

Contract Reference Number: GLA 80653

Date:

Contract for Services

between

The Greater London Authority

and

AECOM Infrastructure & Environment UK Ltd

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THIS CONTRACT is made the day of

2015

BETWEEN:

- (1) Greater London Authority (“**the Authority**”); and
- (2) AECOM Infrastructure & Environment UK Limited, a company registered in England and Wales (Company Registration Number 00880328) whose registered office is at Scott House, Alencon Link, Basingstoke, Hampshire RG21 7PP (“**the Service Provider**”).

RECITALS:

- A. To provide an update of the London industrial land baseline study.
- B. The Authority wishes the Service Provider to provide the Services and the Service Provider is willing to provide the Services to the Authority on the terms and conditions set out in the Contract.
- C. The Service Provider should be aware that the Authority does not offer any guarantee or minimum volume of the Services that may be delivered under this Contract and does not offer any exclusivity to the Service Provider.

THE PARTIES AGREE THAT:

1. Definitions and Interpretation

In the Contract (including the Recitals):

- 1.1 unless the context indicates otherwise the following expressions shall have the following meanings:

“Approved Driver Training” the Safe Urban Driving course as accredited by the Joint Approvals Unit for Periodic Training the details of which can be found at: www.fors-online.org.uk

“Authority Premises” any land or premises (including temporary buildings) owned or occupied by or on behalf of the Authority (and where the Authority is TfL, including any member of the TfL Group);

“Bronze Membership”	the minimum level of FORS membership, the requirements of which are more particularly described at: www.fors-online.org.uk
“Business Day”	any day excluding Saturdays, Sundays or public or bank holidays in England;
“Car-derived Vans”	a vehicle based on a car, but with an interior that has been altered for the purpose of carrying larger amounts of goods and/or equipment;
“Cessation Plan”	a plan agreed between the Parties or determined by the Authority pursuant to Clause 28 to give effect to a Declaration of Ineffectiveness;
“Charges”	the charges payable by the Authority, in consideration of the due and proper performance of the Services in accordance with the Contract, as specified in or calculated in accordance with Schedule 4 as the same may be varied from time to time in accordance with Clause 26.6 and/or Clause 31;
“Class VI Mirror”	a mirror fitted to a Freight Vehicle that allows the driver to see what is immediately in front of the vehicle and that complies with Directive 2003/97/EC;
“Close Proximity Sensor”	a device consisting of either a camera and/or a sensor system that detects objects in a vehicle’s blind spot and alerts the driver via in-cab visual and/or audio stimuli and which alerts other road users to the planned movement of the vehicle when the vehicle’s indicators are engaged;
“Collision Report”	a report detailing all collisions during the previous 12 months involving injuries to persons or fatalities;
“Confidential Information”	all information (whether written or verbal) that by its nature may reasonably be regarded as confidential to the Authority (and where the Authority is TfL, including the TfL Group) whether commercial, financial, technical or otherwise, and including information which relates to the business

	affairs, customers, suppliers, products, software, telecommunications, networks, trade secrets, know-how or personnel of the Authority (and where the Authority is TfL, any member of the TfL Group);
“Contract”	this contract, including the Schedules and all other documents referred to in this contract;
“Contract Information”	(i) the Contract in its entirety (including from time to time agreed changes to the Contract) and (ii) data extracted from the invoices submitted pursuant to Clause 5 which shall consist of the Service Provider’s name, the expenditure account code, the expenditure account code description, the document number, the clearing date and the invoice amount;
“Contract Manager”	the person named as such in Schedule 1 or such other person as notified to the Service Provider by the Authority;
“Contract Commencement Date”	the date for commencement of the Contract specified in Schedule 1;
“Declaration of Ineffectiveness”	a declaration of ineffectiveness in relation to this Contract made by a Court of competent jurisdiction pursuant to Regulation 47J of the Public Contracts Regulations 2006 or Regulation 45J the Utilities Contracts Regulations 2006;
“Driver”	any employee of the Service Provider (including an agency driver), who operates Freight Vehicles on behalf of the Service Provider while delivering the Services;
“DVLA”	Driver and Vehicle Licensing Agency;
“Force Majeure Event”	any of the following: riot, civil unrest, war, act of terrorism, threat or perceived threat of act of terrorism, fire, earthquake, extraordinary storm, flood, abnormal weather conditions or other natural catastrophe or strikes, lock-outs or other industrial disputes to the extent that such event has materially affected the ability of the Party relying on the Force Majeure Event (“Affected Party”) to perform its obligations in accordance with the terms of the Contract but excluding any

such event insofar as it arises from or is attributable to the wilful act, omission or negligence of the Affected Party or the failure on the part of the Affected Party to take reasonable precautions to prevent such Force Majeure Event or its impact;

“FORS”

the Fleet Operator Recognition Scheme, which is an accredited membership scheme for businesses operating van and lorry fleets. It is free to join and offers impartial, independent advice and guidance to motivate members to improve their compliance with relevant laws and their environmental, social and economic performance;

“FORS Membership Terms”

the terms of the membership agreement of the Fleet Operator Recognition Scheme, a copy of which can be found at:
www.fors-online.org.uk

“Freight Vehicle”

a Lorry, a Van or a Car-derived Van;

“Holding Company”

any company which from time to time directly or indirectly controls the Service Provider where “control” is as defined by section 840 of the Income and Corporation Taxes Act 1988;

“Insolvency Event”

any of the following:

- (a) the Service Provider and/or the Holding Company making any voluntary arrangement with its creditors or becoming subject to an administration order;
- (b) a receiver, administrative receiver, manager, or administrator being appointed over all or part of the business of the Service Provider and/or the Holding Company;
- (c) being a company, the Service Provider and/or the Holding Company having passed a resolution for its winding-up or being subject to a petition for its winding-up (except for the purposes of a voluntary amalgamation, reconstruction or other re-organisation without

insolvency);

- (d) the Service Provider and/or the Holding Company ceasing or threatening to cease to carry on its business for any reason and/or being unable to pay its debts within the meaning of the Insolvency Act 1986;
- (e) being an individual or firm, the Service Provider becoming bankrupt or dying;
- (f) any similar event to those in (a) to (e) above occurring in relation to the Service Provider and/or the Holding Company under the law of any applicable jurisdiction for those purposes;

“Intellectual Property Rights”

any patent, know-how, trade mark or name, service mark, design right, copyright, rights in passing off, database right, rights in commercial or technical information, any other rights in any invention, discovery or process and any other intellectual property rights, in each case whether registered or unregistered and including applications for the grant of any such rights and all rights or forms of protection having equivalent or similar effect in each case in the United Kingdom and anywhere else in the world;

“Key Personnel”

the Service Provider’s key personnel named in Schedule 1;

“Lorry”

a vehicle with an MAM exceeding 3,500 kilograms;

“Losses”

all costs (including legal costs and costs of enforcement), expenses, liabilities (including any tax liability), injuries, direct, indirect or consequential loss (all three of which terms include pure economic loss, loss of profits, loss of business, depletion of goodwill and like loss), damages, claims, demands, proceedings and judgments;

“MAM”

the maximum authorised mass of a vehicle or trailer including the maximum load that can be carried safely while used on the road;

“Milestone”	an event which is the completion of one or more of the specified activities as may be set out in the Project Plan;
“Parties”	the Authority and the Service Provider (including their successors and permitted assignees) and “Party” shall mean either of them as the case may be;
“Procurement Manager”	the person named as such in Schedule 1 and referred to in Clause 7 or such other person as notified to the Service Provider by the Authority;
“Project Plan”	the plan (if any) for implementation and/or project delivery set out in Schedule 5, developed and agreed by the Parties in relation to the performance and timing of the Services under the Contract which may include Milestones;
“Service Commencement Date”	the date for commencement of the Services set out in Schedule 1;
“Service Provider Equipment”	the equipment and materials of whatsoever nature used by the Service Provider in providing the Services which do not themselves form part of the Services and in which title is not intended to pass to the Authority under the Contract;
“Service Provider’s Personnel”	all such employees, officers, suppliers, sub-contractors and agents of the Service Provider as are engaged in the performance of any of the Services and including the Key Personnel;
“Services”	<p>(a) subject to Clause 26.6 all or any part of the services to be provided to, or activities to be undertaken and completed for, the Authority by the Service Provider under the Contract as detailed in the Specification including any variations to such services and/or activities pursuant to Clause 31; and</p> <p>(b) any services, functions or responsibilities which may be reasonably regarded as incidental to the foregoing services or activities and which may be reasonably inferred from</p>

