase 1) and 0% (Phase 2) affordable housing
- This Space (former London South Bank University) – 34% affordable housing.

3.2 Hotels Local Development Supply and Development Pipeline



Supply

Hotel	Operator	Grade	Rooms
1 Chelsea Guest House	Independent	2	39
2 Holiday Inn Express London - Vauxhall Nine Elms	Holiday Inn Express	Budget	132
3 Pestana Chelsea Bridge Hotel & Spa	Pestana	4	216
4 Dreamhouse Vauxhall Apartments	Dreamhouse	Apts	6
5 Travel Joy Hostel	Independent	Hostel	9
6 Travelodge London Vauxhall	Travelodge	Budget	148
7 SACO Vauxhall - St George Wharf	SACO	Apts	12
8 Dolphin House Apartments	Independent	Apts	148
9 Belgrave Hotel	Independent	3	34
10 Premier Inn London Brixton	Premier Inn	Budget	89

Pipeline

Hotel	Operator	Grade	Rooms	Opened/Opening
1 Embassy Gardens	Ballymore Properties Ltd	Budget	100	On Hold
2 Battersea Power Station - Phase 2	Battersea Power Station Development Company (Sime Darby / SP Setia / KWASA)	5	45	Speculative
3 Wanda Vista Hotel London	Dalian Wanda Group	5	187	Due 2019
4 Art'otel London Battersea Power Station	Battersea Power Station Development Company (Sime Darby / SP Setia / KWASA)	5	160	Due 2019
5 Vauxhall Square Aparthotel	CLS Holdings	Apts	186	Speculative
6 Vauxhall Cross Island	Independent	4	180	On Hold
7 Premier Inn London Kennington Oval	General Mediterranean Holdings S.A.	Budget	148	Speculative
8 Belgrave Hotel (extension)	Nash Govani	3	6	On Hold
9 Premier Inn London Clapham	Premier Inn Hotels Ltd (Whitbread Group plc)	Budget	92	Due 2017
10 Hoxton Southwark	Hoxton Hotels	4	192	Due 2018
11 Hampton Court Palace Hotel (extension)	Ionic Hotels	2	21	Speculative

4 Commercial Market Update

Straddling the Nine Elms, Vauxhall and Clapham markets, we believe the site could benefit from the expansion of Nine Elms on the South Bank, which has repeatedly been pinpointed as an emerging 'hotspot' for inward investors, and the proximity to the affluent and stable Clapham commercial market.

The riverside district to the north of the site in Nine Elms and Vauxhall has been identified as a prime commercial and retail zone in the making with the potential to rival established business clusters found in the City and West End. There is a high volume of new commercial floor space (6.5 million sq ft) now being built across Nine Elms which is drawing tenants thanks to new infrastructure links, and new tenants already committed to the area include the U.S. Embassy, Dutch Embassy, St James Group headquarters, Waitrose, Damien Hirst, Young's, and the Royal College of Art. Established employers include New Covent Garden Market, M16 and Sainsbury's. This activity will have a positive impact on future occupier demand in the area and indeed investor appetite.

The Southbank office leasing market has showed no sign of slowdown over the last 12 months, and well specified offices in the vicinity of the Vauxhall Centre site are achieving approximately £40-45 per sq ft, with secondary offices achieving £25-40 per sq ft.

We consider that a new build development in this location offering high quality flexible commercial accommodation would be well received by occupiers, and in our view rents of approximately £35.00 per sq ft blended could be achievable. The rents within the development would vary depending on floor, specification and the provision of premium features such as 24 hour security, communal facilities and roof terraces. Some providers, such as serviced office or co-working operations who specialise in more flexible short term leases offering cost-inclusive deals, are likely to be able to achieve headline rents in excess of these levels. For example, Kennington Park at 1-3 Brixton Road in Oval has recently achieved £55 per sq ft for serviced office accommodation.

Investor appetite for good quality assets in core locations is currently very strong with a significant weight of money targeting Central London, despite the apparent uncertainty in the post Brexit market. We are also witnessing significant appetite from developers for product with planning and development risk, and for product in fringe markets and growth areas, such as Southwark, Elephant and Castle, Nine Elms and Vauxhall. Coupled with the fact that there continues to be a significant shortage of good quality investment and development product currently available to acquire, we consider that a sale of the property would be well received in the market today providing good foundations for the proposed imminent marketing of the property.

Key investment transactions in the borough last year included Guys & St Thomas NHS Foundation Trust's purchase of the long leasehold of the 146,000 sq ft Becket House on Lambeth Palace Road, SE1 in January from U+I Group and Proprium Capital Partners LLC for £112 million, reflecting a net initial yield of 4.00%. The charity already owned the freehold of the property and 3.88 acres of neighbouring land. The property is fully-let to Bouygues.

In January 2015 Workspace Group plc purchased the long leasehold interest in the 62,684 sq ft Edinburgh House on Kennington Lane from a private UK investor for £25.3m, reflecting a net initial yield of 5.20%. The property is let in its entirety to the Metropolitan Police Authority on a 20 year lease.

Further, in May 2015 The Office Group purchased the long leasehold interest in the 77,800 sq ft vacant Tintagel House from Motcomb Estates for a figure in excess of £20m.

5 Planning Context

We have sought planning advice from Dominic O’Loghlen, a member of Strutt & Parker’s specialist planning team who is experienced in working with Lambeth Council. A summary of the findings is set out below.

‘Based on the brief, I have been asked to assess the prospects of re-developing the Lambeth College Vauxhall Centre site, positioned on Belmore Street and Wandsworth Road for each of the following land uses:

- i) Based on a 100% residential scheme; and
- ii) Based a mixed-use scheme to comprise residential, flexible commercial accommodation, and private hotel.
- iii) Based on the residential element only of planning application ref: 16/05435/FUL.

The proceeding note concentrates solely on land use principles and has therefore not assessed other matters including design, amenity and transport.

Existing Land use

It is my understanding that Lambeth College vacated the site in the summer of 2016 and the application site is currently vacant. The last known use for the site was for education purposes and accordingly, the following note is based on the understanding that the lawful use of the site is Class D1 Non Residential Institutional.

Planning History

Having reviewed the London Borough of Lambeth’s online planning register, it is noted that the application site has an extensive planning history.

Focusing principally on planning history relating to Lambeth College, I set out the key applications below:

Reference Number	Description	Comment
16/05435/FUL	Demolition of existing college buildings and the erection of a mixed use development of six buildings ranging from 6 to 26 storeys in height to provide a new college facility (Class D1), a hotel (Class C1) (up to 184 bedrooms) and residential (Class C3) (up to 232 units) with associated works. The application is accompanied with an Environment Statement.	Awaiting decision.
16/03512/G31	Application for prior notification of proposed demolition of the existing college buildings.	Application of Prior Notification approved on 13 July 2016.
16/02300/EIASCP	Request for a Scoping Opinion in respect of an Environmental Impact Assessment in relation to planning application for a mixed use development on land at Lambeth College, Vauxhall Centre,	Scoping Opinion issued on 12 May 2016.

	Belmore Street (‘the Nine Elms Skill Centre Development’)	
12/04867/FUL	Change of use of part of the site fronting Belmore Road to be used as a Car Wash (Sui Generis) together with associated works involving the erection of a steel framed canopy.	Withdrawn.
12/04867/FUL	Alterations to the existing single storey outbuilding including the installation of an adjoining canopy structure, the installation of a steel roller shutter and freestanding storage units as well as the replacement of fencing and rooflights.	Planning Permission granted subject to conditions on 21 February 2013.
12/04866/FUL	Alterations to the existing two storey outbuilding including extensions to the roof external, re-cladding and elevational alterations to infill the existing void areas either side of the existing building.	Planning Permission granted subject to conditions on 21 February 2013.
05/00852/FUL	Erection of a single-storey temporary (5 years) classroom for training electricians, to the south-west of the A Block.	Planning Permission granted subject to conditions on 13 May 2005.
04/02273/RG3	Erection of two cycle shelters alongside southern elevation of building.	Planning Permission Granted 22 October 2014

Planning Policy Framework

The statutory development plan for the site comprises the consolidated London Plan (March 2016) and the Lambeth Local Plan (September 2015).

National Planning Policy guidance is contained in the National Planning Policy Framework (NPPF) (2012). Planning Practice Guidance (PPG) also provides guidance on the interpretation of the NPPF.

Protection of the Existing Land Use

The London Borough of Lambeth (the LPA) recognise the important role social infrastructure has within the community, including education facilities. The LPA therefore seek to safeguard and improve community premises and support the development of new facilities where there are identified gaps in provision.

Local Plan Policy S1 seeks to safeguard existing community premises. Policy S1 specifies that existing community premises, and land formerly in use as community premises, will be safeguarded unless it can be demonstrated that either:

- (i) there is no existing or future need or demand for such uses, including reuse for other community services locally, and adequate alternative accommodation is available to meet the needs of the area; or
- (ii) replacement facilities are proposed on or off site of the same or better size and quality to serve the needs of the area; or

(iii) development of the site/premises for other uses, or with the inclusion of other uses, will enable the delivery of approved strategies for service improvements.

In line with the guidance set out above, the D1 education use on site is protected. Therefore, should the college wish to dispose of the site for a land use other than Class D1 of D2, one or more of the criteria set out under policy S1 would need to be demonstrated. Accordingly, and to help justify the loss of student accommodation, it will be important to demonstrate that there is no existing or future need for the existing accommodation; that the same amount of educational floor space is being provided somewhere else in the borough, or that the redevelopment of the site for other uses will enable the delivery of approved strategies for service improvements.

Development Option 1 – 100% Residential Scheme

Residential Land Use

Providing the Borough Council accept the loss of educational uses at the site (and that the criteria set out in Local Plan Policy S1 is satisfied), then there may be scope to deliver residential accommodation at the site, subject the LPA's policies on design, density, unit mix, etc. being met.

Providing enough homes to meet the demand for Londoners continues to be one of the toughest challenges facing London boroughs. Accordingly, delivering a choice of high quality housing to suit Londoners needs is of key importance within the London Borough of Lambeth.

London Plan Policy 3.3 highlights the need for more homes across London. Relating specifically to Lambeth, there is a target to build a minimum of 15,594 new homes by 2025 which equates to the delivery of 1,559 homes annually. In line with the principles set out in the London Plan, Local Plan Policy H1 specifies that the council will seek to maximise the supply of additional homes in the borough to meet and exceed the borough's annual housing targets.

With regards to the provision of affordable housing, London Plan policies 3.11 and 3.12 seek to maximise the delivery of affordable housing. At a local level and subject to a financial viability assessment, Local Plan Policy H2 states that on sites greater than 0.1ha or capable of accommodating 10 or more homes, the Borough Council would expect at least 50 per cent of units be affordable (where public subsidy is available) or 40 per cent without public subsidy. The Borough Council would expect affordable housing to be provided on site.

A note on affordable housing provision has been included as section 2.4 above.

PRS

It is worth mentioning that there is growing support across London and the South East for purpose built Build to Rent residential accommodation. The GLA's London Housing SPG and the Draft Affordable Housing and Viability SPG highlight the contribution of PRS in addressing housing needs and increasing housing delivery. Furthermore, given the distinct viability challenges faced by Build to Rent developments, LPA's are encouraged to apply local policies which require a range of unit sizes and

mixes flexibly. The delivery of PRS developments therefore could provide an opportunity to maximise density on site.

Given the prominent, sustainable location of the site, the delivery of mainstream market housing or PRS seems entirely appropriate, providing the loss of educational uses is supported by the LPA.

Development Option 2 - mixed-use scheme comprising residential, flexible commercial accommodation and private hotel

As outlined above, the LPA would resist the loss of the existing educational facilities and would encourage the re-provision and improvement of the facilities on site wherever possible. Accordingly, should the LPA accept the loss of educational uses on site, there may be scope to deliver a mixed-use development at the site.

Development option 2 proposes the development of a mix of uses, including C3 residential, C2 Hotel and flexible commercial accommodation

Development option 1 above has already assessed the scope of delivering Class C3 residential land uses at the site, therefore the below commentary therefore focuses on the provision of flexible commercial use and C2 hotel use.

Commercial Land Use

Mixed-use development, including the creation of retail, employment, housing, hotel, leisure, entertainment and other commercial uses within the Vauxhall/Nine Elms/Battersea Opportunity Area is actively encouraged.

Focussing specifically on Class B1 office development, Local Plan policy ED3 specifies that office development greater than 1,000m2 will be supported in the Vauxhall and Waterloo London Plan Opportunity Areas.

The development of commercial floorspace at the development site is therefore fully in line with the aims and aspirations of both the London Plan and Lambeth's Development Plan.

Hotel Land Use

As the site is located within the Vauxhall/Nine Elms/Battersea Opportunity Area, Local Plan Policy ED12 identifies the application site as an area suitable for hotel floorspace. The provision of 150 bed spaces is therefore entirely in accordance with the London Plan's aim, which seeks to develop 40,000 net additional hotel bedrooms by 2036.'

Development Option 3 – the residential element only of planning application ref: 16/05435/FUL

Please refer to development option 1 above.

6 Development Appraisals

We have undertaken development valuations to establish the freehold land value if the site were to be sold in the open market as a:

- i) Residential-led development opportunity;
- ii) Mixed-use development opportunity;
- iii) The residential element only of planning application ref: 16/05435/FUL.

In order to form our opinion on what the likely achieved price would be should the site be sold in the current market, we have worked on the assumption that the site will be marketed with the benefit of a full planning consent for a new build scheme as per the current application ref: 16/05435/FUL. This scheme increases the massing on the site from 15,238 sq m to 38,850 sq m. This represents a 154% increase in floor area and taking the height from the existing 6 storeys to a proposed maximum of 26 storeys (Building B).

Property Specific Assumptions;

- **Existing Use:**

For the purposes of this report, we have assumed that education use is no longer required on the site and is provided elsewhere within the borough.

- **Vacant Possession:**

We have assumed that the site is sold with vacant possession and no income stream will be available to incoming purchasers.

- **Title:**

We have reviewed the title documents (Title No. TGL149378).

We have assumed that there are no restrictive covenants or encumbrances on the site that would restrict development, however we would strongly recommend that Lambeth College / LSBU seek legal advice on this matter before considering a disposal of the asset.

- **Residual Appraisal:**

There is insufficient evidence of comparable site sales within the area, we have therefore adopted a residual land value appraisal in both scenarios. A residual appraisal is an established method of calculating the indicative land value of a property. It is based on an assessment of revenue, thereafter deducting development costs including finance and allowance for profit. The profit allowance implicitly reflects the characteristics of the site including development risk.

The residual land value on this basis is highly sensitive to the inputs adopted. We consider that we have adopted reasonable assumptions for the purposes of our appraisal and we have stated where we have relied on input from third party sources.

In arriving at our opinion on land value of the Vauxhall Centre site we have undertaken appraisals with the view that a developer would undertake a demolition of the existing buildings and erect a new building/buildings.

Given the level of detail provided at this stage in the process, our appraisals are based on considered assumptions and advice from our planning team, however given the risk associated with the site, to formalise a potential marketing price we would want further comfort from specialist consultants such as architects and cost consultants.

- Pricing:

Our pricing is based on what we believe the property would achieve if sold on the open market, **with the benefit of an existing planning consent for a mixed use scheme**, and with all the key assumptions listed above. As instructed, our estimation on pricing is a view from an agency perspective and is not a formal Red Book valuation that can be relied upon by third parties.

We have also provided our opinion on the value increase if Lambeth College/LSBU were to seek to amend the existing consent / obtain a new planning consent on each scenario prior to a disposal in section 7.

- Rights to Light:

We have not been provided with any specialist reports in relation to planning application ref: 16/05435/FUL and therefore are not aware of any potential ROL compensation payable to neighbouring properties. For the purposes of this appraisal we have assumed the scheme has been designed in a way to minimise potential impact to adjoining landowners and therefore have not attributed a cost other than instructing specialist reports to support a planning application.

- Massing:

We have assumed that the site will be marketed with the benefit of a full planning consent for a new build scheme as per the current application ref: 16/05435/FUL. This scheme increases the massing on the site from 15,238 sq m to 38,850 sq m. This represents a 154% increase in floor area and taking the height from existing 6 storeys to a proposed maximum of 26 storeys (Building B). This tower will be significantly higher than any other new build schemes in the area and increases the overall build cost of the site significantly, but also has a positive effect on revenues as the upper floors will benefit from views over Nine Elms and towards the River Thames.

If planning is rejected on the grounds of massing, this will obviously have a negative effect on land value.

- Car Parking

Planning application ref: 16/05435/FUL allows for the following car parking provision;

- o 5 accessible spaces, with 3 spaces for the residential use and 2 for the Skills Centre use.
- o 4 off street car spaces for the Skills Centre use.
- o 2 on street short stay/layover car spaces.
- o 6 off street car spaces allocated for the hotel use.

We believe that for a scheme of this scale the car parking provision is very low, particularly given the likely level of car ownership for a Zone 2 London location, and also taking into account the PTAL rating of 2 which highlights the lack of transport in the immediate vicinity. We have however noted that the current scheme has been designed for rental rather than for sale, which does lessen the demand for parking.

Although a successful planning consent of the current scheme would provide support for a 'car free' scheme, we have taken the view that an incoming developer looking to build a scheme of this scale, for both rent and for sale, would want to maximise sales receipts and rates and therefore would incorporate underground car parking at basement level within the site.

As discussed above, as a benchmark we have reviewed the Mount Anvil adjoining scheme 'This Space', which comprises 231 residential units, and 131 secure off street car parking spaces in the basement.

6.1 Residential Development Appraisal

Summary of Key Inputs Adopted in our Residential Appraisal

- Assumed change of use from Non Residential Institutional (Class D1) accommodation to Residential (Class C3).
- We have assumed no residents' on-site amenities such as concierge and leisure facilities, and a large proportion of units will have no outside space.
- Assumed a good mix of studio, one and two bed apartments, with no oversized units.
- Assumed gross to net ratio of 85% for private residential and 90% for affordable residential accommodation.
- Private Units:
 - We have assumed an overall sales value of £825 psf based on our assessment of comparable sales evidence in section 2.2, and reflecting the various attributes of the site in comparison with nearby developments.
 - We also consider it reasonable to cash flow a receipt of these values adopting a weighted distribution over the sales period, wherein the majority of units will sell in the months immediate to completion.
- Affordable Housing:
 - We have as assumed 35% will be designated as affordable housing provision, comprising 70% social rented units and 30% intermediate units by floorspace.
 - We consider it reasonable to adopt values of £185 psf (on Net Sales Area) for rented units and £350 psf for intermediate units.
- Car Parking:
 - We have included 125 car parking spaces in our appraisal in a basement car park. We would recommend offering these spaces on a 'first come first serve' basis, or to be offered with the premium units.



- Proposed Area Schedule:

	Residential GIA	
	Sq M	Sq Ft
Private	25,253	271,816
Social Rent	9,518	102,454
Intermediate	4,079	43,909
Total	38,850	418,179



Residential development appraisal assuming sale of the site without an implementable planning consent:

- Planning costs to developer:
 - Lambeth Council full planning application fee of approximately £75,000
 - Planners fees of approximately £50,000
 - Architects fee, and additional surveys to include environmental impact assessment, daylight/sunlight assessment, sustainability assessment, transport statement and flood assessment of approximately £25,000
 - Total planning costs of approximately **£150,000**
- Timing:
 - Purchase 1 month
 - Planning/Preconstruction 12 months
 - Construction 36 months
 - Post Development 12 months
 - Sale 1 month
- GDV:
 - Private Units @ £825 psf **£190,610,970**
 - Social Rented Units **£17,058,591**
 - Intermediate Units **£13,831,335**
 - Car Parking (125 spaces at £30,000 per space) **£3,750,000**
 - Ground rents (319 private apartments @ £500 / unit, capitalised at 5.00%) **£3,190,000**
- Development Costs:
 - Build costs **£115,574,200**
 - Contingency 3%
 - Professional fees 10%
 - Sales agent and legal fee on residential disposals 1.5%
 - Marketing costs 0.75%
 - Purchaser's costs on acquisition 6.8%
 - Mayoral CIL **£826,420**
 - Borough CIL **£6,692,045**
 - Profit on Cost 25.0%
 - Finance cost applied to 100% of costs 5.00%
- Residualised Land Value: £29,404,408**



6.2 Mixed-Use Development Appraisal

Summary of Key Inputs Adopted in our Mixed-Use Appraisal

- Assumed change of use from Non Residential Institutional (Class D1) accommodation to Residential (Class C3) Hotel (C1) and flexible commercial accommodation.
- Flexible commercial accommodation could consist of a number of uses included, but not limited to: B1 office accommodation, flexible workspace, gym, leisure, showroom and leisure accommodation.
- Assumed gross to net ratio of 70% for hotel rooms and 85% for commercial accommodation.
- Proposed Area Schedule:

	Residential GIA		Commercial GIA		Hotel GIA	
	Sq M	Sq Ft	Sq M	Sq Ft	Sq M	Sq Ft
Private	25,253	271,816	-	-	-	-
Social Rent	9,518	102,454	-	-	-	-
Intermediate	4,079	43,909	-	-	-	-
Total	38,850	418,179	9,743	104,873	5,250	56,510

*Following advice from our alternatives and hotel team, we have reduced the gross area apportioned to hotel use within the mixed-use scheme. We have taken into consideration the number of rooms habitually offered by hotels in the vicinity, and the size of hotel likely to be well-received by hotel operators,



Mixed-use development appraisal assuming sale of the site without an implementable planning consent:

• Planning costs:	
- Total planning costs of approx.	£150,000
• Timing (residential phase):	
- Purchase	1 month
- Planning/Preconstruction	12 months
- Construction	36 months
- Post development	12 months
- Sale	1 months
• Timing (commercial phase):	
- Purchase	1 month
- Planning/Preconstruction	12 months
- Construction	24 months
- Post development	18 months
- Sale	1 months
• Timing (hotel phase):	
- Purchase	1 month
- Planning/Preconstruction	12 months
- Construction	18 months
- Sale	1 months
• GDV:	
- Residential (exit values and assumptions as 100% residential scheme)	£136,018,538
- Ground rents (196 private apartments @ £500 / unit, capitalised at 5.00%)	£1,960,000
- Commercial (assuming £35.00 psf blended, capitalised at 6.00%)	£49,056,160
- Hotel (assuming area of 22 sq m per hotel room and 150 hotel rooms, at £10,000 per room, capitalised at 5.00%)	£30,000,000
- Car Parking (125 spaces at £30,000 per space)	£3,750,000
• Development Costs:	
- Build costs	£101,696,025
- Contingency	3%
- Professional fees	11%



- Sales agent and legal fee disposal	1.5%
- Purchaser's costs on acquisition	6.8%
- Mayoral CIL	£826,420
- Borough CIL	£3,556,830
- Profit on Cost	25.0%
- Finance cost applied to 100% of costs	5.00%

Residualised Land Value: £35,429,782



6.3 Planning Application Ref: 16/05435/FUL Residential Element Only Development Appraisal

Summary of Key Inputs Adopted in our Residential Appraisal

- Assumed change of use from Non Residential Institutional (Class D1) accommodation to Residential (Class C3) accommodation.
- Assumed gross to net ratio of 85% for private residential and 90% for affordable residential accommodation.
- Private Units:
 - We have assumed an overall sales value of £825 psf based on our assessment of comparable sales evidence in section 2.2, and reflecting the various attributes of the site in comparison with nearby developments.
 - We also consider it reasonable to cash flow a receipt of these values adopting a weighted distribution over the sales period, wherein the majority of units will sell in the months immediate to completion.
- Affordable Housing:
 - We have as assumed 35% will be designated as affordable housing provision, comprising 70% social rented units and 30% intermediate units by floorspace.
- Car Parking:
 - As discussed above, given to the Zone 2 location and poor PTAL rating we consider the lack of car parking spaces would result in a considerable discount in private sales values. For this reason we have included 125 car parking spaces in our appraisal within an underground car parking at basement level within the site.
- Area Schedule:

	Residential GIA	
	Sq M	Sq Ft
Private	13,743	147,928
Social Rent	5,180	55,757
Intermediate	2,220	23,896
Total	21,143	227,581



Planning application ref: 16/05435/FUL - residential element only appraisal assuming sale of the site without an implementable planning consent:

- Planning costs to developer:
 - Lambeth Council full planning application fee of approximately £75,000
 - Planners fees of approximately £50,000
 - Architects fee, and additional surveys to include environmental impact assessment, daylight/sunlight assessment, sustainability assessment, transport statement and flood assessment of approximately £25,000
 - Total planning costs of approximately £150,000
- Timing:
 - Purchase 1 month
 - Planning/Preconstruction 12 months
 - Construction 30 months
 - Post Development 12 months
 - Sale 1 month
- GDV:
 - Private Units @ £825 psf £103,734,510
 - Social Rented Units £9,283,541
 - Intermediate Units £7,527,240
 - Ground rents (151 private apartments @ £500 / unit, capitalised at 5.00%) £1,510,000
 - Car Parking (125 spaces at £30,000 per space) £3,750,000
- Development Costs:
 - Build costs £62,897,725
 - Contingency 3%
 - Professional fees 10%
 - Sales agent and legal fee on residential disposals 1.5%
 - Marketing costs 1.00%
 - Purchaser's costs on acquisition 6.8%
 - Mayoral CIL £206,675
 - Borough CIL £1,017,140
 - Profit on Cost 25.0%
 - Finance cost applied to 100% of costs 5.00%
- **Residualised Land Value: £20,210,086**



7 Consented Sale

Further to our appraisals for an unconsented sale above, we have undertaken subsequent appraisals assuming that the site will be taken through all necessary planning processes and applications in order to achieve a planning consent for a change of use/redevelopment, further to planning application ref: 16/05435/FUL which is specific to the college's requirements.

Based on our appraisals set out in section 6 and values for a consented sale shown in the table below, we believe there is an opportunity for you to realise an approximately 30% uplift in land value were you to gain an implementable planning consent prior to sale. However, there are obvious cost and timing implications to proceeding down this route.

Carrying out the necessary procedures required in the development planning process requires the instruction of a project team to draw up scheme suitable for re-submission.

We have set out a summary of the likely costs below, subject to further feasibility studies and further understanding of the planning situation:

- Planning advice prior to full planning application £50,000
- Lambeth Council full planning application fee (assuming c.500 units) £75,000
- Architects fee and additional surveys to include environmental impact assessment, daylight/sunlight assessment, sustainability assessment, transport statement and flood assessment £50,000¹
- Agents fees for value-add advice, e.g. exit values and unit mix £10,000
- Total Planning Costs approx. £185,000**

In our development appraisals, in order to reflect an implementable consent being in place on sale, we have:

- reduced the profit on cost to 20% to reflect the lessened risk to an incoming purchaser buying a site on an unconditional basis;
- shortened the pre-construction timescales;
- reduced professional fees;
- removed all planning costs.

The table below shows the residual values of the appraisals based on all three development scenarios, assuming an implementable planning consent is in place, and compares these with the residual land values assuming an unconsented sale:

¹ Assuming no existing relationships in place with professional advisers and specialist consultants.



Proposed Use	Site value assuming unconsented sale	Site value assuming consented sale
i) 100% Residential build-to-sell over whole site (assumed 35% affordable housing provision)	£29,404,408	£38,922,795
ii) Mixed-Use (Residential, Flexible Commercial and Hotel Uses)	£35,429,782	£45,238,880
iii) Planning App Ref: 16/05435/FUL – Residential in Isolation (assumed build-to-sell with 35% affordable housing provision)	£20,210,086	£25,474,857



8 SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> The site is located close to one of London's largest regeneration zones, the Vauxhall, Nine Elms and Battersea regeneration area, which will see transformation of the area; Relatively affordable residential location when compared to the new build riverside developments to the north of the site, with prospects for price growth in the longer term; Established appeal to a relatively broad range of private sector residential purchasers including both owner occupiers and some domestic investors, thereby relying less on investor and overseas demand. Close to excellent transport facilities and easy access to London's West End, the City of London and Canary Wharf. 	<p>Weaknesses</p> <ul style="list-style-type: none"> Lacks frontage on Wandsworth Road; Immediate location is currently fairly unattractive with a large concentration of affordable housing to the south west of the site and New Covent Garden Market to the north west; Secondary hotel location; lower revenue per available room (RevPAR) than locations closer to the river; Currently no outdoor space; The current planning application allows for no car parking which will have an effect on sales rate and values; Nearby buildings and the council estate to the west of the site will restrict views and exit values, particularly on the upper floors.
<p>Opportunities</p> <ul style="list-style-type: none"> Opportunity to capitalise on high demand for private residential units at the c.£825 psf price point; Existing planning application currently in place for new build scheme significantly increasing massing. If this scheme achieves full planning consent it will provide a 	<p>Threats</p> <ul style="list-style-type: none"> Market conditions have softened over 2015 and 2016; some new build schemes have been selling at discounts of between 5-12% in order to bolster sales rates; Ongoing significant pipeline of new build residential stock planned in Nine Elms / Vauxhall and surrounding areas; Phasing out of government help to buy schemes (Help to Buy equity loan

- strong base case for full redevelopment of the site;
- As shown in our report, the site is suitable for a number of uses which will generate strong interest in the market with developers looking to maximise value through a mixed scheme;
 - Large demand for and limited supply in hotel development opportunities.
- scheme, now extended to 2020) will impact on the take up units in the sub £600,000 price range;
- Slowdown in the office investment market since the Referendum;
 - Potential for construction costs to rise further; which will threaten the viability of building a 26 storey tower in this location (negative effect on land value);
 - Currently no implantable planning consent - high planning risk. Also the risk of losing education facilities on the site is likely to be resisted by the council unless a strong argument can be put forward to re-provide the college elsewhere in the Borough;
 - Risk of application ref: 16/05435/FUL being refused will have a significant effect on the land values quoted within our report.

APPENDIX 6: DEVELOPMENT VALUATION APPRAISAL – CLAPHAM SITE



STRUTT & PARKER

Contents

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- 2 Residential
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 - 2.4 Affordable Housing Provision
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- 3 Hotels
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Appendix 1: Planning History
 Appendix 2: Argus Development Appraisals
 Appendix 3: Sensitivity Analyses

STRUTT & PARKER

Lambeth College Clapham Centre Site, 45 Clapham Common South Side, SW4 9BL

Strutt & Parker (S&P) have been instructed by London South Bank University (LSBU) to provide our agency opinion on the likely market value of the Lambeth College Clapham Centre site.

It is very important to note that we were provided with very little information on the site, and only able to view the property externally. We have therefore made very high level assumptions in terms of potential massing and uses for future redevelopment. We would strongly suggest that LSBU seek further advice from planners and architects on the redevelopment of the site.

It is also important to note that we have assumed Lambeth Council supports the loss of educational use on the site, given that the same quantum of space will be re-provided in the redevelopment of Lambeth College's Vauxhall site.

Should LSBU decide to dispose of the subject site, the potential freehold land values quoted in this report will only be achievable if future redevelopment is supported in writing by Lambeth Council.

For the purpose of this report, we have based our development appraisals on the redevelopment of the building from existing college accommodation into a residential-led mixed-use scheme to comprise private and affordable residential, retail and a private hotel.

As well as our opinion on the potential development value of the asset, this report includes market commentary specific to each use class along with development pipeline in Clapham.

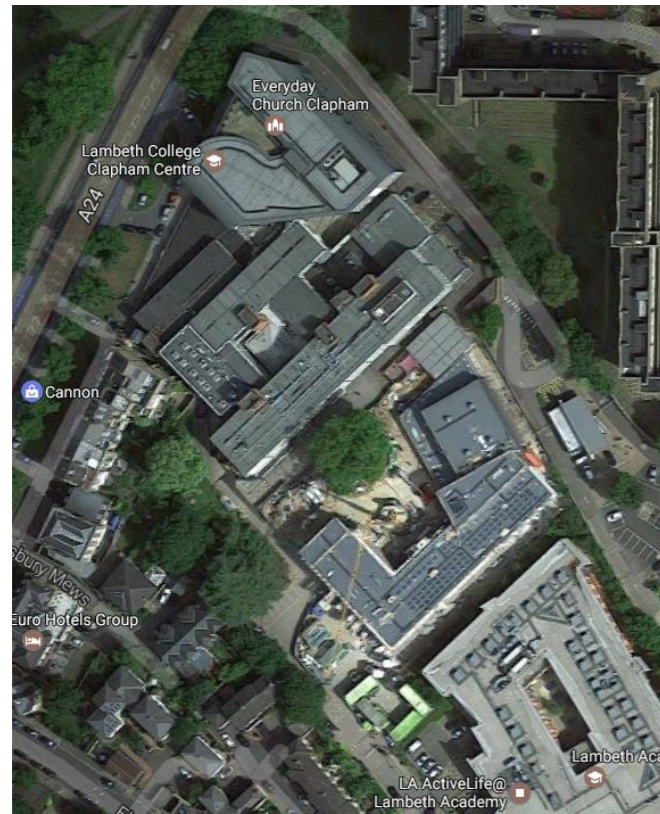
The S&P London planning team have also provided a brief summary note on the London Borough of Lambeth's relevant planning policies that could affect the redevelopment of the site, specific to each use class.

1. Overview

- We understand that Lambeth College's interest comprises the freehold of the Clapham Centre site, totalling approximately 1.40 hectares / 3.45 acres and providing approximately 20,143 sq m, and currently in education use.
- The site is well-located opposite the south east side edge of Clapham Common on Clapham Common South Side (A24).
- Clapham Common Underground Station is approximately 350 metres distance, and Clapham High Street Station is located approximately 10 minutes' walk to the north east of the site, providing regular London Overground services between Clapham Junction and Highbury &

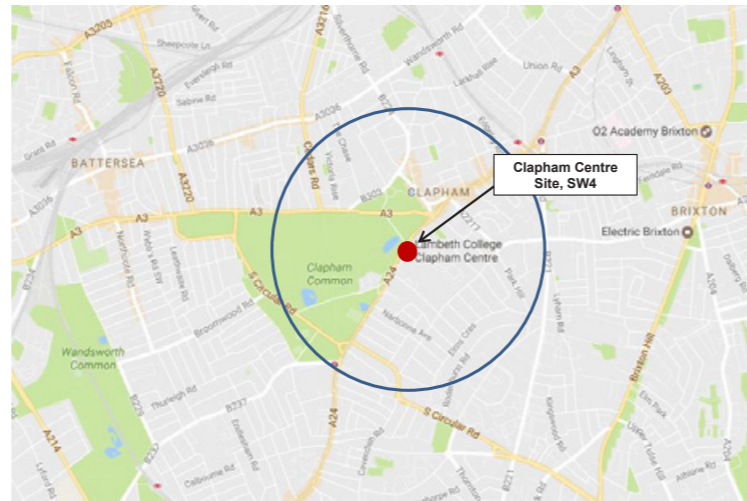
Islington. Further, Cycle Super Highway Route CS7 runs both ways along the length of Clapham Common Southside.

- We have assessed the likely development potential of the site, taking into consideration a range of uses including, but not limited to; residential, commercial and hotel.