	the Contract;
“Side Guards”	guards that are fitted between the front and rear axles of a Lorry and that comply with EC Directive 89/297/EEC and the Road Vehicles (Construction and Use) Regulations 1986;
“Specification”	the specification and other requirements set out in Schedule 3;
“Term”	the period during which the Contract continues in force as provided in Clause 2 and Schedule 1;
“TfL”	Transport for London, a statutory corporation established under the Greater London Authority Act 1999;
“TfL Group”	TfL and all its subsidiaries (as defined in section 1159 of the Companies Act 2006) from time to time together and reference to any “member of the TfL Group” shall refer to TfL or any such subsidiary;
“Transparency Commitment”	means the transparency commitment stipulated by the UK government in May 2010 (including any subsequent legislation) in accordance with which the Authority is committed to publishing its contracts, tender documents and data from invoices received;
“Van”	a vehicle with a MAM not exceeding 3,500 kilograms; and
“VAT”	means value added tax as provided for in the Value Added Tax Act 1994 and any tax replacing the same or of a similar nature.
1.2	a reference to the singular includes the plural and vice versa, and a reference to any gender includes all genders;
1.3	a reference to any statute, enactment, order, regulation or other similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as amended or re-enacted by any subsequent statute, enactment, order, regulation or instrument and shall include all statutory instruments or orders made pursuant to it whether replaced before or after the date of execution of the Contract;
1.4	a reference to any document other than as specified in Clause 1.3 and save as expressed otherwise shall be construed as a reference to the document as at the date of execution of the Contract;

- 1.5 headings are included in the Contract for ease of reference only and do not affect the interpretation or construction of the Contract;
- 1.6 references to Clauses and Schedules are, unless otherwise provided, references to clauses of, and schedules to, the Contract and any reference to a paragraph in any Schedule shall, in the absence of provision to the contrary, relate to the paragraph in that Schedule;
- 1.7 in the event, and only to the extent, of any conflict between the Clauses and the Schedules, the Clauses prevail, except where:
 - 1.7.1 the conflicting part of the Schedule is explicitly expressed to take precedence; or
 - 1.7.2 the conflict is with a provision in Schedule 2 (Special Conditions of Contract), in which case the provisions in Schedule 2 shall prevail;
- 1.8 the Schedules form part of the Contract and will have the same force and effect as if expressly set out in the body of the Contract;
- 1.9 the expression “person” means any individual, firm, body corporate, unincorporated association, partnership, government, state or agency of a state or joint venture; and
- 1.10 the words “including”, “includes” and “included” will be construed without limitation unless inconsistent with the context.

2. Commencement and Duration

The Contract commences on the Contract Commencement Date and continues in force for the duration stated in Schedule 1 unless terminated earlier in accordance with Clause 26.

3. The Services

- 3.1 The Service Provider:
 - 3.1.1 shall provide the Services to the Authority from the Service Commencement Date in accordance with the Contract;
 - 3.1.2 acknowledges that it has sufficient information about the Authority and the Specification and that it has made all appropriate and necessary enquiries to enable it to perform the Services in accordance with the Contract;
 - 3.1.3 shall neither be entitled to any additional payment nor excused from any obligation or liability under the Contract due to any misinterpretation or misunderstanding by the Service Provider of any fact relating to the Specification or otherwise to the Contract; and

- 3.1.4 shall comply with all lawful and reasonable directions of the Authority relating to its performance of the Services.
- 3.2 Notwithstanding anything to the contrary in the Contract, the Authority's discretion in carrying out its statutory duties shall not be fettered or otherwise constrained or affected by any provision of the Contract;
- 3.3 The Service Provider shall provide the Services:
- 3.3.1 with the high degree of skill, care and diligence normally exercised by recognised professional firms or by highly skilled and experienced service providers providing services of a similar scope, type and complexity to the Services and with sufficient resources including project management resources;
 - 3.3.2 in conformance in all respects with the Specification and so that they fulfil the purpose indicated by or to be reasonably inferred from the Specification; and
 - 3.3.3 in a safe manner and free from any unreasonable or avoidable risk to any person's health and well-being and in an economic and efficient manner.
 - 3.3.4 so that they are properly managed and monitored and shall immediately inform the Authority if any aspect of the Contract is not being or is unable to be performed.
- 3.4 Where reasonably requested to do so by the Greater London Authority or any of its other functional bodies (currently, Transport for London, the London Development Agency, the Metropolitan Police, the London Fire and Emergency Planning Authority) and provided the Service Provider is willing to so contract, the Service Provider shall contract with the GLA or such other functional body of the GLA on the terms of this Contract with only the necessary changes of Parties' details being made.
- 3.5 Throughout the term of the Contract the Service Provider shall when required give to the Authority such written or oral advice or information regarding any of the Services as the Authority may reasonably require.
- 3.6 Where a format for electronic receipt of orders by the Service Provider is set out in Schedule 1, the Service Provider shall, unless the Authority requires otherwise, receive orders in such format and shall maintain its systems to ensure that it is able to do so throughout the Term.
4. **Charges**
- 4.1 The Service Provider shall invoice the Authority in accordance with the procedures set out in Clause 5 and in consideration of, and subject to the due and proper performance of the Services by the Service

Provider in accordance with the Contract, the Authority shall pay the Service Provider the Charges in accordance with those procedures and with the other terms and conditions of the Contract.

4.2 The Service Provider is not entitled to reimbursement for expenses unless such expenses are specified in Schedule 4 or have been incurred with the prior written consent of the Authority, in which case the Service Provider shall supply appropriate evidence of expenditure in a form acceptable to the Authority.

4.3 All Charges exclude any VAT which may be chargeable, which will be payable in addition to the sum in question at the rate and in the manner for the time being prescribed by law on delivery of a valid VAT invoice.

5. Payment Procedures and Approvals

5.1 The Service Provider shall invoice the Authority in respect of the Charges:

5.1.1 where no Milestones are specified in Schedule 4, at such dates or at the end of such periods as may be specified in Schedule 1; or

5.1.2 if specified in Schedule 4, on completion of each Milestone provided that any preceding Milestones have been completed in accordance with the Contract,

and shall not make any separate charge for submitting any invoice.

5.2 The Service Provider shall submit invoices to the postal address set out in Schedule 1 or, where an electronic format for submission of invoices is set out in Schedule 1, such electronic format shall, unless the Authority requires otherwise, be used. Each such invoice shall contain all information required by the Authority including the Contract Reference Number, SAP order number, Service Provider's name and address, a separate calculation of VAT and a brief description of the Services provided.

5.3 In the event of a variation to the Services in accordance with the Contract that involves the payment of additional charges to the Service Provider, the Service Provider shall identify these separately on the relevant invoices.

5.4 If the Authority considers that the Charges claimed by the Service Provider in any invoice have:

5.4.1 been correctly calculated and that such invoice is otherwise correct, the invoice shall be approved and payment shall be made by bank transfer (Bank Automated Clearance System (BACS)) or such other method as the Authority may choose

from time to time within 30 days of receipt of such invoice or such other time period as may be specified in Schedule 1;

- 5.4.2 not been calculated correctly and/or if the invoice contains any other error or inadequacy, the Authority shall notify the Service Provider and the Parties shall work together to resolve the error or inadequacy. Upon resolution, the Service Provider shall submit a revised invoice to the Authority.
- 5.5 No payment made by the Authority (including any final payment) or act or omission or approval by the Authority or Contract Manager or Procurement Manager (whether related to payment or otherwise) shall:
 - 5.5.1 indicate or be taken to indicate the Authority's acceptance or approval of the Services or any part of them or any act or omission of the Service Provider, or otherwise prejudice any rights, powers or remedies which the Authority may have against the Service Provider, or absolve the Service Provider from any obligation or liability imposed on the Service Provider under or by virtue of the Contract; or
 - 5.5.2 prevent the Authority from recovering any amount overpaid or wrongfully paid including payments made to the Service Provider by mistake of law or fact. Without prejudice to Clause 17, the Authority shall be entitled to withhold such amount from any sums due or which may become due to the Service Provider or the Authority may recover such amount as a debt.
- 5.6 Except where otherwise provided in the Contract, the Charges shall be inclusive of all costs of staff, facilities, equipment, materials and other expenses whatsoever incurred by the Service Provider in discharging its obligations under the Contract.
- 5.7 Interest shall accrue at the interest rate of two percent (2%) above the base rate of HSBC Bank plc from time to time on all sums due and payable under this Contract from the due date until the date of actual payment (both before and after judgement). All such interest shall be calculated on the basis of the actual number of days elapsed, over a three hundred and sixty five (365) day year and compounded at monthly intervals. The parties agree that this provision constitutes a substantial remedy for late payment of any sum payable under the Contract in accordance with s8(2) of the Late Payment of Commercial Debts (Interest) Act 1998.