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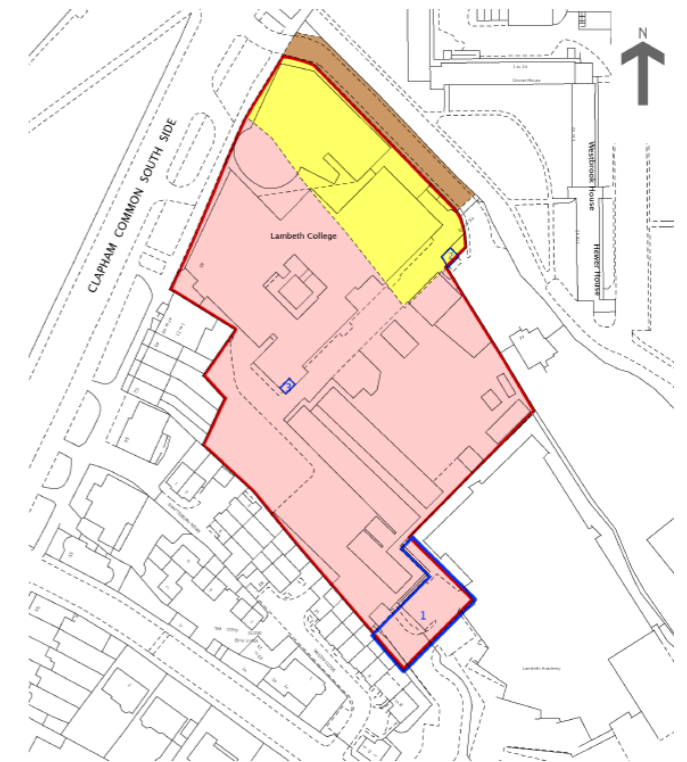
Location Map



○ 10 minutes' walking distance

Title ownership

For the purposes of this report, we have assumed the sale of an unencumbered freehold interest in the site. We would advise seeking a report on title prior to any potential disposal to ensure there are no restrictions in terms of redevelopment.



Site area: approximately 1.45 Acres

2. Residential

2.1 Residential Market Update

Over the last 12 months, the London residential market has been one of uncertainty and we expect market activity and price growth to continue to be low in Q1 2017. The London residential market experienced a predicted spike in transaction levels immediately before the Stamp Duty Land Tax (SDLT) change in April last year, but since then market conditions have been challenging. The lead up to, and outcome of, the EU Referendum caused a significant amount of uncertainty with both domestic and international buyers.

Political uncertainty following the Brexit vote and the triggering of Article 50, the shake-out from the US presidential election, and the Dutch, French and German elections taking place throughout 2017 are all likely to dampen market demand in the short-run, with the risk principally remaining on the downside. Buyers and sellers who do not have to move quickly are likely to adopt a 'wait and see' approach.

Developers have reported a slowdown in sales at the top end of the market, with Berkeley Homes recently reporting a 20% fall in demand as a result of the new stamp duty rate and concerns over the UK's decision to leave the EU.

There has, however, been a considerable amount of variation across the capital and the focus of housebuilders and developers is predominantly on sites which can deliver a realistic price point that is affordable to owner occupiers and first-time buyers, and those located in areas of regeneration. We believe that the Lambeth Centre site is positioned within a 'stable' price point within the London market, and this part of SW4 is an area that we believe will continue to experience continued growth following the 54% rise in achieved sales prices in the last five years according to the LonRes Residential Winter review.

Price levels didn't fall as had been anticipated in the immediate aftermath of the referendum vote, however sales rates certainly slowed as a result of a dip in investor confidence. It is difficult to gauge the true impact of the vote on the transaction market as it is not clear how much this dip can be attributed towards the uncertainty surrounding a British exit of the EU, or the changes in SDLT earlier in the year. With more incidences of sellers prepared to review pricing and entertain reasonable offers in the latter months of 2016, however, it appears the market has found a level which may provide a spur to transaction levels.

The overhaul of SDLT in December 2014 increased the level of property tax on homes sold for more than £937,000, with the changes being particularly hard felt in the £5 million to £10 million price range. We believe that this will have had a limited effect on the local market, given the average local market and price point, however, there have been signs that the increase in SDLT for additional homebuyers has softened demand.

The UK domestic market will be impacted by purchaser sentiment and the UK economic outlook. The likelihood of price increases in construction may well reduce supply levels and have the unintended consequence of putting further upwards pressure on prices even whilst demand levels soften. However,

S&P data for the fourth quarter of 2016 showed a small uplift of 4.6% in UK domestic market buyers when compared to the same period last year.

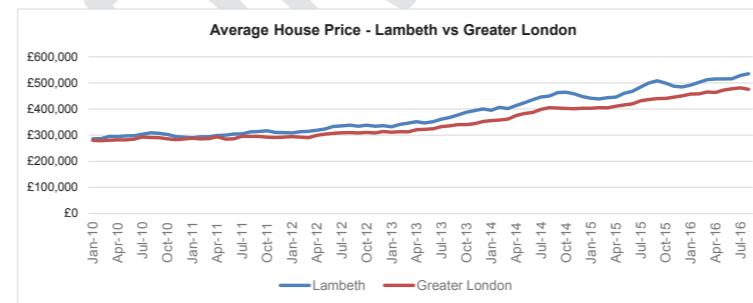
The new build developments our new homes team are currently marketing have seen mixed results. Television Centre in West London has sold at near asking prices to principally domestic investors, while One Nine Elms and Hempel Collection, situated in more 'prime' London locations (Battersea and Bayswater respectively) have seen discount levels of 5% to 12%. In the fourth quarter of 2016, almost half (49%) of properties sold across London had been reduced in price before finding a buyer according to LonRes research.

Product that is selling well in today's market is driven by the following factors:

- **Location** | existing strong locations, with good transport links and amenities which may have not yet realised their growth potential.
- **Price** | developments that are selling well have been priced sensitively and accurately for today's market rather than applying a typical 'new build' premium. Capital values are also becoming increasingly more important over 'per sq ft' rates.
- **Product** | studio, one and small two bedroom apartments are still high in demand across all locations of London. The demographic of buyer is vast for this type of product, and will therefore remain attractive despite market impacts.

The Local Market

Prices in the local area and the wider borough of Lambeth have outperformed Greater London. Average residential prices in the borough have risen by 87% since the beginning of 2010, as the graph below demonstrates. This exceeds the 70% growth seen in Greater London and the 45% growth seen in prime central London.



Source: House Price Index

In 2016, the average achieved sales price for Lambeth was approximately £515k, according to the Land Registry. This is a 12% higher than the Greater London average of £470k but offers a significant discount compared to north of the river where Hammersmith & Fulham and Kensington & Chelsea recorded achieved average sales prices of approximately £765k and £1.275m respectively.

Variation within the borough is apparent and there are small enclaves of higher value properties scattered throughout the local area. The electoral ward of Northcote, which includes the area locally referred to as 'between the commons', is the most expensive location with an average sale price of over £1 million. The immediate area does, however, provide more affordable private sector accommodation compared to riverside locations in Lambeth, and good value given the proximity to Central London, with the area appealing to predominantly domestic buyers rather than the large proportion of overseas buyers and investors who have purchased homes in the riverside schemes.

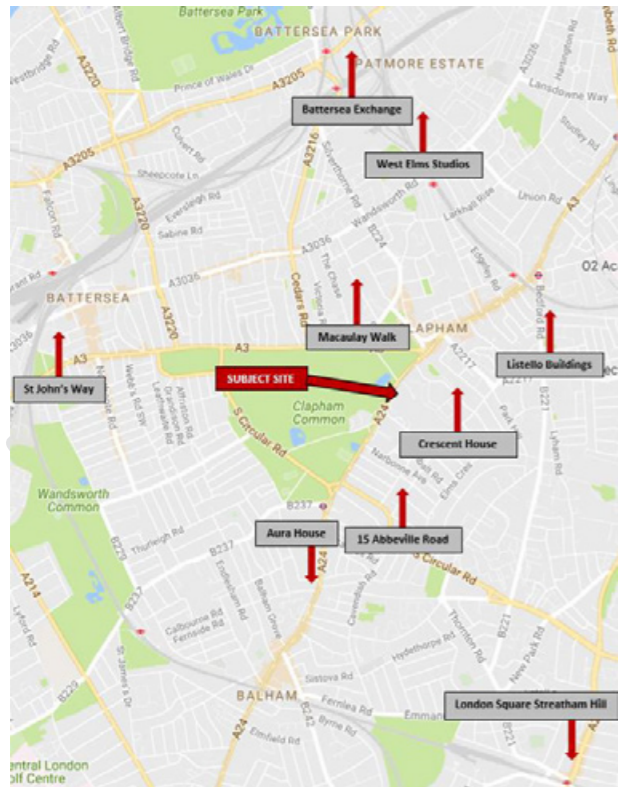
Buyers in this location are likely to be more mortgage dependent and include a higher proportion of UK buyers than in more prime central London locations. They will therefore be more affected by domestic economic conditions than in more prime central London locations which are dominated by wealthy overseas purchasers. For some domestic buyers, the area acts as a stepping stone before making the move out of London to the country, but for a large proportion of buyers this is an area to set down roots.

Perception of job security and wage growth potential within the London economy will continue to be important factors affecting purchaser demand, particularly in the finance and business service sectors, in this location.

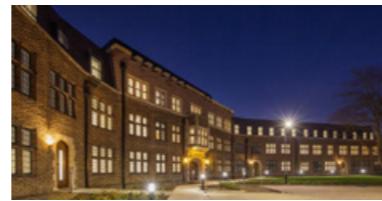
2.2 Comparable New Build Residential Schemes

In reaching our view on pricing as shown in sections 8 and 9, we have used our knowledge of schemes within close vicinity to the site, these schemes are detailed below.

It is not possible to directly compare the Clapham Centre site to the schemes cited on a like for like basis due to differences in location, however please find below an overview of asking and achieved prices for developer sales, as well as re-sales where applicable.



CRESCENT HOUSE, Crescent Lane, SW4 – COMPLETE

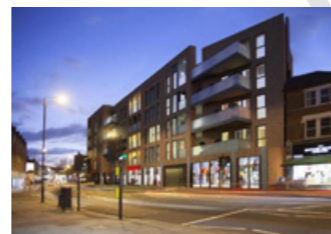


Development	Crescent House
Developer	Galliard
No of Units	28 (all private)
Completion	Q4 2016
Average Price	c.£1,115 psf (asking)

Fully-private gated development by Galliard located on the picturesque Crescent Lane in Clapham's conservation area. The scheme benefits from terraces and gardens in the ground and lower ground floor apartments and a high specification throughout.

The scheme was launched in February 2015 and at the end of Q4 2016 15 units remain on the market. The current pricelist shows 1-beds from £675,000, 2-beds from £855,000 and an average of £1,115 psf.

AURA HOUSE, SW12 - COMPLETE



Development	Aura House
Developer	Viridian Housing
No of Units	52 (37 private)
Completion	Q3 2016
Average Price	£810 psf (asking)

Boutique development on Balham High Road between Balham and Clapham South.

The development launched to local residents in May 2016 and at the end of Q4 2016 18 2-bed units remain on the market. The current pricelist shows 2-beds from £620,000 to £645,000 and an average of £810 psf.

MACAULAY WALK, SW4 - COMPLETE



Development	Macaulay Walk
Developer	Grainger
No of Units	97 (65 private)
Completion	Q4 2014
Average Price	c.£950 psf (asking)

Warehouse-style development located near Clapham Old Town, within close proximity to Clapham Common Station.

The development was launched in Q1 2014 when the market was recovering and demand was strong, and sold out in June 2015. Asking prices averaged at c.£950 psf overall and we understand the scheme has sold well at close to asking prices.

LISTELLO BUILDINGS, SW4 - COMPLETE



Development	Listello Buildings
Developer	Bellway Homes
No of Units	75 (58 private)
Completion	Q4 2015
Average Price	£735 psf (asking)

Development by Bellway located on the site of an old tile emporium. The project soft-launched in May 2014, as a result of which 23 units sold. The full on-site launch took place in July 2014 and as a result of which ten more units sold. The scheme sold out in Q1 2016 having completed in Q4 2015.

The most recent price list showed 1-beds at c.£450,000 (reflecting c.£700 - £800 psf) and the larger 2-beds at £775,000 (reflecting c.£650 - £750 psf).



15 ABBEVILLE ROAD, SW4 - COMPLETE



Development	15 Abbeville Road
Developer	Rocco Homes / Urbanicity
No of Units	20 (all private)
Completion	Q4 2015
Average Price	c.£1,100 psf

Development by Rocco Homes / Urbanicity comprising 20 private studio and 1-bed apartments. The scheme was launched in September 2015 and the final unit sold in March 2016.

The last price list showed studios from £375,000, 1-beds from £365,000 and an average of £1,169 psf. In March a 1-bed flat on the ground floor sold for £1,116 psf and in February a studio on the first floor sold for £1,160 psf. The small average unit size is reflected in the high £psf achieved, and studios have averaged at c.£1,150 psf.

LONDON SQUARE STREATHAM HILL, SW2 – UNDER CONSTRUCTION



Development	London Square Streatham Hill
Developer	London Square
No of Units	254 (213 private)
Completion	Q4 2017 to mid 2018.
Average Price	£765 psf (asking)

The main launch for the development was in June 2016 however London Square had been selling the project on and off since October 2015. By the end of 2016 the developer reports that 107 units had sold.

The current pricelist shows 1-beds from £425,000, 2-beds from £535,000, and a large 3-bed at £815,000. The asking prices reflect the Zone 3 location, however many of the flats benefit from a large balcony or terrace overlooking an inner courtyard garden, and there will be a concierge, gym, cycle storage and underground parking onsite.



BATTERSEA EXCHANGE, Battersea Park Road and Queenstown Road, SW8 – UNDER CONSTRUCTION



Development	Battersea Exchange
Developer	Taylor Wimpey
No of Units	290 (230 private)
Completion	Q1 2017 (phase 1)
Average Price	c.£965 psf (asking)

The first phase underway comprises two blocks:

- Foundry is 56 units, has sold out and completed at the end of 2016.
- Mercer is 30 units, has sold out and will complete in Q1 2017.

Taylor Wimpey reports that the second phase, containing the 126 remaining units, is on hold pending contractor selection. The latest price list available for phase one shows 2-beds from £790,000, 3-beds from £880,000 and an average of c.£965 psf.

Compared to other Nine Elms schemes, the fairly low £psf is partly attributable to the large size of the units (the average size of a 2-bed apartment is in excess of 900 sq ft). The scheme has been priced at a sensible level given the large volume of pipeline new build stock in the vicinity, therefore sales rates have been comparatively good.

WEST ELMS STUDIOS, 102-104 Stewarts Road, SW8 - COMPLETE



Development	West Elms Studios
Developer	Firmstone Developments
No of Units	20 (all private)
Completion	Q2 2016
Average Price	£750 psf (asking)

Boutique development by Firmstone Developments near Battersea / Clapham Old Town. This scheme does not benefit from river nor tower views and lacks the amenities of the large Nine Elms developments which is reflected in the lower £psf achieved across the scheme. The scheme sold out in Q4 2016.



ST JOHN'S WAY, SW11 – UNDER CONSTRUCTION



Development	St John's Way
Developer	Peabody
No of Units	538 (245 private)
Completion	Staged to Q1 2020
Average Price	£900 psf (asking)

Development by Peabody comprising the redevelopment of a 1930's housing estate located close to Clapham Junction. There is a high level of affordable housing on site, and provision has been made for 13,600 sq m of open space, a new public route from Clapham Junction station to Wandsworth Common, commercial space and a new community hub.

23 units sold during Q4 2016, though 20 of these were to a single purchaser. This leaves seven units remaining in Phase 1, which completed in Q2 2016. The current price list shows 2-beds from £770,000 and 3-beds from £840,000. Phase 2 is still subject to site clearance works and will contain c.70 private units.



2.3 Second Hand Sales Market

We have researched the local second hand residential market and found a number of transactions that have taken place recently, as shown below:

Address	Type	Beds	Tenure	G. R.	Date of Sale	Asking Price	Selling Price	Agent	G. F. A.
Flat 1 (Gnd/Lwr Gnd Floor), 8 Windmill Drive, London SW4 9DE	Flat	3	Leasehold; plus share of FH	NKN	25/11/2016	£1,500,000 (£824 / ft²)	£1,470,000 (£808/ft²)	Knight Frank Clapham	1,819 ft² 169 m²
Flat D (1st Floor), 93 Hamball Road, London SW4 9EQ	Flat	1	Leasehold; TBA	TBA	03/10/2016	£525,000 (£1,062 / ft²)	£465,000 (£941/ft²)	Aspire (Clapham South)	494 ft² 46 m²
Gnd Floor Flat, 57 Elms Road, London SW4 9EP	Flat	2	Leasehold; plus share of FH	NKN	15/07/2016	£875,000 (£904 / ft²)	£840,000 (£868/ft²)	Kinleigh Folkard & Hayward (Clapham)	967 ft² 90 m²
Flat B (1st/2nd Floor), 103 Abbeville Road, London SW4 9JL	Flat	3	Leasehold; plus share of FH	NKN	25/11/2016	£975,000 (£805 / ft²)	£925,000 (£763/ft²)	Douglas & Gordon (Clapham)	1,211 ft² 113 m²
Flat B (1st/2nd Floor), 36 St Alphonsus Road, London SW4 7AS	Flat	2	Leasehold; TBA	TBA	19/07/2016	£725,000 (£847 / ft²)	£707,000 (£826/ft²)	Douglas & Gordon (Clapham)	855 ft² 79 m²
Flat A (Gnd Floor), 36 St Alphonsus Road, London SW4 7AS	Flat	2	Leasehold; TBA	TBA	08/07/2016	£725,000 (£842 / ft²)	£690,000 (£897/ft²)	Douglas & Gordon (Clapham)	789 ft² 71 m²
Gnd Floor Flat, 34 Clapham Park Road, London SW4 7BE	Flat	1	Leasehold; TBA	TBA	02/02/2017	£399,950 (£833 / ft²)	£395,500 (£823/ft²)	Kinleigh Folkard & Hayward (Clapham Common)	480 ft² 45 m²
1st/2nd Floor Flat, 52 Crescent Lane, London SW4 9PU	Flat	3	Leasehold; TBA	E250	30/11/2016	£795,000 (£854 / ft²)	£795,000 (£854/ft²)	Douglas & Gordon (Clapham)	930 ft² 86 m²
1st/2nd Floor Flat, 74 Narbonne Avenue, London SW4 9JU	Flat	2	Leasehold; plus share of FH	NKN	01/11/2016	£895,000 (£913 / ft²)	£882,500 (£900/ft²)	Douglas & Gordon (Clapham)	980 ft² 91 m²
Flat A (1st/2nd Floor), 2 Shandon Road, London SW4 9HP	Flat	2	Leasehold; TBA	E10	05/01/2017	£885,000 (£818 / ft²)	£860,000 (£795/ft²)	Douglas & Gordon (Clapham)	1,081 ft² 100 m²
Flat 25 (Gnd Floor), 15 Abbeville Road, London SW4 9LA	Flat	2	Leasehold; TBA	TBA	26/08/2016	£885,000 (£840 / ft²)	£877,000 (£832/ft²)	Douglas & Gordon (Clapham)	1,053 ft² 98 m²



Gnd Floor Flat, 8 Bonneville Gardens, London SW4 9LF	Flat	4	Leasehold; TBA	TBA	13/12/2016	£1,295,000 (£893 / ft²)	£1,190,000 (£820/ft²)	Kinleigh Folkard & Hayward (Clapham)	1,450 ft² 135 m²
Flat 4 (2nd Floor), 100 Clapham Common South Side, London SW4 9DN	Flat	2	Leasehold; plus share of FH	NKN	06/09/2016	£845,000 (£933 / ft²)	£835,000 (£918/ft²)	Kinleigh Folkard & Hayward (Clapham)	691 ft² 64 m²
Flat 1 (Gnd Floor), 110 Rodenhurst Road, London SW4 8AP	Flat	3	Leasehold; TBA	TBA	03/02/2017	£825,000 (£892 / ft²)	£805,000 (£871/ft²)	Douglas & Gordon (Clapham)	924 ft² 86 m²
Flat 6 (Gnd/1st Floor), 24-28 Nelsons Row, London SW4 7JT	Flat	2	Leasehold; plus share of FH	NKN	29/11/2016	£890,000 (£888 / ft²)	£880,000 (£881/ft²)	Knight Frank Clapham	1,282 ft² 120 m²
Gnd Floor Flat, 51 St. Luke's Avenue, London SW4 7LG	Flat	1	Leasehold; TBA	TBA	02/09/2016	£499,950 (£927 / ft²)	£463,000 (£858/ft²)	Sold Privately/Agent Unknown	539 ft² 50 m²
81 The Library Building (5th Floor), 2a St. Luke's Avenue, London SW4 7EB	Flat	1	Leasehold; TBA	TBA	08/12/2016	£495,000 (£836 / ft²)	£485,000 (£836 / ft²)	Knight Frank Clapham	592 ft² 55 m²
Flat 2 (2nd Floor), 138 Clapham High Street, London SW4 7JH	Flat	1	Leasehold; TBA	TBA	18/01/2017	£379,995 (£909 / ft²)	£370,000 (£865/ft²)	Kinleigh Folkard & Hayward (Clapham Common)	418 ft² 39 m²
Flat 2 (1st Floor), 175b Clapham Manor Street, London SW4 8DB	Flat	3	Leasehold; plus share of FH	NKN	23/12/2016	£1,100,000 (£847 / ft²)	£1,100,000 (£847/ft²)	Douglas & Gordon (Clapham)	1,298 ft² 121 m²
Flat 1 (Gnd Floor), 2 Bicycle Mews, London SW4 6FE	Flat	2	Leasehold; TBA	TBA	04/11/2016	£550,000 (£731 / ft²)	£560,000 (£744/ft²)	Kinleigh Folkard & Hayward (Clapham Common)	752 ft² 70 m²

2.4 Affordable Housing Provision

As a Labour Party controlled borough, Lambeth has a strict and ambitious affordable housing policy, hence the borough's target of a minimum 50% affordable housing provision across all new build residential and mixed-use schemes. Moreover, with the appointment of Sadiq Khan as Mayor of London and his manifesto promise of seeking at least 35% affordable housing in new homes schemes (and 50% on publically owned sites) across the capital, we are already seeing evidence of a pressure on housebuilders and developers to provide a higher proportion of affordable units in their schemes across the London boroughs.

Local developments have habitually argued viability in order to lessen the affordable housing requirements therefore in our appraisals we have assumed 35% provision of affordable housing. We draw your attention to the fact that of the 1,406 units completed in the borough in 2014/2015, 24% were affordable tenure, less than half of the borough requirement of 50%.

Figure 2: Rolling Annual Completions by Tenure:

	Affordable				Market				Total			
	Gross		Net		Gross		Net		Gross		Net	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2006/07	223	16%	209	19%	1173	84%	918	81%	1396	100%	1127	100%
2007/08	404	26%	346	29%	1158	74%	861	71%	1562	100%	1207	100%
2008/09	468	44%	567	52%	708	56%	528	48%	1176	100%	1095	100%
2009/10	490	33%	420	36%	1008	67%	732	64%	1498	100%	1152	100%
2010/11	694	50%	694	54%	694	50%	595	46%	1388	100%	1289	100%
2011/12	417	37%	348	41%	714	63%	502	59%	1131	100%	850	100%
2012/13	365	46%	269	43%	436	54%	354	57%	801	100%	623	100%
2013/14	484	33%	99	12%	977	67%	754	88%	1461	100%	853	100%
2014/15	390	24%	354	25%	1212	70%	1052	75%	1602	100%	1406	100%
Total	3926	33%	3297	34%	8089	67%	6305	66%	12015	100%	9602	100%

Source: Lambeth Housing Development Pipeline Report 2014/15

The challenge is to adhere to policy whilst achieving a sufficient GDV for the private units at the Clapham Centre site in order to ensure the scheme is viable. The proposed tenure split within the affordable housing accommodation at the site is 70%/30% in favour of social rented housing, in line with the Borough target. The higher quantum of social rented accommodation compared to intermediate will increase the negative impact on the value of the private units, and the scheme overall.

Below we set out several local developments' agreements with the Council:

- Aura House, SW12 (Viridian Housing) - 29% affordable housing in terms of unit numbers

- Ipsus07, SW12 (Ipsus Developments) – 34% affordable housing
- Macaulay Walk, SW4 (Grainger) – 33% affordable housing
- 330 Clapham Road, SW9 (Notting Hill Housing Association) – 35% affordable housing
- The Livy School, SW2 (Genesis Housing Association) – 51% affordable housing
- Brixton Town Hall, SW2 (Muse Developments) – 33% affordable housing across sites 1 and 2.

DRAFT

2.5 Local Development Pipeline



3 Hotels

3.1 Hotels Market Update

A drop-off in demand for London hotels contributed to a challenging first half of the 2016, with revenue per available room (RevPAR) declines of 3.5% for the six months to June according to PwC. This demand slump has been exacerbated by a flurry of new hotel openings, meaning more competition for hoteliers at a challenging time; for example H1 2016 saw 24 hotels and over 1,600 new rooms open in the London alone.

Uncertainty after the Referendum and economic slowdown has undoubtedly further affected consumer sentiment and tightened corporate travel budgets. Further, the effect on inward migration, particularly from other EU countries, could affect the hotel sector's ability to recruit and retain skilled staff going forward.

However, a fall in Sterling against other major currencies could provide a boost to UK tourism and a weaker pound may stimulate 'staycations' and domestic holidays in the UK, while on the investment side, London assets appear to provide good value compared to other major European cities, which could act as a spur to the transaction market.

Forecasts remain cautious, with PwC anticipating that RevPAR in London hotels is expected to fall by a further 0.5% in 2017, having fallen by approximately 2.8% last year. The forecast occupancy level for 2017 of 80% in London is a decrease of 0.8%, and the lowest experienced since 2008.

New concepts continue to disrupt the norm, with Airbnb representing a high profile and significant competitor to the hotel industry. PwC research shows a 54% increase in Airbnb listings in London in July 2016 compared to July 2015.

The hotels investment market outlook shows a better picture. According to Savills research, total transaction volumes in the UK hotel market reached £8.1 billion in 2015, the highest level since the £8.3 billion record in 2006. Volumes over the first nine months of 2016 totalled just over £3.1bn, with London accounting for 52% of transaction volumes. A good example of the strong investor appetite was Townsend House in Victoria, which was marketed in summer 2016 as both a residential and hotel development, where 50% of viewings were undertaken by hotel operators and developers, with several offers made above the asking price of £15 million.

3.2 On-site Hotel Provision

The Local Market

As shown in the hotels local development supply and development pipeline in Section 3.3, the hotel supply in the immediate area is typically made up of budget hotel stock such as the Travelodge by Clapham Junction and the Premier Inn in Brixton. There are, however, a number of other full service

brands within 2.5 miles of the location such as the Holiday Inn Express Wandsworth, the Double Tree Chelsea Harbour (currently on the market) and the Pestana Chelsea Bridge.

Given the location of the site, the most viable hotel brands would be in the budget and three to four star segments. Luxury four star and five star hotels would be unlikely to maximise land value due to their build costs and likely trading profile.

The site is likely to attract a number of hotel internationally branded hotel operators, examples of such operators include:

Budget:

- Travelodge
- Premier Inn
- Holiday Inn Express
- Hampton by Hilton

Limited / Full Service:

- Garden Inn by Hilton
- Double Tree by Hilton
- Indigo by IHG
- Holiday Inn by IHG
- Courtyard by Marriott

In the event a hotel opportunity at the location becomes available, we would expect a strong level of demand from the hotel operators, developers and investors.

Tenure Structure

- Lease

An occupational lease will be available from the budget hotel operators (Travelodge and Premier Inn) as their low cost business model will allow them to take on the rent liability. Such leases are highly sought after by institutional investors in the current market and are attracting record yields. An example of the principle heads of terms for such as lease are as follows:

Lease type:	Full repairing and insuring
Term:	25 Years
Rent:	Based on a per room amount, per annum
Rent Reviews:	5 yearly, based on RPI or CPI, may be subject to cap and collars
Rent free period:	May apply, subject to negotiation

- Franchise / Management Contract

The majority of hotel brands will look to sign either a franchise or a management agreement, therefore the likely outcome for a hotel at the Clapham Campus site will be a franchise agreement. The key points of a franchise contract are as follows:

- The hotel owner is licensed a package of intellectual property rights relating to the brand of the hotel operator.
- The main services include centralised marketing, advertising and reservation services.
- The management and operation of the hotel is the responsibility of the owner.
- The owner will be required to adhere to brand standards.
- Advantages of a franchise agreement include a high level of control of the operational business.
- It is common for a developer to appoint a third party company to manage the hotel under a franchise arrangement (i.e. Kew Green, Interstate Hotels), this will create additional management fees but these are often outweighed by the advantage of a specialist hotel asset manager.

Floor Area Requirement

Assuming a 150 bedroom hotel, the required gross areas for hotel use are as follows:

- Budget Hotel: c. 55,000 sq ft

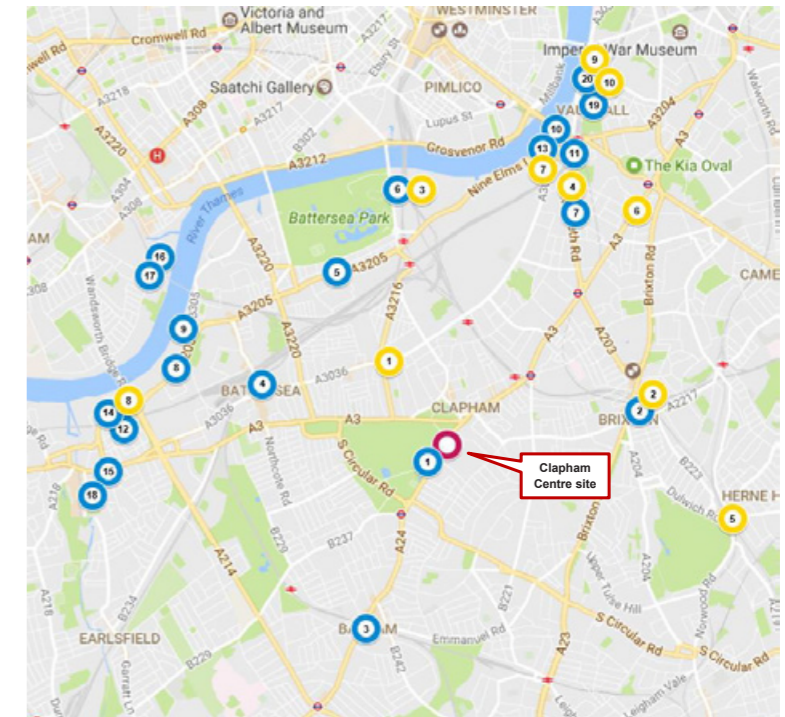
We have assumed a net room size of 22 square metres (bedroom and bathroom) and a gross room size of 34 square metres (bedroom, bathroom and all public and back of house areas).

- Full Service Hotel: c. 65,000 / 70,000 sq ft

We have assumed a net room size of 24 square metres (bedroom and bathroom) and a gross room size of 42.5 square metres (bedroom, bathroom and all public and back of house areas).

Full service hotels have a greater 'non-bedroom' area requirement to incorporate a greater provision of bars, restaurants, meeting rooms and back of house.

3.3 Hotels Local Development Supply and Development Pipeline





Supply

Hotel	Operator	Grade	Rooms
1 Windmill (The)	Young & Co	4	42
2 Premier Inn London Brixton	Premier Inn	Budget	89
3 Travelodge London Balham	Travelodge Hotels	Budget	90
4 Travelodge London Clapham Junction	Travelodge Hotels	Budget	84
5 So Park Battersea	So Apartments	Apts	37
6 Pestana Chelsea Bridge Hotel & Spa	Pestana Group	4	216
7 Holiday Inn Express London - Vauxhall Nine Elms	KAZ Hotels	Budget	132
8 Travelodge London Battersea	Travelodge Hotels	Budget	121
9 Crowne Plaza London - Battersea	InterContinental Hotels	4	78
10 Dreamhouse Vauxhall Apartments	Dreamhouse Apartments	Apts	6
11 Travelodge London Vauxhall	Travelodge Hotels	Budget	148
12 Alma (The)	Young & Co	4	23
13 SACO Vauxhall - St George Wharf	SACO	Apts	12
14 Holiday Inn Express London - Wandsworth	Atlas Hotels	Budget	148
15 Brewers Inn	Young & Co	3	16
16 Chelsea Harbour Hotel	Millennium & Copthorne	5	158
17 DoubleTree by Hilton Hotel London - Chelsea	Amaris Hospitality	4	172
18 Premier Inn London Wandsworth	Premier Inn	Budget	120
19 Staybridge Suites London Vauxhall	Cycas Hospitality	Apts	93
20 Park Plaza Riverbank London	PPHE Hotel Group	4	489



Pipeline

Hotel	Operator	Grade	Rooms	Opened/Opening
1 Premier Inn London Clapham	Premier Inn	Budget	92	Due 2017
2 Hub London Brixton	Premier Inn	Budget	96	Speculative
3 Artotel London Battersea Power Station	PPHE Hotel Group	5	160	Due 2019
4 Best Western Plus Vauxhall	KAZ Hotels	3	28	Due 2017
5 Half Moon	Fuller's Hotels	3	12	Due 2017
6 Premier Inn London Kennington Oval	Premier Inn	Budget	148	Speculative
7 Wanda Vista Hotel London	Wanda Hotels & Resorts	5	187	Due 2019
8 Holiday Inn Express London - Wandsworth (extension)	Atlas Hotels	Budget	42	Speculative
9 Crowne Plaza London - Albert Embankment	Tba	4	130	Due 2017
10 Crowne Plaza London - Albert Embankment (extension)	Tba	4	6	Speculative



4 Commercial

4.1 Offices

South West London is currently receiving a great deal of acclaim on the back of recent successes in the market, such as Apple's 500,000 sq ft acquisition at Battersea Power Station in September 2016 at c.£50.00 per sq ft, along with multiple leasing activity at Battersea Studios at c.£45.00 per sq ft. This activity will have a positive impact on future occupier demand in the area and indeed investor appetite. The developer of Battersea Power Station is considering changing the mix of offices and residential in the remaining phases of the scheme in light of the slowdown in the prime residential market, but also as a result of significant demand from office occupiers.

The riverside district in Nine Elms and Vauxhall has been identified as a prime commercial and retail zone in the making with the potential to rival established business clusters found in the City and West End. There is a high volume of new commercial floor space (6.5 million sq ft) now being built across Nine Elms which is drawing tenants thanks to new infrastructure links, and new tenants already committed to the area include the U.S. Embassy, Dutch Embassy, St James Group headquarters, Waitrose, Damien Hirst, Young's, and the Royal College of Art. Established employers include New Covent Garden Market, M16 and Sainsbury's. This activity will have a positive impact on future occupier demand in the area and indeed investor appetite.

Clapham Common is a predominantly residential area with low/mid-rise residential dwellings, and commercial accommodation for the Clapham market is usually found in less affluent and more industrial areas.