6. Warranties and Obligations

- 6.1 Without prejudice to any other warranties expressed elsewhere in the Contract or implied by law, the Service Provider warrants, represents and undertakes to the Authority that:
 - 6.1.1 the Service Provider:

- 6.1.1.1 has full capacity and authority and all necessary licences, permits, permissions, powers and consents (including, where its procedures so require, the consent of its holding company as defined in section 1159 of the Companies Act 2006) to enter into and to perform the Contract; and
 - 6.1.1.2 is aware of the purposes for which the Services are required and acknowledges that the Authority is reliant upon the Service Provider's expertise and knowledge in the provision of the Services; and
 - 6.1.1.3 is entering into this Contract as principal and not as agent for any person and that it will act as an independent contractor in carrying out its obligations under this Contract;
- 6.1.2 the Contract is executed by a duly authorised representative of the Service Provider;
- 6.1.3 all materials, equipment and goods used or supplied by the Service Provider in connection with the Contract shall be of satisfactory quality within the meaning of the Sale of Goods Act 1979 (as amended), sound in design and in conformance in all respects with the Specification; and
- 6.1.4 all documents, drawings, computer software and any other work prepared or developed by the Service Provider or supplied to the Authority under the Contract shall not infringe any Intellectual Property Rights or any other legal or equitable right of any person.
- 6.2 Each warranty and obligation in this Clause 6 shall be construed as a separate warranty or obligation (as the case may be) and shall not be limited or restricted by reference to, or reference from, the terms of any other such warranty or obligation or any other term of the Contract.

7. Operational Management

- 7.1 The Authority authorises the Contract Manager to act as the Authority's representative for the Contract and the Service Provider shall deal with the Contract Manager (or his or her nominated representative) in respect of all matters arising under the Contract, unless otherwise notified by the Authority save in respect of issues relating to variations to the Contract, any matter concerning the terms of the Contract and any financial matter (including the issues in Schedule 4) which shall be referred to the Procurement Manager.
- 7.2 The Service Provider shall, at the Authority's request, provide promptly to the Authority at no additional cost such reports on the provision of the Services as the Authority may reasonably request.

8. Service Provider's Personnel

- 8.1 The Parties confirm that the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended do not apply on the Contract Commencement Date or the expiry or termination of this Contract.
- 8.2 Nothing in this Contract will render the Service Provider's Personnel, an employee, agent or partner of the Authority or, where TfL is the Authority any member of the TfL Group by virtue of the provision of the Services by the Service Provider under the Contract, and the Service Provider shall be responsible for making appropriate deductions for tax and national insurance contributions from the remuneration paid to the Service Provider's Personnel.
- 8.3 The Service Provider shall provide the Service Provider's Personnel as necessary for the proper and timely performance and management of the Services in accordance with the Contract. All personnel deployed on work relating to the Contract shall have the appropriate qualifications and competence, be properly managed and supervised and in these and any other respects be acceptable to the Authority.
- 8.4 Without prejudice to any of the Authority's other rights, powers or remedies, the Authority may (without liability to the Service Provider) deny access to such Service Provider's Personnel to any Authority Premises if such Service Provider's Personnel in the Authority's view have not been properly trained in any way required by this Contract and/or are otherwise incompetent, negligent, and/or guilty of misconduct and/or who could be a danger to any person and shall notify the Service Provider of such denial in writing; the Service Provider shall immediately remove such Service Provider's Personnel from performing the Services and provide a suitable replacement (with the Contract Manager's prior consent in the case of Key Personnel).
- 8.5 The Service Provider shall give the Authority, if so requested, full particulars of all persons who are or may be at any time employed on the Contract and shall take all reasonable steps to avoid changes to any of its staff designated in the Contract as Key Personnel. The Service Provider shall give the Authority reasonable notice of any proposals to change Key Personnel and Clause 8.3 shall apply to the proposed replacement personnel.
- 8.6 Notwithstanding Clause 8.1, the Service Provider shall indemnify, keep indemnified and hold harmless the Authority from and against all Losses which the Authority or where TfL is the Authority the TfL Group incur or suffer, whenever such Losses may arise or be brought by the Service Provider's Personnel or any person who may allege to be the same.
- 8.7 The Service Provider shall pay to the Service Provider's Personnel not less than the amounts declared to the Authority (if any) as part of the

tender process for the Contract and not less than the amounts to which the Service Provider's Personnel are contractually entitled.

- 8.8 The Service Provider shall provide training to the Authority's personnel (including its employees, officers, suppliers, sub-contractors and agents) as specified in Schedule 1.

9. Sub-Contracting and Change of Ownership

- 9.1 The Service Provider shall not assign or sub-contract all or any part of the Services without the prior written consent of the Authority identifying the relevant sub-contractor which may be refused or granted consent subject to such conditions as the Authority sees fit.

- 9.2 Where the Service Provider sub-contracts all or any part of the Services to any person, the Service Provider shall:

9.2.1 ensure that such person is obliged to comply with all of the obligations and duties of the Service Provider under the Contract insofar as they relate to the Services or part of them (as the case may be) which that sub-contractor is required to provide;

9.2.2 be responsible for payments to that person;

9.2.3 remain solely responsible and liable to the Authority for any breach of the Contract or any performance, non-performance, part-performance or delay in performance of any of the Services by any sub-contractor to the same extent as if such breach, performance, non-performance, part-performance or delay in performance had been carried out by the Service Provider;

9.2.4 without prejudice to the provisions of Clause 12, ensure compliance with the Bribery Act 2010 and any guidance issued by the Secretary of State under it when appointing any such sub-contractor; and

9.2.5 where the GLA is the Authority include a term in each sub-contract requiring payment to be made by the Service Provider to the sub-contractor within a specified period not exceeding 30 days from receipt of a valid invoice as defined by the sub-contract requirements.

- 9.3 The Service Provider shall give notice to the Authority within 10 Business Days where :

9.3.1 there is any change in the ownership of the Service Provider where such change relates to 50% or more of the issued share capital of the Service Provider; and

- 9.3.2 there is any change in the ownership of the Holding Company where such change relates to 50% or more of the issued share capital of the Holding Company, and
- 9.3.3 (in the case of an unincorporated Service Provider) give notice to the Authority if there is any change in the management personnel of the Service Provider, which alone or taken with any other change in management personnel not previously notified to the Authority, equates to a change in the identity of 50% or more of the management personnel of the Service Provider.

Upon the occurrence of any of the events referred to at Clauses 9.3.1 – 9.3.3 above, the Authority shall have the right to terminate the Contract.

10. Conflict of Interest

- 10.1 The Service Provider warrants that it does not and will not have at the Contract Commencement Date or Service Commencement Date any interest in any matter where there is or is reasonably likely to be a conflict of interest with the Services or where TfL is the Authority any member of the TfL Group, save to the extent fully disclosed to and approved by the Authority.
- 10.2 The Service Provider shall check for any conflict of interest at regular intervals throughout the Term and in any event not less than once in every six months and shall notify the Authority in writing immediately upon becoming aware of any actual or potential conflict of interest with the Services or where TfL is the Authority any member of the TfL Group and shall work with the Authority to do whatever is necessary (including the separation of staff working on, and data relating to, the Services from the matter in question) to manage such conflict to the Authority's satisfaction, provided that, where the Authority is not so satisfied, it may terminate the Contract in accordance with Clause 26.1.4.

11. Access to Premises

- 11.1 Subject to Clause 8.4 any access to any Authority Premises made available to the Service Provider in connection with the proper performance of the Contract shall be free of charge and shall be used by the Service Provider solely for the purpose of performing the Services during the Term in accordance with the Contract provided, for the avoidance of doubt, that the Service Provider shall be responsible for its own costs or travel including any congestion charging and/or low emission zone charging. The Service Provider shall:
 - 11.1.1 have the use of such Authority Premises as licensee and shall not have or purport to claim any sole or exclusive right to

possession or to possession of any particular part of such Authority Premises;

- 11.1.2 vacate such Authority Premises upon the termination or expiry of the Contract or at such earlier date as the Authority may determine;
 - 11.1.3 not exercise or purport to exercise any rights in respect of any Authority Premises in excess of those granted under this Clause 11.1;
 - 11.1.4 ensure that the Service Provider's Personnel carry any identity passes issued to them by the Authority at all relevant times and comply with the Authority's security procedures as may be notified by the Authority from time to time; and
 - 11.1.5 not damage the Authority Premises or any assets on Authority Premises.
- 11.2 Nothing in this Clause 11 shall create or be deemed to create the relationship of landlord and tenant in respect of any Authority Premises between the Service Provider and where TfL is the Authority any member of the TfL Group.
- 11.3 The Authority shall be under no obligation to provide office or other accommodation or facilities or services (including telephony and IT services) to the Service Provider except as may be specified in Schedule 1.