Adjacent to the site is the Southside Business Park, is a mixed use development comprising both offices and industrial units. The demand for Southside Business Park has been limited with two lettings in the past few years to two smaller tenants; Signa Training took 2,140 sq ft on a five year term at £18.50 per sq ft and Holistic Community Care took 3,050 sq ft on a five year term at £18.50 per sq ft

The Schroders-owned Silverthorne Studios, located in a more well-established light industrial area near Wandsworth Road to the north of Clapham Common, has achieved a number of lettings over the last quarter, including 1,175 sq ft of ground floor accommodation in Studios 5 & 6, asking £45.00 per sq ft, while another tenant agreed terms for 875 sq ft of ground floor accommodation in Suite G3, asking £32.50 per sq ft.

In the nearby Clapham Old Town; in Polygon House Pacific7 Productions Ltd agreed £38.00 per sq ft for an assignment of 800 sq ft on the first floor in October 2016, while a new tenant took 865 sq ft on the ground floor for a 10 year term at £56.80 per sq ft in the loft-style Sedley Place on Venn Street in May 2016. In Porteus Place a new tenant took 925 sq ft of ground floor accommodation on a 10 year lease at £28.00 per sq ft in February 2016 and at St Anne's Hall on Bromel's Road a new tenant took 1,120 sq ft of basement level accommodation on a five year lease at £30.00 per sq ft in August 2016.

Although the site is situated close to both Clapham Common station, providing direct access to central London, and Battersea, which is undergoing major property and infrastructure development, commercial accommodation near the Common commands a significant discount when compared to the riverside locations and the more established light industrial areas in Clapham / Wandsworth.

Given the above, we consider that demand for high quality new build office accommodation would be fairly muted.

4.2 Retail

Having consulted with our retail team, we are of the opinion that several convenience / superstore operators would be interested in operating in this location.

These are many food stores in the nearby Clapham Common and Clapham South, including a Little Waitrose in Old Town, a Sainsbury's on Clapham High Street, and a Tesco, M&S Simply Food and Sainsbury's Local at Clapham South. Nevertheless, given the affluent catchment population and the flexibility of the site upon redevelopment, this would be a suitable location for a large format supermarket. We are aware of several requirements, including Waitrose, who we understand want to relocate from their current position on Balham High Street, and Lidl, who have several requirements ranging from 10,000 sq ft GIA to 28,000 sq ft GIA.

Taking into consideration the above, within our appraisals we have included a 20,000 sq ft GIA supermarket, assuming that Lambeth Borough Council will take a favourable view to the change of use to A1 given the potential for the active retail frontage which engages with and provides a public face along Clapham Common, which would contribute to a vibrant and appealing environment for pedestrians. Further, Policy ED6: Town Centres in the Lambeth Local Plan states that active-frontage uses will be required at ground floor level.

A supermarket operator would expect adequate customer car parking provision for a full line format unit of this size (whereas a smaller convenience store could be car-free), therefore we have taken into account the cost of digging a basement to provide for parking for the retail unit, as well as the residential units, in our construction costs within our development appraisals.

5 Alternative Uses

If the Clapham Campus site were to be marketed for sale, we are of the opinion that it would attract strong interest from all sectors of the market, and potentially special purchasers looking to develop and owner-occupy the whole site (e.g. healthcare/hospital, school, public sector use, leisure).

For the purposes of this report, and due to the lack of supporting professional opinion / feasibility studies on the site, we have appraised the whole site as a residential-led mixed-use development to include private and affordable residential, hotel and commercial accommodation. However, it is important to outline the potential alternative uses of the site, and in this section our Alternative Capital Markets team has explored the possibility of using part of the site as either a private hospital or a retirement living scheme.

Private Hospital

There is a lack of supply of private hospitals, outpatient facilities or specialist private medical facilities within the subject area.

The closest private hospitals are the Leicester Hospital in Chelsea, the Parkside Hospital in Wimbledon and the Bupa Cromwell Hospital on Cromwell Road. Other facilities include private wards at Robert and Lisa Sainsbury Wing at Hammersmith Hospital and Sir Stanley Clayton Ward at Queen Charlotte's & Chelsea Hospital.

There are c.50 private clinics within one mile of Clapham Common South Side. The highest proportion of these are acupuncture clinics, as well as physiotherapy, back and medicine clinics.

There is therefore a demand for a private hospital facility in this area, and this demand is further validated by awareness that operators are currently actively searching for sites in this area. The types of private healthcare operators who may be interested in a scheme within this location include:

- BMI Healthcare
- Spire Healthcare
- Nuffield
- HCA International
- Ramsay Healthcare
- Circle Health
- Aspen Healthcare
- One Healthcare

Floor area requirements vary from approximately 20,000 to 100,000 sq ft. Although we have not been provided with floor areas it is conceivable that the existing building could be retained and converted to hospital use. This would have a positive impact on the residual value as the build costs will be significantly decreased.

Retirement Living Scheme

The closest retirement living schemes and care home facilities to the site are McCarthy & Stone's Liberty House, Raynes Park and Upper Norwood; Anchor's Wandsworth, Brixton, Greenhive, Burnard Sunley House and Tudor Stacks schemes; and Bupa UK, Havelock Court in Stockwell. These are all in the low/mid-range of retirement and care offers. The closest high-end product is LifeCare's scheme at Battersea Place, Albert Bridge Road.

There is a current shortage of mid/high-end retirement living schemes within the area, however there is a large scale high quality retirement living development in the pipeline on Nightingale Lane, only 0.5 miles from the site.

It is possible that there could be demand for a second retirement living facility within this area, however this demand will not be evident until the completion of the Nightingale Lane scheme. The types of retirement living operators who may be interested in this site would be:

- Audley Care
- Life Care
- Aura Living
- Red & Yellow
- Richmond Villages
- Pegasus

Floor area requirements for retirement living schemes vary from approximately 60,000 sq ft to 150,000 sq ft. The Nightingale Lane scheme mentioned above is expected to have an NSA of c.95,000 sq ft, with a GIA of c.160,000 sq ft.

The predicted sales values for Nightingale Lane of £1,200 per sq ft is the most pertinent evidence of the exit values potentially achievable for the Clapham Campus site if a retirement living scheme was provided onsite. This is a significant premium on our assumed exit values for the private residential accommodation within our appraisals in sections 8 and 9, and therefore the provision of a retirement scheme could potentially have a positive impact on Gross Development Value and the resultant residual land value of the site.

6 Planning Context

We have sought planning advice from Dominic O'Loughlen, a member of Strutt & Parker's specialist planning team who is experienced in working with Lambeth Council. A summary of the findings is set out below.

'Based on the brief, I have been asked to assess the prospects of re-developing Lambeth College Clapham Campus Site, positioned on the A24 and Rockney Road (abutting Clapham Common) for each of the following land uses:

- 1) Class D1 education
- 2) Class C3 residential
- 3) Class B1 commercial
- 4) Class C1 hotel
- 5) Class C2 student accommodation

The proceeding note concentrates solely on land use principles and has therefore not assessed other matters including design, amenity and transport.

Existing Land Use

It is my understanding that the application site currently comprises a former 1950's Technical College, a new build Sixth Form which was built in the mid-2000's (which now serves as general purpose and specialist vocational teaching space), and a new building to the rear of the site which completed in 2015. It is my understanding that the buildings are currently used as teaching facilities for Lambeth College. Accordingly, the following note is based on the understanding that the lawful use of the site is Class D1 Non Residential Institutional (education).

Planning History

Having reviewed the London Borough of Lambeth's online planning register, it is noted that the application site has an extensive planning history. A summary of the key planning permissions is appended to this report as appendix 1.

A review of the planning history identifies that the site has been used historically by Lambeth College to house its college teaching facilities. As such, the lawful use of the site has been established as Class D1 – education.

Planning Policy Framework

The statutory development plan for the site comprises the consolidated London Plan (March 2016) and the Lambeth Local Plan (September 2015).

National Planning Policy guidance is contained in the National Planning Policy Framework (NPPF) (2012). Planning Practice Guidance (PPG) also provides guidance on the interpretation of the NPPF.

Protection of the Existing Land Use

The London Borough of Lambeth (the LPA) recognise the important role social infrastructure, including education facilities, have within the community. The LPA therefore seek to safeguard and improve community premises and support the development of new facilities where there are identified gaps in provision.

Local Plan Policy S1 seeks to safeguard existing community premises. Policy S1 specifies that existing community premises, and land formerly in use as community premises, will be safeguarded unless it can be demonstrated that either:

- (i) there is no existing or future need or demand for such uses, including reuse for other community services locally, and adequate alternative accommodation is available to meet the needs of the area; or
- (ii) replacement facilities are proposed on or off site of the same or better size and quality to serve the needs of the area; or
- (iii) development of the site/premises for other uses, or with the inclusion of other uses, will enable the delivery of approved strategies for service improvements.

In line with the guidance set out above, the D1 education use on site is protected. Therefore, should the college wish to dispose of the site for a land use other than Class D1 of D2, one or more of the criteria set out under policy S1 would need to be demonstrated. To help justify the loss of educational facilities, it will be important to demonstrate that there is no existing or future need for the facilities; that the college is re-providing the same amount of educational floor space somewhere else in the borough or that the redevelopment of the site for other uses will enable the delivery of approved strategies for service improvements.

1. Provision of Improved D1 Educational Facilities

Paragraph 162 of the NPPF requires LPAs to assess the quality and capacity of education and its ability to meet forecast demands (para. 162).

London Plan Policy further supports this, as policy 3.18 specifies that development proposals which enhance education and skills provision will be supported, including new build, expansion of existing or change of use to educational purposes.

At a more local level, Local Plan Policy S2 specifies the provision of new or improved education facilities will be supported where:

- I. the site or buildings are appropriate for their intended use and accessible to the community; and
- II. the location, nature and scale of the proposal, including hours of operation, do not unacceptably harm the amenities of the area through noise, disturbance, traffic generation, congestion, local parking or negative impacts on road safety; and
- III. buildings and facilities are designed to be flexible, adaptable and sited to maximise shared community use of premises, where practical.

In summary, Development Plan policy covering the site is entirely supportive of the provision of enhanced educational facilities at the site. The site is already in use by an educational institution and therefore Lambeth Borough Council are already supportive of the land use principles and accordingly, intensifying and enhancing the educational offer on the site is likely to be supported.

2. C3 Residential Land Use

Providing enough homes to meet the demand for Londoners continues to be one of the toughest challenges facing London boroughs, and delivering a choice of high quality housing to suit Londoners needs is of key importance within the London Borough of Lambeth.

London Plan Policy 3.3 highlights the need for more homes across London. Relating specifically to Lambeth, there is a target to build a minimum of 15,594 new homes by 2025 which equates to the delivery of 1,559 homes annually. In line with the principles set out in the London Plan, Local Plan Policy H1 specifies that the council will seek to maximise the supply of additional homes in the borough to meet and exceed the borough's annual housing targets.

With regards to the provision of affordable housing, London Plan policies 3.11 and 3.12 seek to maximise the delivery of affordable housing. At a local level and subject to a financial viability assessment, Local Plan Policy H2 states that on sites greater than 0.1ha or capable of accommodating 10 or more homes, the Borough Council would expect at least 50 per cent of units to be affordable (where public subsidy is available) or 40 per cent without public subsidy. The Borough Council would expect affordable housing to be provided on site.

Providing the Borough Council accept the loss of educational uses at the site (and that the criteria set out in Local Plan Policy S1 is satisfied), then there may be scope to deliver residential accommodation at the site, subject the LPA's policies on design, density, unit mix, etc being met.

In addition to the delivery of mainstream Class C3 residential dwellings, the provision of Build to Rent residential accommodation should be of due consideration.

There is growing support across London and the South East for purpose built Build to Rent residential accommodation. The GLA's London Housing SPG and the Draft Affordable Housing and Viability SPG highlight the contribution of PRS in addressing housing needs and increasing housing delivery. Furthermore, given the distinct viability challenges faced by Build to Rent developments, LPA's are

encouraged to apply local policies which require a range of unit sizes and mixes flexibly. The delivery of PRS developments therefore provide a real opportunity to maximise density on site.

Given the prominent, sustainable location of the site (PTAL 5), the delivery of mainstream market housing or PRS housing on the site seems entirely appropriate, providing the loss of educational uses is supported by the LPA.

3. B1 Office accommodation

As outlined above, the LPA would resist the loss of the existing educational facilities and would encourage the re-provision and improvement of the facilities on site wherever possible. However, should the LPA accept the loss of educational uses on site, there may be scope to deliver Class B1 office accommodation at the site.

London Plan policy 4.2 specifies that the development and increase in office floorspace and stock across London will be supported where there is authoritative, strategic and local evidence of sustained demand for office-based activities.

At a more local level, Lambeth recognise the important role employment generating land uses have within the borough. Local Plan Policy ED2 specifies that development for business (B1) uses will be supported on all sites, subject to adherence with other Local plan policies. With regards to the delivery of larger office accommodation (greater than 1,000m²), development will be directed to the Central Activities Zone, Vauxhall and Waterloo London Plan Opportunity Areas and Brixton and Streatham major town centres. Elsewhere, large office development will be supported only where the scale of the proposal is appropriate to its location and the PTAL level is 4 or above. The application site has a PTAL rating of 5 and large scale office development may therefore be supported.

Although the application site is not located within an identified strategic employment or opportunity area, Lambeth Borough Council recognise the importance of delivering flexible office accommodation throughout the borough. As such and given the sustainable location of the application site, the development of office accommodation at the site seems appropriate providing the LPA accept the loss of the existing educational use and that it can be demonstrated that there is an authoritative, strategic and local evidence of sustained demand for office-based activities in the area.

4. C1 Hotel Land Use

The London Plan promotes London as a World City. Policy 4.5 specifies that the Mayor will support London's visitor economy and stimulate its growth, taking into account the needs of business as well as leisure visitors and will seek to improve the range and quality of provision especially in outer London. The Mayor is therefore seeking to deliver 40,000 net additional hotel bedrooms by 2036 (of which at least 10 per cent should be wheelchair accessible), however these are encouraged to be delivered in 'appropriate locations' (CAZ, opportunity Areas, etc).

Local Plan policy ED12 mirrors the principles outlined in the London Plan, specifying that the delivery of Hotels will be supported in the Central Activities Zone, Vauxhall and Waterloo London Plan Opportunity areas and Brixton and Streatham town centres. With regards to sites outside of these areas, including the application site, policy ED12 specifies that smaller scale provision will be supported where public transport accessibility levels are 'good' (PTAL 4) or above. Policy ED12 goes onto specify that:

- a. all visitor accommodation must:
 - i. provide appropriate off-street pick-up and set-down points for taxis and coaches;
 - ii. not unacceptably harm the balance and mix of uses in the area, including services for the local residential community.
- b. All new visitor accommodation should meet the highest standards of accessibility and inclusion. At least 10 per cent of new provision should be wheelchair accessible. Applicants should submit an Accessibility Management Plan with their proposals.
- c. New visitor accommodation should be of high quality design so that it may be accredited by the National Quality Assessment Scheme.

In addition to having to justify the loss of educational uses at the site, as the site is not located within the CAZ or a named opportunity area, the development of a large hotel in this locality is unlikely to be supported. It is noted however that there are a number of existing hotels positioned along the A24. Clapham South is a popular destination within London, attracting visitors and tourists due to its vibrant high street and Clapham Common. As such, and on account of the sites PTAL rating of 5, there may be some scope in developing a boutique style hotel in this locality. As part of the development planning case however, it will be important to demonstrate that the guidance set out in Local Plan policy ED12 would be met, including highways and servicing measures and that the development would not harm the balance and mix of uses in the area, including services for the local residential community.

5. C2 Student Housing Land Use

A planning application that sought approval for a 100% sui-generis student housing would be challenging given the LPA's resistance to the loss of the existing educational facilities, and may well face opposition by the LPA. A planning application for the development of student housing would therefore be 'de-risked' if it formed part of a mixed use development, whereby the education teaching facilities on site were re-provided.

The London Plan recognises the important role student accommodation has in the Capital's housing stock. Paragraph 5.53A specifies that the Mayor will support proactive, partnership working by boroughs, universities, developers and other relevant bodies, including through his Academic Forum, to ensure that in identifying and addressing local and strategic needs for student accommodation, boroughs are informed by working with other relevant partners.

At a more local level, Local Plan policy H8 specifies that the Borough Council will manage the development of sites for student housing. As such, proposals for student housing will be acceptable only where it can be demonstrated that the development:

- (i) does not compromise capacity to meet the need for conventional dwellings, especially affordable family homes, nor displace other key uses such as employment development;
- (ii) forms part of a mixed-use development;
- (iii) is supported by evidence of a linkage with one or more higher education institution (HEI) in Lambeth, or within a reasonable travelling distance of Lambeth, funded by the Higher Education Funding Council for England. This evidence must include confirmation that the proposed rental levels for the student accommodation are supported by the linked HEI(s);
- (iv) would not lead to an over-concentration of similar uses which may be detrimental to residential amenity or the balance and mix of uses in the area or place undue pressure on local infrastructure;
- (v) is located in an area with good public transport access, and easy access to local shops, work places, services and community facilities;
- (vi) provides a range of accommodation types, including cluster flats with shared kitchen and bathroom facilities unless justification is provided as to why this would not be appropriate;
- (vii) is well-designed, providing appropriate space standards and facilities and is sustainable by virtue of being adaptable to alternative residential use; and
- (viii) provides high-quality cycle parking facilities in accordance with policies T3 and Q13.

The application site is well positioned on public transport nodes, whilst it is acknowledged that Clapham is a popular destination for students to live within London. Given the strategic location of the application site, the provision of student accommodation as part of a mixed use development is therefore entirely appropriate in this locality. To help justify the development proposals however, it will be important for any planning application to demonstrate that there is an identified need for student accommodation within the borough. As part of this justification, the identified need should be linked to an education institution, who in turn should demonstrate that the proposed rental levels would be set and managed by themselves.



7 Comparable Land Sales

In order to reach a high level opinion of value of the site, and to corroborate the residual development values we have reached in sections 8 and 9, we have analysed comparable land sales on a £ per acre and a £ per sq ft basis on proposed or consented accommodation of development sites in the vicinity that have traded in the last 24 months.

In our experience, consented sites generally command premiums of c.20%-40% to those without the benefit of an implementable planning permission. Depending on the complexity and risk attributed to the site, this premium can be up to 50%. As well as locational factors, differences in the achieved prices below can also be attributed to massing; while several of the above schemes comprise taller elements/towers, we are of the opinion that the maximum height achievable on site is eight to ten storeys due to overlooking and proximity to Clapham Common. This is subject to architects' feasibility studies, which we recommend are undertaken by LSBU in order to substantiate the potential massing achievable on site.

B&Q on Smugglers Way reflects 160% of the site value of Clapham Parkside on a £ per acre basis. This is largely because Clapham Parkside was purchased on an **unconditional basis**, albeit with the benefit of a positive pre-application response for change of use to residential. The price achieved on B&Q was on a 'subject to planning' basis, and therefore the incoming purchase is paying a 'full consented price' for the land. The high £ per acre and £ per sq ft achieved at Homebase on York Road reflects the high exit values in Battersea and the implementable planning consent, while the comparatively lower £ per acre and £ per sq ft at Garratt Place reflects the mixed-use provision and complexity of the site.



Site	Price	Date Traded	Acres	Unconsented / consented	Area proposed / consented	Yield (G/A)	£/acre	Estimated exit values (£/sq ft)	Comment
Subject site - Unconsented	£62,540,792		3.45	Assume unconsented with positive pre-app	540,000 sq ft (G/A)	£116	£18,127,754	£950	
Subject site - Consented	£85,512,419		3.45	Assume full planning consent granted	540,000 sq ft (G/A)	£156	£24,785,495	£950	
Homebase, 198 York Road, Battersea, SW811		04/2016	2.05	Consented	258,859 sq ft (NSA residential) & 65,811 sq ft (G/A A3/A4 and D1 at Ground/F1/Floor)	£218	£29,755,293	£1,000	We understand that A2 Dominant agent to do deal to forward fund PPS scheme on part of the site, while the landowner is developing out the main tower.
131 Battersea High Street, SW811	£13m	04/2016	0.8	Consented	61,084 NSA residential and 6,644 sq ft G/A of commercial floor space	£192	£16,292,000	£900	All affordable
B&Q Smugglers Way, Wandsworth, SW18	c.£35 - £50m	02/2016	3.48	Subject to planning (2 positive pre-apps)	527,705 sq ft G/A, in buildings ranging from 5 to 10 storeys, and a taller element of 15 storeys (from 3rd pre-app)	c.£180 - £170	c.£24.5 - £26m	£900	Let to B&Q until July 2018 at £1,211,600 per annum. The immediate area has seen wholesale residential and redevelopment in recent years with several residential towers nearby. London Square purchased the site in 2016 in an off-market deal; however we understand that offers were made in the region of £85m - £30m. This represents a premium comparable as we consider the price paid to be comparable to the subject site.
Garratt Place, Wandsworth, SW18	£28.85m	01/2016	1.66	Consented	c.242,000 sq ft (G/A residential) & c.20,000 sq ft (G/A commercial)	£107	£17,379,818	£1,000	As well as 201 residential units, L&Q will provide commercial accommodation, an improved public library, new shops and refurbished teaching facilities at South Thames College.
Parkside, 44 Clapham Common South Side, SW4	£34.6m	04/2015	3.7	Unconsented (2 positive pre-apps)	226,000 sq ft G/A of residential (10 blocks of up to 9 storeys in height) & 16,000 sq ft G/A of commercial within a three storey block	£143 (on G/A)	£9,351,351	£900	Site adjacent to the Clapham Campus site, albeit lacks the frontage that the subject site benefits from.

8 Development Appraisals

We have undertaken development appraisals to establish our agency opinion of the likely market land value achievable if the site were to be sold in the open market as a residential-led mixed-use development opportunity.

In order to form our opinion on what the likely achieved price would be should the site be sold in the current market, we have worked on the assumption that the site will be marketed with the benefit of a positive pre-application response with Lambeth Council.

Property Specific Assumptions;

- Existing Use:**

For the purposes of this report, we have assumed that education use is no longer required on the site and is provided elsewhere within the borough.

- Vacant Possession:**

We have assumed that the site is sold with vacant possession and no income stream will be available to incoming purchasers.

- Title:**

We have reviewed the title documents (Title No. TGL150604).

We have assumed that there are no restrictive covenants or encumbrances on the site that would restrict development, however we would strongly recommend that Lambeth College / LSBU seek legal advice on this matter before considering a disposal of the asset.

- Residual Appraisal:**

As well as our analysis of comparable land sales within the area in section 7, we have undertaken a residual land value appraisal. A residual appraisal is an established method of calculating the indicative land value of a property and is based on an assessment of revenue, thereafter deducting development costs including finance and allowance for profit. The profit allowance implicitly reflects the characteristics of the site including development risk.

The residual land value on this basis is highly sensitive to the inputs adopted. We consider that we have adopted reasonable assumptions for the purposes of our appraisal and we have stated where we have relied on input from third party sources.

In arriving at our opinion on land value of the Lambeth Centre site we have undertaken appraisals with the view that a developer would undertake a demolition of the existing buildings and erect a new building/buildings to maximise the potential massing on the site (the maximum



height is currently five storeys at the front of the site and only two/three storeys to the rear). We understand that the majority of the buildings on site have been built within the last 10 years and therefore are structurally sound and of good specification. We have been unable to access these buildings, or review up to date floorplans, therefore we are unable to appraise the site on the basis of conversion to an alternative use.

Given the level of detail provided at this stage in the process, our appraisal is based on considered assumptions and advice from our planning team, however given the risk associated with the site, to formalise a potential marketing price we would want further comfort from specialist consultants such as architects and cost consultants.

• **Pricing:**

Our pricing is based on what we believe the property would achieve if sold on the open market, **without the benefit of a planning consent however with the benefit of a positive response to pre-application discussions from Lambeth Council**, and with all the key assumptions listed above. As instructed, our estimation on pricing is a view from an agency perspective and is not a formal Red Book valuation that can be relied upon by third parties.

Given the abnormally high level of assumptions we have had to make when appraising the site, we would strongly recommend the prices quoted within the report are used for guidance purposes only, and that before LSBU make any strategic decisions that we work alongside a professional team of planners and architects to gain further comfort on the likely achievable land value for the site.

We have also provided our opinion on the value increase if Lambeth College/LSBU were to seek to amend the existing consent / obtain a new planning consent on each scenario prior to a disposal in section 9.

• **Rights to Light:**

Assumed no compensation payable for rights to light.

• **Massing:**

Taking into consideration the massing proposed on the adjacent development site, Clapham Parkside, which benefits from several positive pre-application meetings with Lambeth Council, we have assumed 60% site coverage, and an average of six storeys across the development (plus basement car park).

• **Car Parking**

Despite the PTAL rating of 5 and the excellent connectivity of the site, we are of the opinion that an incoming developer looking to build a scheme of this scale would want to maximise sales

receipts and rates and therefore would incorporate underground car parking for all uses within the site.

8.1 Residential-Led Mixed-Use Development Appraisal

Summary of Key Inputs Adopted in our Appraisal

- Assumed change of use from non-residential institutional (Class D1) accommodation to residential (Class C3), hotel (C1) and a supermarket / convenience store (A1).
- We have assumed residents' onsite amenities such as concierge and leisure facilities are provided, and that the majority of units will benefit from balconies or terraces.
- For the residential accommodation we have assumed a good mix of studio, one and two bed apartments, with no oversized units.
- Assumed gross to net ratio of 85% for private residential and 90% for affordable residential accommodation.

• **Private Residential Units:**

We have assumed an overall sales value of £950 psf based on our assessment of comparable sales evidence in section 2.2, and reflecting the various attributes of the site in comparison with nearby developments.

We also consider it reasonable to cash flow a receipt of these values adopting a weighted distribution over the 18 months sales period, wherein the majority of units will sell in the months immediate to completion.

• **Affordable Housing:**

We have as assumed 35% will be designated as affordable housing provision, comprising 70% Social Rented units and 30% Intermediate units by floorspace.

We consider it reasonable to adopt values of £185 psf (on Net Sales Area) for rented units and £350 psf for intermediate units.

• **Retail:**

Based from advice from our retail team, in our appraisals we have assumed that a rent of £22.50 psf overall is achievable on the retail accommodation, assuming a national retailer secures a pre-let on the ground floor. We have applied a net initial yield of 4.50%, with an 18 months' rent free incentive based on a 20 year lease with RPI increases.

• Hotel:

Our Alternative Capital Markets team have provided us with Gross Development Values on the basis of:

- 1) a budget hotel
- 2) a full service hotel

The appraisal methodologies differ for both scenarios; to find the GDV of a budget hotel an investment appraisal is undertaken on the basis of capitalising the rent payable under the lease arrangement in line with market comparable transactions.

In the case of a full service hotel the operators will look to sign either a franchise or management agreement. Under this arrangement the owner receives the hotels profits after all operational and fixed costs have been deducted, including branding and management fees. This income is then valued on a discounted cash flow basis to arrive at the GDV.

Budget hotel assumptions (assuming no planning consent in place):

- 150 bedroom Premier Inn hotel
- Rent and yield valuation approach
- 4.00% exit capitalisation rate
- £10,000 rent per room per annum
- 6 months' rent free
- GDV: £36,771,775

Full service hotel assumptions (assuming no planning consent in place):

- 150 bedroom Double Tree by Hilton, Garden Inn by Marriott or equivalent
- Discounted cash flow valuation approach
- 6.00% exit capitalisation rate
- GDV: £40,000,000

For the purposes of our high level appraisals we have assumed a budget hotel operator on site.

• Car Parking:

We have included 200 car parking spaces for the residential units. We would recommend offering these spaces on a 'first come first serve' basis, or to be offered with the premium units.

• Proposed Area Schedule:

	Residential GIA		Retail GIA		Hotel GIA	
	Sq M	Sq Ft	Sq M	Sq Ft	Sq M	Sq Ft
Private	27,174	292,500	-	-	-	-
Social Rent	10,243	110,250	-	-	-	-
Intermediate	4,390	47,250	-	-	-	-
Total	42,735	460,000	2,787	30,000	5,574	60,000

Residential-led mixed-use development appraisal assuming sale of the site without an implementable planning consent:

• Approximate planning costs to developer:

- Lambeth Council full planning application fee: £200,000
- Planners fees: £50,000
- Architects fees and additional surveys to include environmental impact assessment, daylight/sunlight assessment, sustainability assessment, transport statement and flood assessment: £200,000
- Agents fees for value-add advice, e.g. exit values and unit mix: £50,000
- Total planning costs: £500,000

• Timing (residential phase):

- Purchase: 1 month
- Planning/Preconstruction: 24 months
- Construction: 36 months
- Post development: 18 months
- Sale: 1 months

• Timing (hotel phase):

- Purchase: 1 month
- Planning/Preconstruction: 24 months
- Construction: 24 months
- Sale: 1 months

• Timing (retail phase):

- Purchase: 1 month
- Planning/Preconstruction: 24 months
- Construction: 36 months
- Sale: 1 months

• GDV:

- Private Units @ £950 psf: £241,442,500
- Social Rented Units: £18,764,550
- Intermediate Units: £15,214,500
- Ground rents (351 private apartments @ £500 / unit,

capitalised at 5.00%	£3,430,000
- Hotel (assuming budget hotel)	£36,771,775 ¹
- Retail (assuming £22.50 psf blended, capitalised at 4.50% with 18 months' rent free)	£8,836,654
Development Costs:	
- Build costs	£128,675,000
- Residential and hotel contingency	5%
- Retail contingency	3%
- Residential professional fees	11%
- Hotel professional fees	9%
- Retail professional fees	6%
- Sales agent and legal fee	1.5%
- Marketing costs @ 1% private residential GDV	£2,414,425
- Purchaser's costs on acquisition	6.8%
- Demolition	£1,000,000
- Mayoral CIL	£1,050,858
- Borough CIL	£2,621,594
- Profit on Cost	30.0%
- Finance cost applied to 100% of costs	5.00%
Residualised Land Value:	£62,540,752

¹ As stated in section 8.1, this appraisal assumes delivery of a budget hotel as part of the proposed residential-led mixed-use development. In our opinion, were the hotel provided to be 'full service', i.e. operated by a higher-level provider such as Courtyard by Marriott or Double Tree by Hilton, then the land value would be approximately the same. The increased GDV achievable would be netted off almost entirely by the increased construction costs resulting from the provision of improved guest amenities and higher specification throughout.

9 Consented Sale

Further to our appraisal for an unconsented sale above, we have undertaken an appraisal assuming that the site will be taken through all necessary planning processes and applications in order to achieve a subsequent planning consent for a change of use/redevelopment.

Based on our appraisal set out in section 8 and the value for a consented sale shown in the table below, we believe there is an opportunity for you to realise an approximately 30-40% uplift in land value were LSBU to gain an implementable planning consent prior to sale. However, there are obvious cost and timing implications to proceeding down this route.

Carrying out the necessary procedures required in the development planning process requires the instruction of a project team to draw up scheme suitable for re-submission.

We have set out a summary of the approximate costs below, subject to further feasibility studies and further understanding of the planning situation:

- Lambeth Council full planning application fee:	£200,000
- Planners fees:	£50,000
- Architects fees and additional surveys to include environmental impact assessment, daylight/sunlight assessment, sustainability assessment, transport statement and flood assessment:	£200,000
- Agents fees for value-add advice, e.g. exit values and unit mix:	£50,000
- Total planning costs:	£500,000

In our development appraisals, in order to reflect an implementable consent being in place on sale, we have:

- reduced the profit on cost to 20% to reflect the lessened risk to an incoming purchaser buying a site on an unconditional basis;
- shortened the pre-construction timescales;
- reduced professional fees;
- removed all planning costs.

The table below shows the residual values of both appraisals:

Proposed Use	Site value assuming unconsented sale	Site value assuming consented sale
Residential-led mixed-use	£62,540,752	£85,513,419

In appendix 3 we have included sensitivity analyses for both appraisals which demonstrate the effect on the land value of increasing / decreasing the massing for the private residential accommodation and increasing / decreasing the exit values achieved for private residential sales. The wide range of resulting land values stresses the importance of instructing a professional team of planners and architects to undertake a feasibility study to gain further comfort on the massing and feasible uses onsite prior to LSBU making any strategic decisions.



10 SWOT Analysis

Strengths

- The site is located within the affluent Clapham Common area, between Abbeville Village and Clapham Common itself. Desirable residential address with strong leisure and retail offering in Clapham and surrounding areas;
- Good frontage onto Clapham Common which commands premium pricing across all uses;
- Good transport connections within close vicinity (Underground and Overground), providing quick access London's West End, the City of London and Canary Wharf;
- Established appeal to a relatively broad range of private sector residential purchasers with a strong weighting towards domestic owner occupiers, thereby relying less on investor and overseas demand;
- Very few competing new build schemes of significant scale in this location, driving both land value and sales rates;
- Site has good access which is important not only for construction and phasing, but also integrating different uses on site.

Weaknesses

- Unlikely to achieve significant height on the site due to surrounding buildings;
- Nearby buildings and the council estate to the west of the site will restrict views and exit values, particularly on the upper floors
- Presence of purpose built modern education facilities currently onsite do not maximise the massing potential of the site and are likely to be difficult to convert to alternative uses (we have not been able to inspect the buildings or review floorplans to confirm this). Full demolition of this buildings carries significant planning risk and unlocking the full value of the site therefore relies on support from Lambeth Council that the existing use is no longer viable.