12. Compliance with Policies and Law

- 12.1 The Service Provider, at no additional cost to the Authority:
- 12.1.1 undertakes to procure that all the Service Provider's Personnel comply with all of the Authority's policies and standards that are relevant to the performance of the Services, (including where the GLA is the Authority the Authority's Dignity at Work policy as updated from time to time and with the GLA's Code of Ethics as updated from time to time, and where TfL is the Authority, TfL's workplace harassment policy as updated from time to time (copies of which are available on request from TfL) and with TfL's Code of Conduct (which is available on TfL's website, www.tfl.gov.uk)) including the provisions set out in Schedule 7 and those relating to safety, security, business ethics, drugs and alcohol and any other on site regulations specified by the Authority for personnel working at Authority Premises or accessing the Authority's computer systems. The Authority shall provide the Service Provider with copies of such policies and standards on request. In the event that the Services are being provided to both the GLA and TfL, then the

policies and standards of each of the GLA and TfL shall apply as appropriate;

- 12.1.2 shall provide the Services in compliance with all requirements of all Acts of Parliament, statutory instruments, court orders, regulations, directives, European Community decisions (insofar as legally binding), bye-laws, treaties and other regulatory requirements relevant to the Service Provider's business and/or the Authority's business, from time to time in force which are or may become applicable to the Services. The Service Provider shall promptly notify the Authority if the Service Provider is required to make any change to the Services for the purposes of complying with its obligations under this Clause 12.1.2;
- 12.1.3 without limiting the generality of Clause 12.1.2, shall comply with all relevant enactments in force from time to time relating to discrimination in employment and the promotion of equal opportunities;
- 12.1.4 acknowledges that the Authority is under a duty under section 76A of the Sex Discrimination Act 1975, section 71 of the Race Relations Act 1976 and under section 49A of the Disability Discrimination Act 1995 to have due regard to the need to eliminate unlawful discrimination on the grounds of sex or marital status, race or disability (as the case may be) and to promote equality of opportunity between persons of different racial groups and between disabled people and other people (as the case may be). In providing the Services, the Service Provider shall assist and cooperate with the Authority where possible in satisfying this duty;
- 12.1.5 acknowledges that where the Authority is the GLA, the GLA is under a duty under section 404(2) of the Greater London Authority Act 1999 and where the Authority is TfL, TfL is under a duty by virtue of a direction under section 155 of the Greater London Authority Act 1999 in respect of section 404(2) of that Act to have due regard to the need to:
 - 12.1.5.1 promote equality of opportunity for all persons irrespective of their race, sex, disability, age, sexual orientation or religion;
 - 12.1.5.2 eliminate unlawful discrimination; and
 - 12.1.5.3 promote good relations between persons of different racial groups, religious beliefs and sexual orientation,

and in providing the Services, the Service Provider shall assist and co-operate with the Authority where possible to enable the Authority to satisfy its duty;

12.1.6 shall assist and co-operate with the Authority where possible with the Authority's compliance with its duties under section 1 and section 149 of the Equality Act 2010 as and when section 1 and/or section 149 come into force, including any amendment or re-enactment of section 1 or section 149, and any guidance, enactment, order, regulation or instrument made pursuant to these sections;

12.1.7 Where the GLA is the Authority the Service Provider shall:

12.1.7.1 comply with policies developed by the Authority with regard to compliance with the Authority's duties referred to in Clauses 12.1.4. - 12.1.6 as are relevant to the Contract and the Service Provider's activities;

12.1.7.2 obey directions from the Authority with regard to the conduct of the Contract in accordance with the duties referred to in Clauses 12.1.4. - 12.1.6;

12.1.7.3 assist, and consult and liaise with, the Authority with regard to any assessment of the impact on and relevance to the Contract of the duties referred to in Clauses 12.1.4. - 12.1.6;

12.1.7.4 on entering into any contract with a sub-contractor in relation to this Contract, impose obligations upon the sub-contractor to comply with this Condition 12.1.7 as if the sub-contractor were in the position of the Service Provider;

12.1.7.5 provide to the Authority, upon request, such evidence as the Authority may require for the purposes of determining whether the Service Provider has complied with this Clause 12.1.7. In particular, the Service Provider shall provide any evidence requested within such timescale as the Authority may require, and co-operate fully with the Authority during the course of the Authority's investigation of the Service Provider's compliance with its duties under this Clause 12.1.7; and

12.1.7.6 inform the Authority forthwith in writing should it become aware of any proceedings brought against it in connection with this Contract by any person for breach of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995, the Employment Equality (Sexual Orientation) Regulations 2003, the Employment Equality (Religion or Belief) Regulations 2003, or the Equality Act 2010.

12.1.8 without prejudice to any other provision of this Clause 12.1 or the Schedules, shall where TfL is the Authority comply with any provisions set out in the Schedules that relate to traffic management and shall comply with the reasonable instructions of TfL's Traffic Manager as may be made available to the Service Provider from time to time. For the purposes of this Clause 12.1.8, "Traffic Manager" means TfL's traffic manager appointed in accordance with section 17 of the Traffic Management Act 2004;

12.1.9 shall promptly notify the Service Provider's Personnel and the Authority of any health and safety hazards that exist or may arise in connection with the performance of the Services;

12.1.10 without limiting the generality of Clause 12.1.2, shall comply with the Bribery Act 2010 and any guidance issued by the Secretary of State under it.

In all cases, the costs of compliance with this Clause 12.1 shall be borne by the Service Provider.

12.2 In providing the Services, the Service Provider shall (taking into account best available techniques not entailing excessive cost and the best practicable means of preventing, or counteracting the effects of any noise or vibration) have appropriate regard (insofar as the Service Provider's activities may impact on the environment) to the need to:

12.2.1 preserve and protect the environment and to the need to avoid, remedy and mitigate any adverse effects on the environment;

12.2.2 enhance the environment and have regard to the desirability of achieving sustainable development;

12.2.3 conserve and safeguard flora, fauna and geological or physiological features of special interest; and

12.2.4 sustain the potential of natural and physical resources and the need to safeguard the life-supporting capacity of air, water, soil and ecosystems.

Fleet Operator Recognition Scheme Membership

- 12.3 Where the Service Provider operates Freight Vehicles, it shall within 90 days of executing the Contract:
- 12.3.1 (unless already registered) register for membership of FORS or a scheme, which in the reasonable opinion of the Authority, is an acceptable substitute to membership of FORS (the “Alternative Scheme”); and
 - 12.3.2 have attained the standard of Bronze Membership of FORS (or higher) or the equivalent within the Alternative Scheme.
- 12.4 The Service Provider shall maintain the standard of Bronze Membership (or equivalent standard within the Alternative Scheme) by way of an annual independent assessment in accordance with the FORS Membership Terms or take such steps as may be required to maintain the equivalent standard within the Alternative Scheme. Alternatively, where the Service Provider has attained Silver or Gold Membership of FORS, the maintenance requirements shall be undertaken in accordance with the periods set out in their FORS Silver or Gold membership agreement.
- 12.5 The Service Provider shall use its best endeavours to ensure that those of its sub-contractors who operate Freight Vehicles shall comply with clauses 12.3 and 12.4 as if they applied directly to the sub-contractor.

Safety Equipment on Vehicles

- 12.6 The Service Provider shall ensure that every Lorry, which it uses to provide the Services, shall:
- 12.6.1 have Side Guards, unless the Service Provider can demonstrate to the reasonable satisfaction of the Authority that the vehicle will not perform the function for which it was built if Side Guards are fitted;
 - 12.6.2 have a Close Proximity Sensor;
 - 12.6.3 have a Class VI Mirror; and
 - 12.6.4 bear prominent signage on the rear of the vehicle to warn cyclists of the dangers of passing the vehicle on the inside.

Driver Licence Checks

- 12.7 The Service Provider shall ensure that each of its Drivers has a driving licence check with the DVLA before that Driver commences delivery of the Services and that the driving licence check with the DVLA is repeated in accordance with either the following risk scale, or the

Service Provider's risk scale, provided that the Service Provider's risk scale has been approved in writing by the Authority within the last 12 months:

12.7.1 0 – 3 points on the driving licence – annual checks;

12.7.2 4 – 8 points on the driving licence – six monthly checks;

12.7.3 9 – 11 points on the driving licence – quarterly checks; or

12.7.4 12 or more points on the driving licence – monthly checks.

Driver Training

12.8 The Service Provider shall ensure that each of its Drivers who has not undertaken:

12.8.1 Approved Driver Training in the last three years, undertakes Approved Driver Training within 60 days of the commencement of this Contract;

12.8.2 a FORS e-learning safety module in the last 12 months, undertakes a FORS e-learning safety module (or an equivalent safety module provided by the Alternative Scheme).

Collision Reporting

12.9 Within 15 days of the commencement of this Contract, the Service Provider shall provide to the Authority a Collision Report. The Service Provider shall provide to the Authority an updated Collision Report on a quarterly basis and within five working days of a written request from the Authority.

FORS Reports

12.10 Within 30 days of its becoming a member of FORS or of the Alternative Scheme, the Service Provider shall make a written report to the Authority at fors@tfl.gov.uk detailing its compliance with clauses 12.6, 12.7 and 12.8 of this Contract (the "Safety, Licensing and Training Report"). The Service Provider shall provide updates of the Safety, Licensing and Training Report to the Authority at fors@tfl.gov.uk on each three month anniversary of its submission of the initial Safety, Licensing and Training Report.

Obligations of the Service Provider Regarding Subcontractors

12.11 The Service Provider shall procure that each of its subcontractors that operates the following vehicles shall comply with the corresponding provisions of this Contract as if those subcontractors were a party to this Contract:

12.11.1 For Lorries – Clauses 12.6, 12.7, 12.8 and 12.9; and

12.11.2 For Vans – Clauses 12.6.4, 12.7, 12.8 and 12.9.

Failure to Comply with Freight-related Obligations

12.12 Without limiting the effect of clause 26, if the Service Provider fails to comply with clauses 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10 and 12.11:

12.12.1 the Service Provider has committed a material breach of this Contract; and

12.12.2 the Authority may refuse the Service Provider, its employees, agents and Freight Vehicles entry onto any property that is owned, occupied or managed by the Authority.

13. Corrupt Gifts and Payment of Commission

The Service Provider shall not, and shall ensure that its employees, agents and sub-contractors do not, pay any commission, fees or grant any rebates to any employee, officer or agent of the Authority or where TfL is the Authority any member of the TfL Group nor favour any employee, officer or agent of the Authority or where TfL is the Authority any member of the TfL Group with gifts or entertainment of significant cost or value nor enter into any business arrangement with employees, officers or agents of the Authority or where TfL is the Authority any member of the TfL Group other than as a representative of the Authority, without the Authority's prior written approval.

14. Equipment

14.1 Risk in:

14.1.1 all Service Provider Equipment shall be with the Service Provider at all times; and

14.1.2 all other equipment and materials forming part of the Services (title to which will pass to the Authority) ("**Materials**") shall be with the Service Provider at all times until completion of the Services in accordance with the Contract,

regardless of whether or not the Service Provider Equipment and Materials are located at Authority Premises.

14.2 The Service Provider shall ensure that all Service Provider Equipment and all Materials meet all minimum safety standards required from time to time by law.

15. **Quality and Best Value**

- 15.1 The Service Provider acknowledges that the Authority is a best value authority for the purposes of the Local Government Act 1999 and as such the Authority is required to make arrangements to secure continuous improvement in the way it exercises its functions (having regard to a combination of economy, efficiency and effectiveness) and, as such, the Service Provider shall, where reasonably requested by the Authority, participate in any relevant best value review.
- 15.2 Where the GLA is the Authority then in accordance with the statutory requirement set out in section 61(3) of the Greater London Authority Act 1999, the Service Provider shall send such representatives as may be requested to attend the Greater London Assembly for questioning in relation to the Contract. The Service Provider acknowledges that it may be liable to a fine or imprisonment if it fails to comply with a summons to attend.

16. **Records, Audit and Inspection**

- 16.1 The Service Provider shall, and shall procure that its sub-contractors shall:
- 16.1.1 maintain a complete and correct set of records pertaining to all activities relating to the performance of the Services and the Service Provider's obligations under the Contract and all transactions entered into by the Service Provider for the purposes of the Contract (including time-sheets for the Service Provider's Personnel where such records are material to the calculation of the Charges) ("**Records**"); and
- 16.1.2 retain all Records during the Term and for a period of not less than 6 years (or such longer period as may be required by law) following termination or expiry of the Contract ("**Retention Period**").
- 16.2 The Authority and any person nominated by the Authority has the right to audit any and all Records at any time during the Retention Period on giving to the Service Provider what the Authority considers to be reasonable notice (whether in writing or verbally) and at any reasonable time to inspect any aspect of the Service Provider's performance of the Services (including compliance with Clause 12.1) and the Service Provider shall give all reasonable assistance to the Authority or its nominee in conducting such inspection, including making available documents and staff for interview.

17. **Set-Off**

All damages, costs, charges, expenses, debts, sums or other amounts owing (contingently or otherwise) to or incurred by the Authority arising out of or attributable to this Contract or any other contract between the

Authority and the Service Provider may be deducted by the Authority from monies due or which may become due to the Service Provider under this Contract or where TfL is the Authority under any other contract with any member of the TfL Group or the Authority may recover such amount as a debt.

18. **Indemnity**

- 18.1 Subject to Clause 18.2, the Service Provider is responsible for and shall indemnify, keep indemnified and hold harmless the Authority and where TfL is the Authority the other members of the TfL Group (including their respective employees, sub-contractors and agents) ("**the Indemnified Party**") against all Losses which the Indemnified Party incurs or suffers as a consequence of any direct or indirect breach or any negligent performance of the Contract by the Service Provider (or any of its employees, agents or sub-contractors) (including in each case any non-performance or delay in performance of the Contract) or of any breach of statutory duty, misrepresentation or misstatement by the Service Provider (or any of its employees, agents or sub-contractors).
- 18.2 The Service Provider is not responsible for and shall not indemnify the Authority for any Losses to the extent that such Losses are caused by any breach or negligent performance of any of its obligations under the Contract by the Authority and/or where TfL is the Authority any other member of the TfL Group including by any of their respective employees, agents or sub-contractors.

19. **Insurance**

- 19.1 The Service Provider will at its sole cost maintain employer's liability and motor insurance cover as required by law and insurance cover in the sum of not less than £5 million per claim (in terms approved by the Authority) in respect of the following to cover the Services ("**the Insurances**") and will ensure that the Authority's interest is noted on each and every policy or that any public liability, product liability or employer's liability insurance includes an Indemnity to Principal clause:
- 19.1.1 public liability to cover injury and loss to third parties;
 - 19.1.2 insurance to cover the loss or damage to any item related to the Services;
 - 19.1.3 product liability; and
 - 19.1.4 professional indemnity or, where professional indemnity insurance is not available, a "financial loss" extension to the public liability insurance referred to in Clause 19.1.1 or, if applicable, the product liability insurance referred to in Clause 19.1.3. Any professional indemnity insurance or "financial loss" extension shall be renewed for a period of 6 years (or

such other period as the Authority may stipulate) following the expiry or termination of the Contract.

- 19.2 The insurance cover will be maintained with a reputable insurer.
- 19.3 The Service Provider will produce evidence to the Authority on reasonable request of the insurance policies set out in Clause 19.1 and payment of all premiums due on each policy.
- 19.4 The Service Provider warrants that nothing has or will be done or be omitted to be done which may result in any of the insurance policies set out in Clause 19.1 being or becoming void, voidable or unenforceable.
- 19.5 In the event that any of the Insurances are cancelled or not renewed, the Service Provider shall immediately notify the Authority and shall at its own cost arrange alternative Insurances with an insurer or insurers acceptable to the Authority.

20. **The Authority's Data**

- 20.1 The Service Provider acknowledges the Authority's ownership of Intellectual Property Rights which may subsist in the Authority's data. The Service Provider shall not delete or remove any copyright notices contained within or relating to the Authority's data.
- 20.2 The Service Provider and the Authority shall each take reasonable precautions (having regard to the nature of their other respective obligations under the Contract) to preserve the integrity of the Authority's data and to prevent any corruption or loss of the Authority's data.