Opportunities

- Opportunity to capitalise on high demand for private residential units at the c.£950 psf price point in an affluent location. The site also lends itself well to Private Rented Sector which is currently a growing sector of the market and could

Threats

- Market conditions have softened over 2015 and 2016 and developers (especially house builders and institutional funds) now approach land buying with a higher degree of caution, especially where there is a complicated planning angle. Hence the importance

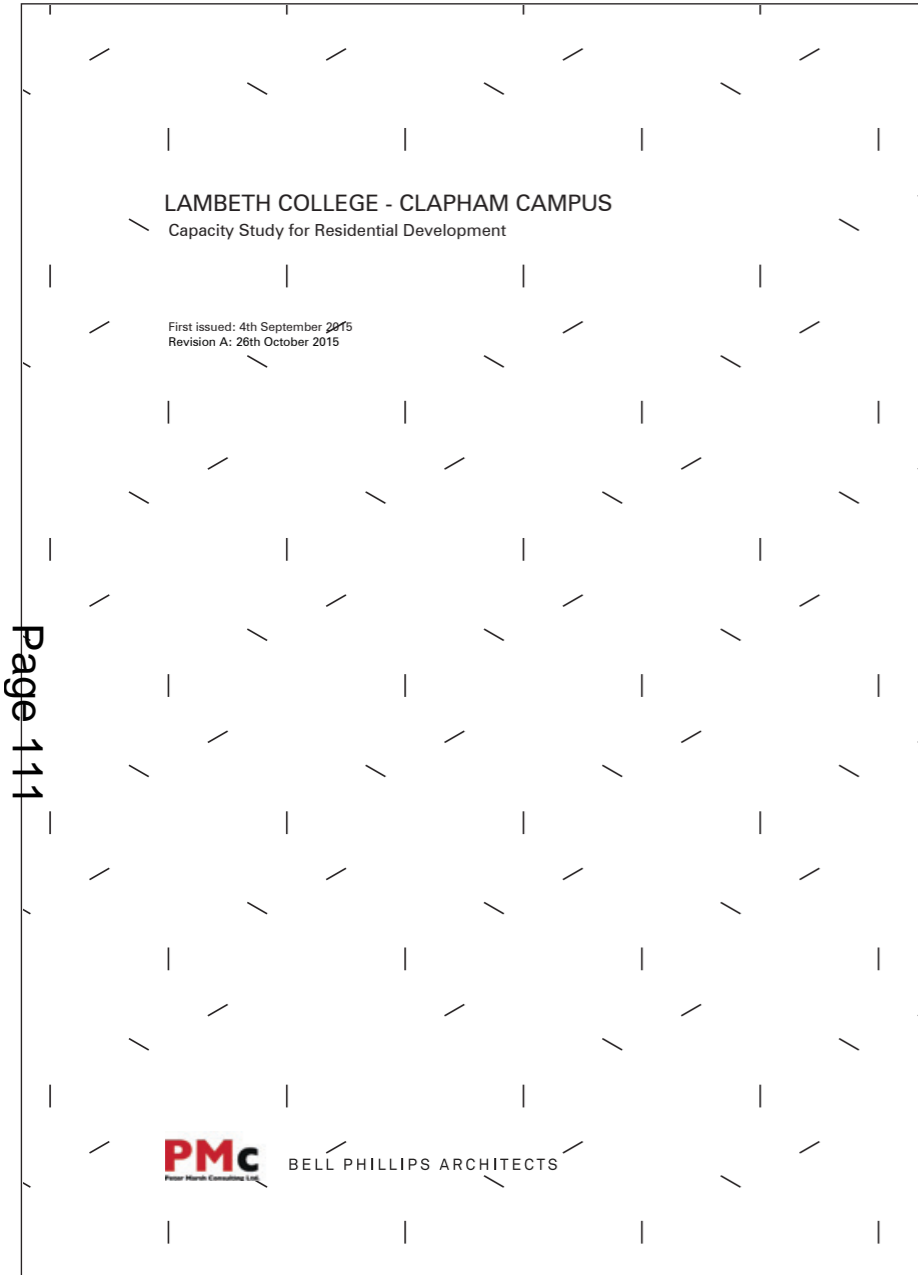
work well on this site due to the scale and price point;

- As shown in our report, the site is suitable for a number of uses which will generate strong interest in the market with developers looking to maximise value through a mixed-use scheme;
- Site is likely to appeal to special purchasers, for example school / hospital / public sector who are willing to pay a significant premium for the land over developers as there is no exit strategy and profit requirement;
- Strong support at government / mayoral level for delivery of new housing, and a site of this scale will help the borough to meet and exceed affordable housing requirements.

of seeking support from Lambeth Council prior to a disposal of the site;

- Potential for construction costs to rise further having a negative effect on land values;
- Loss of education facilities on the site is likely to be resisted by the council, and therefore the planning process is likely to be at significant cost and time to the incoming developer;
- Demolition of existing 'modern' buildings being refused by planners having a significant negative effect on land value.

APPENDIX 7: ALTERNATIVE MIXED USE OPTION FOR CLAPHAM SITE



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BELL PHILLIPS ARCHITECTS **PMc**
Peter Marsh Consulting Ltd.

1 Introduction

1.1	Executive Summary	1.2	Methodology
<p>This report has been produced to consider the development potential of part of the Lambeth College Clapham Campus for residential use. We find that it may be possible to provide 94 London Plan compliant dwellings on part of the site if the College is willing to loose part of the existing 4 storey building that forms the Eastern part of C building and that it may be possible to provide 48 London Plan compliant dwellings whilst retaining the existing 4 storey building.</p>		<p>Our work has been carried out with the following activities:</p> <ol style="list-style-type: none"> 1. One site visit to consider physical opportunities and constraints. 2. Desktop review of key planning designations. 3. Sourcing an OS CAD plan from which proposed layouts have been drawn. 4. Proposed dwellings are sized to comply with the London Housing Design Guide and Lifetime Homes. 	

Lambeth College Capacity Study October 2015

1.3 The Next Stage

In order to determine the most appropriate method of realising the potential value of a part-disposal of the Clapham site for residential purposes we recommend that:

1. Views should be sought from a range of residential property agents as to the potential yield of Options 1, 2 and 3 and to their advice sought on the advantages and disadvantages of different sales options which could include:

- (a) sale of the parts of the site identified without planning permission;
- (b) sale of the parts of the site following an exchange of letters with the planning authority confirming acceptance in principle to the concept of residential development being acceptable (in essence a pre-application letter);
- (c) sale of the parts of the site based on an outline residential consent; and,
- (d) sale of the part of the site based on a detailed residential consent.

As well as seeking views on the values and risks associated with these four options it is recommended that advice is sought on the likely timescales of each of the development options and on the potential appetite of developers to purchase the land in advance of a long-stop vacant possession date which we understand could be September 2018 or later.

Following this advice, the College should determine its preferred disposal route. Should option (c) or (d) be the preferred route then we would recommend that the following actions be carried out.

In order to clarify the feasibility of these proposals the following actions will need to be carried out at the next stage:

1. Detailed financial viability calculations to consider the potential value of the development versus the loss of education floorspace.
2. Discussion with Lambeth Development Control to clarify whether the proposals could be supported at planning application, or to discuss amendments.
3. A specialist consultant should be instructed to carry out a detailed daylight, sunlight and rights of light impact assessment. Work will also be required to decide whether existing areas of the College will retain sufficient daylighting for teaching purposes.
4. Tree survey and Arboricultural Impact Assessment to confirm whether existing trees could be removed.
5. Transport consultant to consider parking and highways access. Currently no parking has been shown since it is assumed that this would be a zero parking development considering its close proximity to public transport. However parking will be required for wheelchair accessible dwellings, mostly likely positioned on the college campus close to the access from Shaftesbury Mews.
6. Commercial agent to provide preferred mix of dwelling sizes to achieve best value on the site.
7. Commission a topographic survey.
8. Source historical maps.
9. Further architectural work to consider:

- Co-ordination of all items noted above
- Revise proposals to better comply with policy in terms of the mix of dwelling sizes
- Minimise loss of privacy to adjacent dwellings
- Options for appropriate massing and articulation
- Refuse and emergency vehicle access strategy
- Detailed assessment of planning policy

2 The Site

2.1 Planning Policy

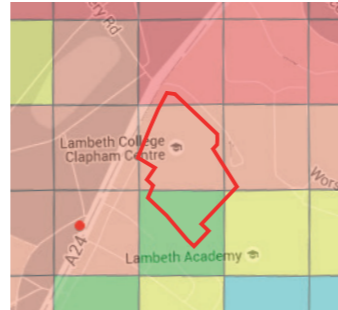


Table 2.2 Sustainable residential quality (SRQ) density matrix (habitable rooms and dwellings per hectare)

Setting	Public Transport Accessibility Level (PTAL)		
	0 to 1	2 to 3	4 to 6
Suburban	150-200 u/ha	150-200 u/ha	200-300 u/ha
3.1-3.7 u/ha	30-50 u/ha	30-50 u/ha	40-50 u/ha
3.1-3.7 u/ha	40-60 u/ha	40-60 u/ha	50-110 u/ha
2.1-3.0 u/ha	50-70 u/ha	50-90 u/ha	70-130 u/ha
Urban	150-250 u/ha	200-400 u/ha	200-300 u/ha
3.8-4.8 u/ha	20-40 u/ha	40-120 u/ha	40-100 u/ha
3.1-3.7 u/ha	40-80 u/ha	50-140 u/ha	50-220 u/ha
2.1-3.0 u/ha	50-90 u/ha	70-170 u/ha	70-200 u/ha
Central	150-300 u/ha	300-600 u/ha	600-1300 u/ha
3.8-4.8 u/ha	20-60 u/ha	60-150 u/ha	140-200 u/ha
3.1-3.7 u/ha	40-100 u/ha	80-210 u/ha	170-320 u/ha
2.1-3.0 u/ha	50-110 u/ha	100-240 u/ha	210-400 u/ha

Lambeth Proposals Map

The site itself is outlined in red and does not sit within any particular designation. However the established use class on the site is D1 (education) and change to C3 (residential dwellings) will need to be discussed with planning officers prior to establishing the feasibility of this use.

To the south and west is a conservation area (brown diagonal hatch) and development in close proximity will need to be sensitively designed. Pink diagonal hatch shows land retained for council waste management. We understand that the principle of residential development on this site has now been established with Lambeth Council providing that a much smaller element of waste management is retained and that the owner (OCS) is in final discussions with bidders on the terms of the sale of this land. Clapham Common is Metropolitan Open Land and a Site of Nature Conservation Importance.

The A24 is designated as part of the Transport for London road network.

Public Transport Accessibility Level

This map shows that the site is well served by public transport and is located in PTAL level 5.



London Plan Density Matrix

Assuming that this area is classified as 'Urban' (to be confirmed with development control), the allowable density for this site located in PTAL level 5 is between 45 and 260 units/ hectare. Within this banding are more detailed figures which depend on the average number of habitable rooms per dwelling.

2.2 Aerial View



2 The Site

2.3 Context



Good westward views towards Clapham Common could be very valuable to new apartments.



To the south of the site on the A24 are grand five-storey nineteenth century terraced dwellings. These define the building line and are the dominant historic scale in the area. These have three full floors plus a lower ground and one or two mansard storeys. Service road and green verge provides a good foreground view and welcome separation from traffic.



Directly adjacent to the site the terrace is terminated on a 20th century construction of seven storeys. This comprises five full floors and a double mansard of two storeys. Windows on the gable elevation will need to be considered; one line of windows appears to serve a staircase but the second line of windows may serve habitable rooms. Rights of light, daylight and sunlight will need to be assessed in terms of the impact of new development on these windows.



To the north of the site are a series of eight storey apartment buildings. Their scale and footprint is not typical of the area but it may be possible to demonstrate that proposed development mediates in height between the nineteenth century terrace to the south and these taller buildings to the north.



Rear elevation of nineteenth century terraced dwellings on the A24; proposed massing will need to avoid significant infringement to daylight, sunlight and rights to light. Proposed windows will need to be 18 or 20 metres away from existing windows to demonstrate that there will be no unacceptable loss of privacy. Where new apartments overlook existing gardens, privacy may also need to be carefully considered. The foreground comprises an area of green landscaping with mature trees. The outlook to these trees may be considered valuable to both the college and to neighbours.



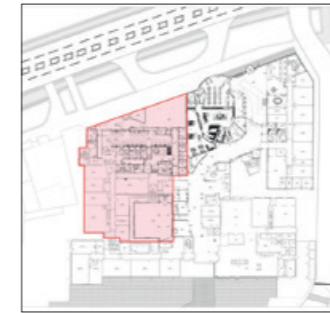
To the south of the site Shaftesbury Mews comprises houses of two and three storeys. New development will need to be sensitive to their scale, daylight, sunlight, rights to light and privacy.

2 The Site

2.4 Proposed Demolition



Option 1 assumes demolition of part of Block B, including hair, beauty, and part of dentistry and associated functions.



In addition to the areas noted above, option 2 includes demolition of all remaining areas of Block B.



In addition to the areas noted above, option 3 includes part demolition of the 4-storey Block C, as far as the stairs to the Executive's office. It should be noted that this block also has a basement which contains the boiler house which has recently been totally replaced and services all of the elements of the Lambeth College site - including the 1950s, new frontage building on Clapham Common and the recently completed 4,000m² building at the rear of the site. We anticipate that the costs of replacing the boiler and associated facilities if this element was redeveloped would be in the order of £750,000 to £1m including building works.



Block B viewed from the north



Block C viewed from the south

3 Massing & Development Options

3.1 Option 1 - Accommodation Schedule

This option proposes 25 dwellings in a single building which has four full floors and two set back floors. The line of the set back aligns with the cornice of the historic terrace to the south. On a typical floor there are five apartments, of which four have direct views over Clapham Common which should help these dwellings to achieve good values. One dwelling per floor is located at the rear and will not have park views, but it will be double aspect and it will benefit from south light.

At the rear of the block a 4.6 wide mews courtyard has been retained adjacent to the existing building. Where the existing building is demolished a new elevation will need to be constructed and the fenestration appropriately designed to gain maximum daylight across this restricted space. It should be possible to orient windows of proposed dwellings to avoid directly looking towards the retained college building but this will need to be tested through detailed internal apartment layouts at the next stage.

It is intended that the mews courtyard provides sufficient sky factor to the neighbouring gable elevation windows to the south, but this requires specialist calculations to clarify. The mix of dwelling types (1, 2 and 3-bed apartments) is well distributed although the mix will need to be updated at the next stage of work once input has been sought from a commercial agent and from planning officers.

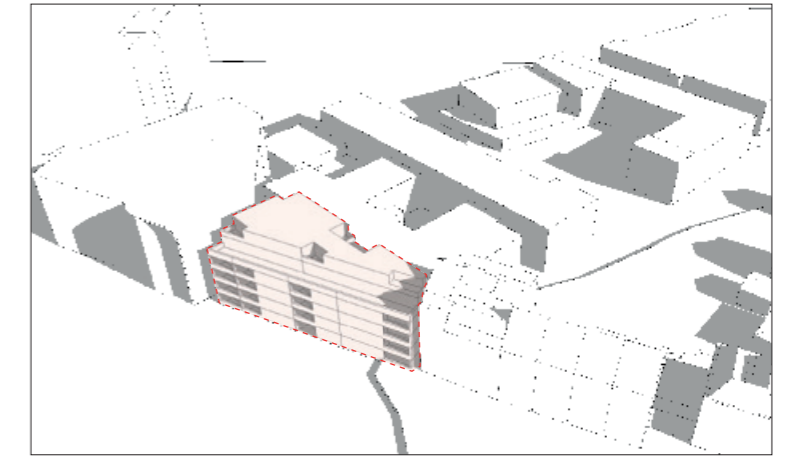
The density exceeds the range suggested in the London Plan Density Matrix although this can sometimes be acceptable in planning terms if the scheme can demonstrate that it is reasonable and well considered, as is the intention in this case.

Unit Mix	1B/2P		2B/3P		2B/4P		3B/5P		NIA(sqm)	GIA(sqm)	Net:Gross
	standard 50sqm	w/chair 61sqm	standard 70sqm	w/chair 70sqm	standard 86sqm	w/chair 86sqm	standard 97sqm	w/chair 97sqm			
Ground Floor	1	0	2	0	0	1	0	276	402	69%	
First Floor	2	0	0	2	0	1	0	326	402	81%	
Second Floor	2	0	0	2	0	1	0	326	402	81%	
Third Floor	2	0	0	2	0	1	0	326	402	81%	
Fourth Floor	0	0	0	1	0	1	1	253	315	80%	
Fifth Floor	0	1	0	1	0	1	0	217	286	76%	
Sixth Floor											
Seventh Floor											
Subtotal per floor	7	1	2	8	0	6	1				
Total Block				25				1724	2209	78%	
% Mix	28.0%	4.0%		32.0%		28.0%					
	28.0%		36.0%			28.0%					

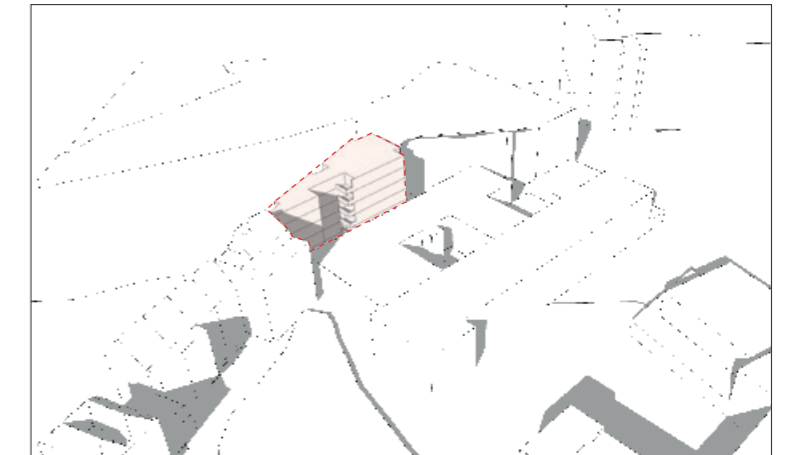
Summary	
Total Dwellings	25
Total w/chair units	3
% of w/chair units	12%
Site Area (Ha)	0.0859
Density (Units/ Ha)	291

Planning Policy	
PTAL rating	5
Density Range (Units/Ha)	70-260 (assuming 2.7 to 3.0 hr/ unit)