21. **Intellectual Property Rights and London 2012**

- 21.1 The Service Provider hereby assigns with full title guarantee to the Authority all Intellectual Property Rights in all documents, drawings, computer software and any other work prepared or developed by or on behalf of the Service Provider in the provision of the Services ("**the Products**") provided that such assignment shall not include items not prepared or developed for the purposes of this Contract.
- 21.2 The Service Provider shall provide the Authority with copies of all materials relied upon or referred to in the creation of the Products with a perpetual, irrevocable, royalty-free and transferable licence free of charge to use such materials in connection with the use of the Products.
- 21.3 The Service Provider shall have no right (save where expressly permitted under the Contract or with the Authority's prior written consent) to use any trade marks, trade names, logos or other Intellectual Property Rights of the Authority.

- 21.4 The Service Provider shall ensure that all royalties, licence fees or similar expenses in respect of all Intellectual Property Rights used in connection with the Contract have been paid and are included within the Charges.
- 21.5 The Service Provider shall not (without the prior written approval of the London Organising Committee of the Olympic Games Limited (“LOCOG”) in each case) represent that any Products or Services provided under the Contract have been endorsed or approved by the Authority, the British Olympic Association, the British Paralympic Association, LOCOG or any other official Olympic or Paralympic body, or that the Service Provider (including any of its products or services) are in any way associated with those organisations, the Olympic Games and/or Paralympic Games, or London 2012, including by publishing or issuing any statement (factual or otherwise) about the Service Provider’s provision of the Products or Services to the Authority.

22. Protection of Personal Data

- 22.1 The Service Provider shall comply with all of its obligations under the Data Protection Act 1998 and, if Processing Personal Data (as such terms are defined in section 1(1) of that Act) on behalf of the Authority, shall only carry out such Processing for the purposes of providing the Services in accordance with the Contract and shall act in accordance with instructions from the Authority.

23. Confidentiality, Announcements and Transparency

- 23.1 Subject to Clause 23.6 and Clause 24, the Service Provider will keep confidential:

23.1.1 the terms of this contract; and

23.1.2 any and all Confidential Information that it may acquire in relation to the Authority.

- 23.2 The Service Provider will not use the Authority’s Confidential Information for any purpose other than to perform its obligations under this Contract. The Service Provider will ensure that its officers and employees comply with the provisions of Clause 23.1.

- 23.3 The obligations on the Service Provider set out in Clause 23.1 will not apply to any Confidential Information:

23.3.1 which either of the Parties can demonstrate is in the public domain (other than as a result of a breach of this Clause 23);

23.3.2 which a Party is required to disclose by order of a court of competent jurisdiction but then only to the extent of such required disclosure; or

- 23.3.3 to the extent that such disclosure is to the Secretary for Transport (or the government department responsible for public transport in London for the time being) the Office of Rail Regulation, or any person or body who has statutory responsibilities in relation to transport in London and their employees, agents and sub-contractors.
- 23.4 The Service Provider shall keep secure all materials containing any information in relation to the Contract and its performance.
- 23.5 The Service Provider shall not communicate with representatives of the general or technical press, radio, television or other communications media in relation to the existence of the Contract or that it is providing the Services to the Authority or in relation to any matter under or arising from the Contract unless specifically granted permission to do so in writing by the Authority. The Authority shall have the right to approve any announcement before it is made.
- 23.6 The Service Provider acknowledges that the Authority is subject to the Transparency Commitment. Accordingly, notwithstanding Clause 23.1 and Clause 24, the Service Provider hereby gives its consent for the Authority to publish the Contract Information to the general public.
- 23.7 The Authority may in its absolute discretion redact all or part of the Contract Information prior to its publication. In so doing and in its absolute discretion the Authority may take account of the exemptions/exceptions that would be available in relation to information requested under the FOI Legislation (as defined in Clause 24.1 below) . The Authority may in its absolute discretion consult with the Service Provider regarding any redactions to the Contract Information to be published pursuant to Clause 23.6. The Authority shall make the final decision regarding publication and/or redaction of the Contract Information.
- 23.8 The provisions of this Clause 23 will survive any termination of this Contract for a period of 6 years from termination.
24. **Freedom of Information**
- 24.1 For the purposes of this Clause 24:
- 24.1.1 **“FOI Legislation”** means the Freedom of Information Act 2000, all regulations made under it and the Environmental Information Regulations 2004 and any amendment or re-enactment of any of them; and any guidance issued by the Information Commissioner, the Ministry of Justice or the Department for Environment Food and Rural Affairs (including in each case its successors or assigns) in relation to such legislation;

- 24.1.2 **“Information”** means information recorded in any form held by the Authority or by the Service Provider on behalf of the Authority; and
- 24.1.3 **“Information Request”** means a request for any Information under the FOI Legislation.
- 24.2 The Service Provider acknowledges that the Authority:
- 24.2.1 is subject to the FOI Legislation and agrees to assist and co-operate with the Authority to enable the Authority to comply with its obligations under the FOI Legislation; and
- 24.2.2 may be obliged under the FOI Legislation to disclose Information without consulting or obtaining consent from the Service Provider.
- 24.3 Without prejudice to the generality of Clause 24.2, the Service Provider shall and shall procure that its sub-contractors (if any) shall:
- 24.3.1 transfer to the Contract Manager (or such other person as may be notified by the Authority to the Service Provider) each Information Request relevant to the Contract, the Services or where TfL is the Authority any member of the TfL Group that it or they (as the case may be) receive as soon as practicable and in any event within 2 Business Days of receiving such Information Request; and
- 24.3.2 in relation to Information held by the Service Provider on behalf of the Authority, provide the Authority with details about and/or copies of all such Information that the Authority requests and such details and/or copies shall be provided within 5 Business Days of a request from the Authority (or such other period as the Authority may reasonably specify), and in such forms as the Authority may reasonably specify.
- 24.4 The Authority shall be responsible for determining whether Information is exempt information under the FOI Legislation and for determining what Information will be disclosed in response to an Information Request in accordance with the FOI Legislation. The Service Provider shall not itself respond to any person making an Information Request, save to acknowledge receipt, unless expressly authorised to do so by the Authority.
25. **Dispute Resolution**
- 25.1 The Authority and the Service Provider shall use all reasonable endeavours to negotiate in good faith and settle any dispute or difference that may arise out of or relate to the Contract (**“Dispute”**) before resorting to litigation.

- 25.2 If the Dispute is not settled through discussion between the Contract Manager and a representative of the Service Provider within a period of seven Business Days of the date on which the Dispute arose, the Parties may refer the Dispute in writing to a director or chief executive (or equivalent) ("**Senior Personnel**") of each of the Parties for resolution.
- 25.3 If the Dispute is not resolved within 14 Business Days of referral to the Senior Personnel, either Party may propose by notice to the other Party ("**Notice**") that a structured mediation or negotiation be entered into with the assistance of a mediator.
- 25.4 If the Parties are unable to agree on a mediator, or if the agreed mediator is unable or unwilling to act within 28 Business Days of the service of the Notice, either Party may apply to the Centre for Effective Dispute Resolution ("**CEDR**") in London to appoint a mediator. The costs of that mediator shall be divided equally between the Parties or as the Parties may otherwise agree in writing.
- 25.5 Where a dispute is referred to mediation under Clause 25.3, the Parties will attempt to settle such Dispute by mediation in accordance with the model mediation procedures published by CEDR or such other procedures as the mediator may recommend.
- 25.6 If the Parties reach agreement on the resolution of the Dispute, such agreement shall be recorded in writing and once signed by the Parties' authorised representatives, shall be final and binding on the Parties.
- 25.7 If either Party refuses at any time to participate in the mediation procedure and in any event if the Parties fail to reach agreement on the Dispute within 40 Business Days of the service of the Notice either Party may commence proceedings in accordance with Clause 40.
- 25.8 For the avoidance of doubt, the Service Provider shall continue to provide the Services in accordance with the Contract and without delay or disruption while the Dispute is being resolved pursuant to this Clause 25.
- 25.9 Neither Party shall be prevented from, or delayed in, seeking any order for specific performance or for interim or final injunctive relief as a result of the provisions of this Clause 25 and Clause 25 shall not apply in respect of any circumstances where such remedies are sought.

26. **Breach and Termination of Contract**

- 26.1 Without prejudice to the Authority's right to terminate at common law, the Authority may terminate the Contract immediately upon giving notice to the Service Provider if:
- 26.1.1 except as provided in and without prejudice to Clauses 26.1.3, the Service Provider has committed any material or persistent

breach of the Contract and in the case of such a breach that is capable of remedy fails to remedy that breach within 10 Business Days (or such other timeframe as specified in writing by the Authority) from the date of written notice to the Service Provider giving details of the breach and requiring it to be remedied;

- 26.1.2 the Service Provider is subject to an Insolvency Event;
 - 26.1.3 in the event that there is a change of ownership referred to in clause 9.3 or the Service Provider is in breach of Clause 9.3;
 - 26.1.4 the Authority is not satisfied on the issue of any conflict of interest in accordance with Clause 10;
 - 26.1.5 the Service Provider or any of its officers, employees or agents commits any act of bribery described in the Bribery Act 2010; or
 - 26.1.6 the Service Provider commits any of the money laundering related offences listed in the Public Contract Regulations 2006.
- 26.2 Without prejudice to any of the Authority's other rights, powers or remedies (whether under the Contract or otherwise) if the Service Provider is in breach of any of its warranties and/or obligations under Clause 6 and/or any of its other obligations in respect of the Services under the Contract, the Service Provider shall, if required to do so by the Authority, promptly remedy and/or re-perform the Services or part of them at its own expense to ensure compliance with such warranties and/or obligations. Nothing in this Clause 26.2 shall prevent the Authority from procuring the provision of any Services or any remedial action in respect of any Services from an alternative contractor and, where the Authority so procures any Services or any remedial action, the Authority shall be entitled to recover from the Service Provider all additional cost, loss and expense incurred by the Authority and attributable to the Authority procuring such Services or remedial action from such alternative contractor.
- 26.3 Neither Party shall be deemed to be in breach of the Contract, or otherwise liable to the other Party in any manner whatsoever, for any failure or delay in performing its obligations under the Contract to the extent that such failure or delay is due to a Force Majeure Event. If a Force Majeure Event has continued for more than 8 weeks from the date on which that Force Majeure Event first arose and is having a material adverse effect on either Party's performance of its obligations under the Contract ("**the Affected Party**"), then for as long as such Force Majeure Event continues and has that effect, the Party not affected by such Force Majeure Event ("**Innocent Party**") may terminate the Contract immediately upon giving notice to the Affected Party. If the Contract is terminated in accordance with this Clause 26.3 then without prejudice to any rights and liabilities which accrued prior

to termination the Affected Party shall not be liable to the Innocent Party by reason of such termination.

- 26.4 Without prejudice to the Authority's right to terminate the Contract under Clause 26.1 or to terminate at common law, the Authority may terminate the Contract at any time without cause subject to giving the Service Provider written notice of the period specified in Schedule 1, provided that this Clause 26.4 may be disapplied by notice to that effect in Schedule 1.
- 26.5 Without prejudice to the Authority's right to terminate the Contract under Clauses 26.1, 26.4 or at common law, the Authority may terminate the Contract at any time following a Declaration of Ineffectiveness in accordance with the provisions of Clause 28.
- 26.6 To the extent that the Authority has a right to terminate the Contract under this Clause 26 then, as an alternative to termination, the Authority may by giving notice to the Service Provider require the Service Provider to provide part only of the Services with effect from the date specified in the Authority's notice ("**Change Date**") whereupon the provision of the remainder of the Services will cease and the definition of "the Services" shall be construed accordingly. The Charges applicable with effect from the Change Date will be adjusted proportionately or if in the Authority's opinion a proportionate adjustment would not be reasonable in such manner as the Authority may determine.

27. Consequences of Termination or Expiry

- 27.1 Notwithstanding the provisions of Clause 23, wherever the Authority chooses to put out to tender for a replacement service provider some or all of the Services, the Service Provider shall disclose to tenderers such information concerning the Services as the Authority may require for the purposes of such tender. The Service Provider may impose upon any recipient of such information such obligations of confidentiality as it may require.
- 27.2 The termination or expiry of the Contract shall not prejudice or affect any right, power or remedy which has accrued or shall accrue to either Party prior to or after such termination or expiry.
- 27.3 Upon expiry or termination of the Contract (howsoever caused):
 - 27.3.1 the Service Provider shall, at no further cost to the Authority:
 - 27.3.1.1 take all such steps as shall be necessary to agree with the Authority a plan for the orderly handover of Services to the Authority (or its nominee), such that the Services can be carried on with the minimum of interruption and inconvenience to the Authority and to effect such handover; and

- 27.3.1.2 on receipt of the Authority's written instructions to do so (but not otherwise), arrange to remove all electronically held information by a mutually agreed date, including the purging of all disk-based information and the reformatting of all disks.
- 27.3.2 the Authority shall (subject to Clauses 17, 27.1 and 27.4 and the provisions of any security for due performance supplied by the Service Provider) pay the Service Provider any Charges remaining due in relation to any Services properly performed in accordance with the Contract up to the date of termination or expiry calculated so far as is possible in accordance with Schedule 4 or otherwise reasonably determined by the Authority.
- 27.4 On termination of the Contract under Clause 26.1 or a cessation of any Services under Clause 26.4 (but in the case of the latter only insofar as the right to cease any Services arises as a result of a right for the Authority to terminate under Clause 26.1), the Authority may enter into any agreement with any third party or parties as the Authority thinks fit to provide any or all of the Services and the Service Provider shall be liable for all additional expenditure reasonably incurred by the Authority in having such services carried out and all other costs and damages reasonably incurred by the Authority in consequence of such termination. The Authority may deduct such costs from the Charges or otherwise recover such costs from the Service Provider as a debt.
- 28. Declaration of Ineffectiveness**
 - 28.1 In the event that a court makes a Declaration of Ineffectiveness, the Authority shall promptly notify the Service Provider. The Parties agree that the provisions of Clause 27 and this Clause 28 shall apply as from the date of receipt by the Service Provider of the notification of the Declaration of Ineffectiveness. Where there is any conflict or discrepancy between the provisions of Clause 27 and this Clause 28 or the Cessation Plan, the provisions of this Clause 28 and the Cessation Plan shall prevail.
 - 28.2 The Declaration of Ineffectiveness shall not prejudice or affect any right, liability or remedy which has accrued or shall accrue to either Party prior to or after such Declaration of Ineffectiveness.
 - 28.3 As from the date of receipt by the Service Provider of the notification of the Declaration of Ineffectiveness, the Parties (acting reasonably and in good faith) shall agree or, in the absence of such agreement, the Authority shall reasonably determine an appropriate Cessation Plan with the object of achieving:
 - 28.3.1 an orderly and efficient cessation of the Services or (at the Authority's request) a transition of the Services to the

Authority or such other entity as the Authority may specify;
and

28.3.2 minimal disruption or inconvenience to the Authority or to public passenger transport services or facilities,

in accordance with the provisions of this Clause 28 and to give effect to the terms of the Declaration of Ineffectiveness.

28.4 Upon agreement, or determination by the Authority, of the Cessation Plan the Parties will comply with their respective obligations under the Cessation Plan.

28.5 The Authority shall pay the Services Provider's reasonable costs in assisting the Authority in preparing, agreeing and complying with the Cessation Plan. Such costs shall be based on any comparable costs or Charges agreed as part of this Contract or as otherwise reasonably determined by the Authority. Provided that the Authority shall not be liable to the Service Provider for any loss of profit, revenue, goodwill or loss of opportunity as a result of the early termination of this Contract pursuant to this Clause 28.

29. **Survival**

The provisions of Clauses 1, 3.1.3, 4, 5, 6.1.4, 8.1, 9.2.2, 9.2.3, 11.1.1, 11.1.2, 11.1.5, 11.2, 14, 16-20 (inclusive), 21.2, 22-25 (inclusive), 27, 29-31 (inclusive), 33-40 (inclusive) and any other Clauses or Schedules that are necessary to give effect to those Clauses shall survive termination or expiry of the Contract. In addition, any other provision of the Contract which by its nature or implication is required to survive the termination or expiry of the Contract shall do so.

30. **Rights of Third Parties**

30.1 Save that any member of the TfL Group and the GLA has the right to enforce the terms of the Contract in accordance with the Contracts (Rights of Third Parties) Act 1999 ("Third Party Act"), the Parties do not intend that any of the terms of the Contract will be enforceable by virtue of the Third Party Act by any person not a party to it.

30.2 Notwithstanding Clause 30.1, the Parties are entitled to vary or rescind the Contract without the consent of any other person including the GLA or any member of the TfL Group.