3.2 Option 1 - Sketch Views



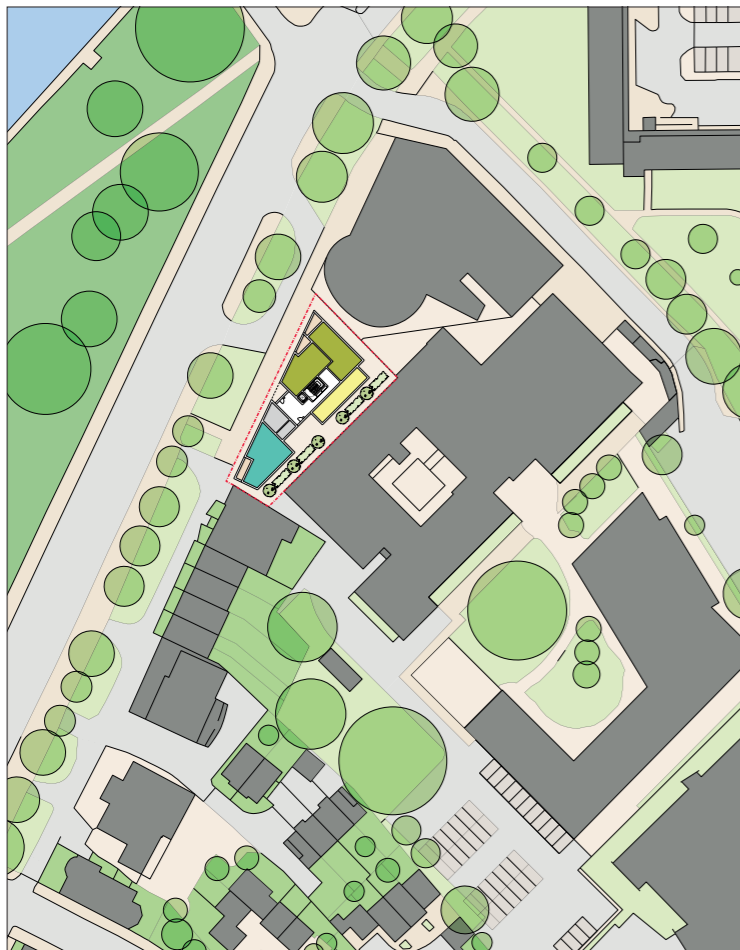
aerial view from south-west



aerial view from south-east

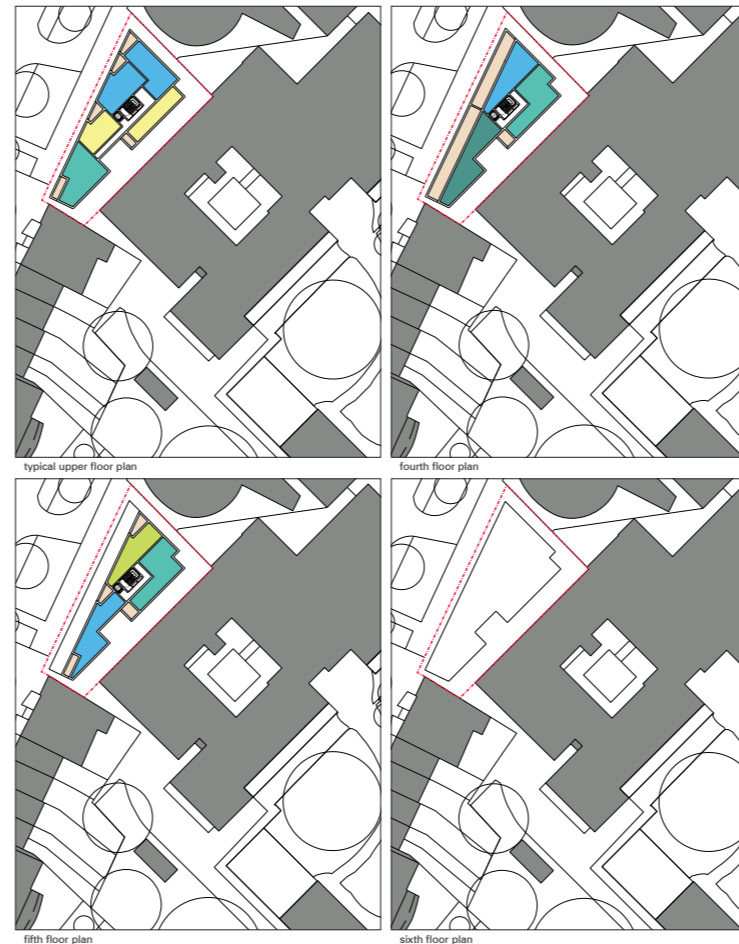
3 Massing & Development Options

3.3 Option 1 - Site Plan



ground floor site plan

3.4 Option 1 - Upper Floor Plans



typical upper floor plan

fourth floor plan

fifth floor plan

sixth floor plan

3 Massing & Development Options

3.5 Option 2 - Accommodation Schedule

In addition to the building in Option 1, another 23 dwellings are added in a second block to provide a total of 48. The second block is one storey taller, allowing the top floor apartments to benefit from views to Clapham Common. It is considered reasonable to have a slightly taller building one layer back from the street line, since it will not compete visually with the historic terrace to the south.

Between the two buildings is a mews street eight metres wide. This is narrow but could be well landscaped to provide a good environment, and the elevations will be designed to avoid any overlooking between windows in each block, since the blocks will be oriented predominantly in opposite directions from each other.

The second block therefore looks mainly into its own communal garden to the south-east, which will be well landscaped with mature trees. This garden is only thirteen metres away from the retained college Block C. A new elevation will need to be formed on Block C once the adjoining block B has been demolished, and the design of this elevation may involve angled windows or louvres to avoid looking into the new apartments in close proximity.

A U shaped proposal would be inappropriate for this very tight site. Neighbouring buildings to the east and west of the site boundary would force the flats in the wings to face inwards towards each other. This would be unacceptable in terms of overlooking.

Density remains within planning policy guidelines.

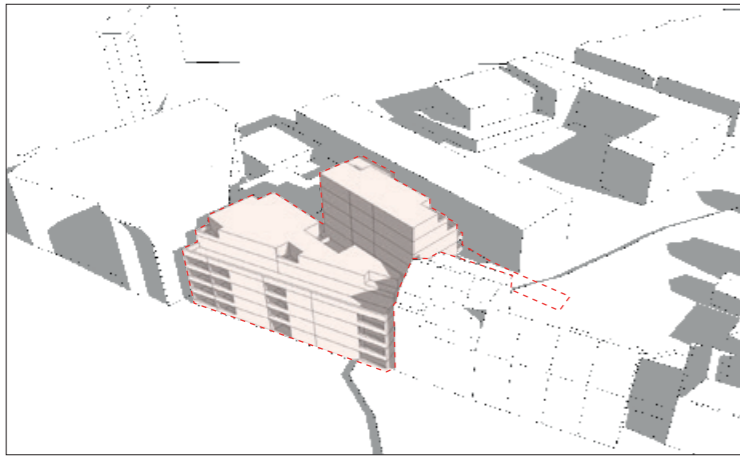
It may be possible to accommodate around 55 units on this site if there was a larger proportion of 1 bed, 2 person flats and 2 bed, 3 person flats than suggested in the mix below. The mix of dwelling types will need to be adjusted at the next stage of work.

	1B/2P	2B/3P	2B/4P	3B/5P			
Unit Mix	standard	standard	w/chair	standard	w/chair	standard	w/chair
	50sqm	61sqm	70sqm	70sqm	86sqm	86sqm	97sqm
Subtotal	16	1	4	16	0	10	1
Total Development				48			
Habitable Rooms	32	3	12	48	0	40	4
Total Habitable Rooms				139			
Average Hab Rooms/ Unit				2.90			
% Mix by dwelling type	33.3%	10.4%		33.3%		22.9%	
	33.3%		43.8%			22.9%	

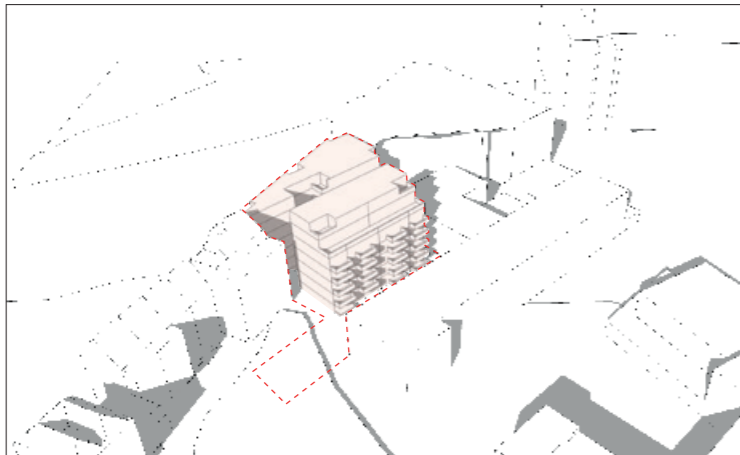
Summary	
Total Dwellings	48
Total w/chair units	5
% of w/chair units	10%
Site Area (Ha)	0.2058
Density (Units/ Ha)	233

Planning Policy	
PFAL rating	5
Density Range (Units/ha)	70-260 (assuming 2.7 to 3.0 hr/ unit)

3.6 Option 2 - Sketch Views



aerial view from south-west



aerial view from south-east

3 Massing & Development Options

3.7 Option 2 - Site Plan



ground floor site plan

3.8 Option 2 - Upper Floor Plans



typical upper floor plan

fourth floor plan



fifth floor plan

sixth floor plan

3 Massing & Development Options

3.9 Option 3 - Accommodation Schedule

Option 3 shows the maximum proposed development which achieves 94 apartments.

The third block is positioned approximately on the line of the south-east elevation of the college Block C. It is intended that it could provide the backdrop for a new private street facing the newly constructed college building beyond.

A dimension of eighteen metres has been planned between the second and third blocks which is considered to be the minimum acceptable distance between primary windows of different dwellings in order to retain privacy. The central space between the blocks will be a landscaped communal garden with mature trees.

This option will require removal of at least one existing mature tree at the south-west corner of the site, which will be the subject of arboricultural studies and negotiation with planning officers. Equally an area of existing grass will also be lost, but it is intended that this will be replaced with a larger area than currently existing, via the soft landscaping proposed in the development.

At the southern end of the proposed block it should be possible to plan dwellings to avoid overlooking neighbouring gardens and windows.

Proposed density exceeds planning policy, but as noted for option 1 this may be acceptable pending various additional studies and negotiations with development control.

	1B/2P		2B/3P		2B/4P		3B/5P		N/A(sqm)	GIA(sqm)	Net-Gross
Unit Mix	standard	w/chair	standard	w/chair	standard	w/chair	standard	w/chair			
Subtotal	43	3	9	28	0	10	1				
Total Development	94								5880	7698	76%
Habitable Rooms	86	9	27	84	0	40	4				
Total Habitable Rooms	250										
Average Hab Rooms/ Unit	2.66										
% Mix by dwelling type	45.7%	12.8%	29.8%	11.7%							
	45.7%	42.6%									

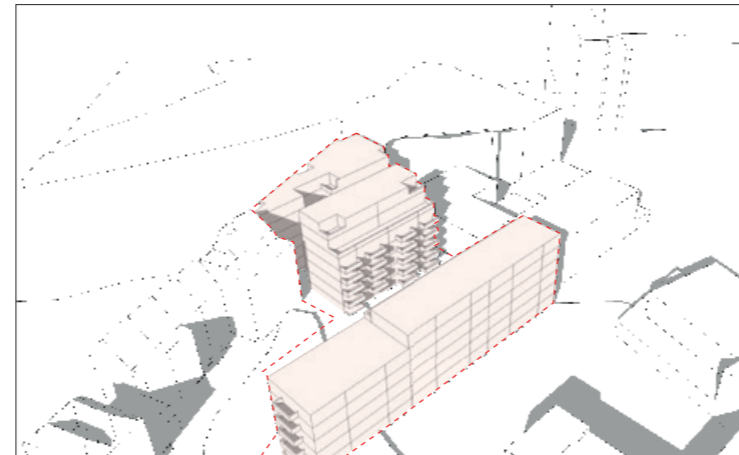
Summary	
Total Dwellings	94
Total w/chair units	10
% of w/chair units	11%
Site Area (Ha)	0.315
Density (Units/ Ha)	298

Planning Policy	
PTAL rating	5
Density Range (Units/Ha)	70-260 (assuming 2.7 to 3.0 hr/ unit)

3.10 Option 3 - Sketch Views



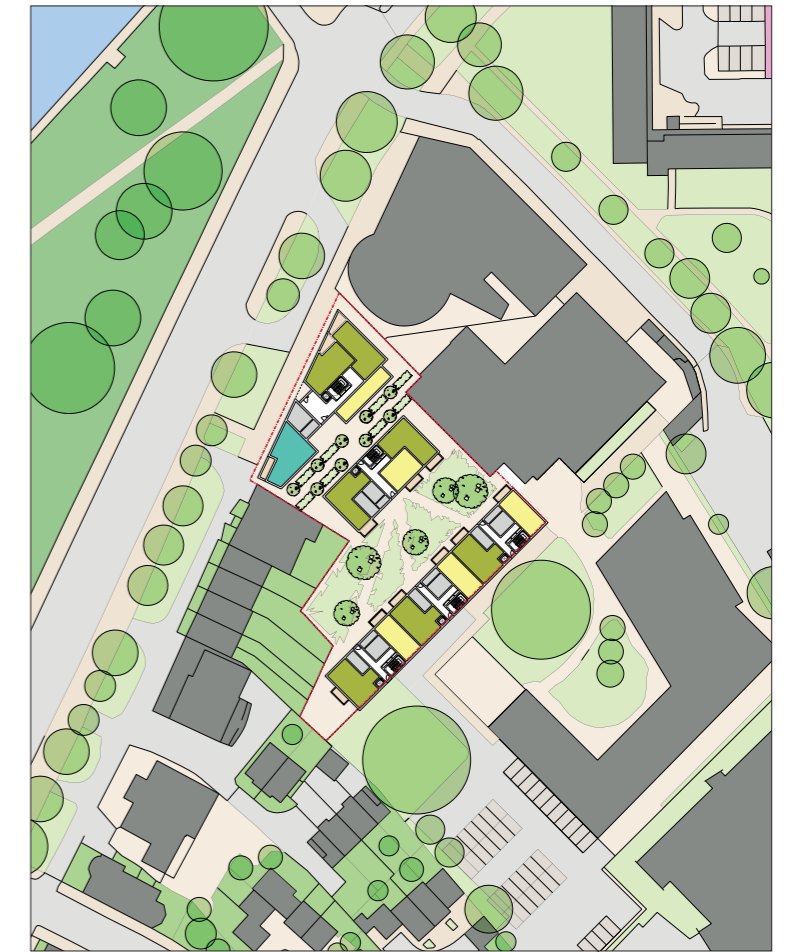
aerial view from south-west



aerial view from south-east

3 Massing & Development Options

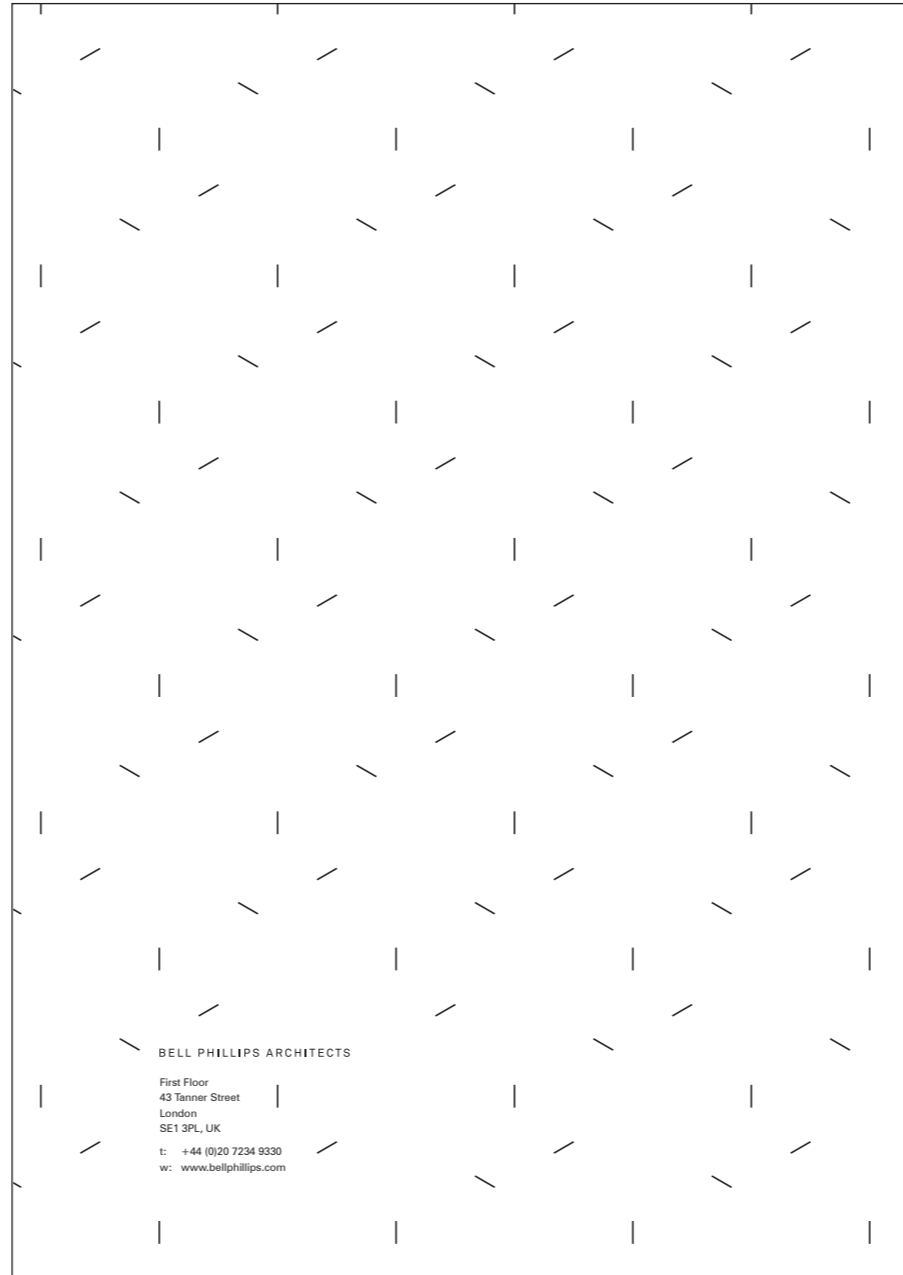
3.11 Option 3 - Site Plan



3.12 Option 3 - Upper Floor Plans



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