31. **Contract Variation**

Save where the Authority may require an amendment to the Services, the Contract may only be varied or amended with the written agreement of both Parties. The details of any variations or amendments shall be set out in such form as the Authority may dictate and which may be substantially in the form set out in Schedule 6 and

shall not be binding upon the Parties unless completed in accordance with such form of variation.

32. Novation

32.1 The Authority may novate or otherwise transfer the Contract (in whole or in part).

32.2 Within 10 Business Days of a written request from the Authority, the Service Provider shall at its expense execute such agreement as the Authority may reasonably require to give effect to any such transfer all or part of its rights and obligations under the Contract to one or more persons nominated by the Authority.

32.3 Subject to Clause 9, the Contract is personal to the Service Provider who shall not assign the benefit or delegate the burden of the Contract or otherwise transfer any right or obligation under the Contract without the prior written consent of the Authority.

33. Non-Waiver of Rights

No waiver of any of the provisions of the Contract is effective unless it is expressly stated to be a waiver and communicated to the other Party in writing in accordance with the provisions of Clause 35. The single or partial exercise of any right, power or remedy under the Contract shall not in any circumstances preclude any other or further exercise of it or the exercise of any other such right, power or remedy.

34. Illegality and Severability

If any provision of the Contract (in whole or in part) is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction, such provision shall be severed from the Contract and the remaining provisions shall continue in full force and effect as if the Contract had been executed without the invalid, illegal, or unenforceable provision. In the event that in the Authority's reasonable opinion such a provision is so fundamental as to prevent the accomplishment of the purpose of the Contract, the Authority and the Service Provider shall immediately commence good faith negotiations to remedy such invalidity.

35. Notices

Any notice, demand or communication in connection with this Contract will be in writing and may be delivered by hand, prepaid recorded delivery first class post or facsimile addressed to the recipient at its registered office, the address stated in Schedule 1 or any other address (including a facsimile number) notified to the other Party in writing in accordance with this Clause as an address to which notices, invoices and other documents may be sent. The notice, demand or communication will be deemed to have been duly served:

if delivered by hand, at the time of delivery;

if delivered by post, 2 Business Days after being posted or in the case of Airmail 14 Business Days after being posted; or

if delivered by facsimile, at the time of transmission, provided that a confirming copy is sent by first class post to the other Party within 24 hours after transmission.

36. Entire Agreement

36.1 Subject to Clause 36.2:

36.1.1 the Contract and all documents referred to in the Contract, contains all of the terms which the Parties have agreed relating to the subject matter of the Contract and such documents and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing relating to the provision of the Services. Neither Party has been induced to enter into the Contract by a statement which the Contract does not contain; and

36.1.2 without prejudice to the Service Provider's obligations under the Contract, the Service Provider is responsible for and shall make no claim against the Authority in respect of any misunderstanding affecting the basis of the Service Provider's tender in respect of the Contract or any incorrect or incomplete information howsoever obtained.

36.2 Nothing in this Clause 36 excludes any liability which one Party would otherwise have in respect of any statement it has made fraudulently to the other Party.

37. Counterparts

This Contract may be executed in any number of counterparts or duplicates, each of which shall be an original, and such counterparts or duplicates shall together constitute one and the same agreement.

38. Relationship of the Parties

Nothing in the Contract constitutes, or shall be deemed to constitute, a partnership between the Parties. Except as expressly provided in the Contract, neither Party shall be deemed to be the agent of the other, nor shall either Party hold itself out as the agent of the other.

39. Further Assurance

Each Party will do or procure the doing of all acts and things and execute or procure the execution of all such documents as the other

Party reasonably considers necessary to give full effect to the provisions of the Contract.

40. **Governing Law**

The Contract shall be governed by and construed in accordance with the law of England and Wales. Without prejudice to Clause 25, the courts of England will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Contract provided that the Authority has the right in its absolute discretion to enforce a judgment and/or to take proceedings in any other jurisdiction in which the Service Provider is incorporated or in which any assets of the Service Provider may be situated. The Parties agree irrevocably to submit to that jurisdiction.

THE CONTRACT has been signed for and on behalf of the Parties the day and year written above.

Signed by)	
for and on behalf of)	
The Authority)	
	Signature	Print name and position
		Date:

Signed by)	
for and on behalf of)	
the Service Provider)	
	Signature	Print name and position

Technical Director, Economics and Development

Date:

SCHEDULE 1 - KEY CONTRACT INFORMATION

- 1. Contract Reference Number: GLA80653**
- 2. Name of Service Provider: AECOM Infrastructure & Environment UK Limited**
- 3. Commencement:**
 - (a) Contract Commencement Date: 29 April, 2015**
 - (b) Service Commencement Date: 29 April, 2015**
- 4. Duration/Expiry Date: 21 August, 2015**
- 5. Payment Period (see Clause 5.1): Unless otherwise stated payment period will be 4 weeks.**

(1) Interim report submission (wb 25 th May 2015)	£30,000
(2) Draft final report submission (wb 13 th July 2015)	£30,000
(3) Sign-off final report (wb 17 th August 2015)	£30,000
- 6. Address where invoices shall be sent:** GLA Group
Accounts Payable
PO Box 45276
London
SE10 1AJ
- 7. Electronic format required (if any) for submission of orders by the Authority and of invoices by the Service Provider:**
- 8. Time for payment where not 30 days (see Clause 5.4):**

9. Details of the Authority's Contract Manager

Name: Gerard Burgess
Address: Greater London Authority
City Hall, The Queen's Walk,
London
SE1 2AA
Tel: 020 7983 4911
Email: Gerard.Burgess@london.gov.uk

Details of the Authority's Procurement Manager

Name: Natalie Nolan
Address: Windsor House
Victoria Street
London
SW1H 0HL
Tel: 020 3054 7761
Email: Natalie.Nolan@tfl.gov.uk

10. Service Provider's Key Personnel:

Name & Position	Contact Details	Area of Responsibility
Rory Brooke	Technical Director, AECOM Infrastructure & Environment UK Limited 6-8 Greencoat Place, London SW1P 1PL, United Kingdom +44 (0)20 7821 4289 +44 (0)7769 933691	Project Director
Gregory Openshaw	Principal Consultant, AECOM Infrastructure & Environment UK Limited 6-8 Greencoat Place, London SW1P 1PL, United Kingdom +44 (0)20 7821 4313	Project Manager

- 11. Notice period in accordance with Clause 26.4 (termination without cause):**

30 Days.

- 12. Address for service of notices and other documents in accordance with Clause 35:**

For the Authority: Greater London Authority
City Hall, The Queens Walk,
More London
SE1 2AA

For the attention of: Gerard Burgess

For the Service Provider: **AECOM Infrastructure & Environment UK Limited**
6-8 Greencoat Place
London SW1P 1PL

For the attention of: Rory Brooke

- 13. Office facilities to be provided to the Service Provider in accordance with Clause 11.3:**

Not applicable.

- 14. Training to be provided by the Service Provider in accordance with Clause:**

Not applicable.

SCHEDULE 2 - SPECIAL CONDITIONS OF CONTRACT

NONE.

SCHEDULE 3 – SPECIFICATION

***LONDON
INDUSTRIAL LAND
BASELINE AND
ECONOMY STUDY***

***PREPARED FOR
THE GREATER
LONDON
AUTHORITY***

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Abbreviations

ELR	Employment land review
GIS	Geographic information system
GLA	Greater London Authority
LLDC	London Legacy Development Corporation
LSIS	Locally Significant Industrial Site
LSOA	Lower Super Output Area
NPPF	National Planning Policy Framework
NPPG	National Planning Policy Guidance
LDD	London Development Database
ONS	Office for National Statistics
R&D	Research & Development
SIC	Standard Industrial Classification
SIL	Strategic Industrial Land
SPG	Supplementary Planning Guidance

Introduction

01

1. INTRODUCTION

The Context

AECOM Infrastructure & Environment UK Limited welcomes the opportunity to put forward their proposals to update to the London Industrial Land Supply Baseline together with associated economic analysis. The study will be a key evidence base document for a review of the London Plan and the preparation of other delivery documents such as OAPFs. It will also play an important role in London's duty to cooperate with other public bodies in promoting a coordinated industrial land policy within the wider South East. Finally it will help guide and inform investment programmes related to industrial areas.

Since the last study in 2010 the landscape for the planning of industrial land has changed both in London and nationally. The context from London has shifted dramatically from a substantial over- supply of industrial land to a significant and on-going release of this land and considerable pressure for change other land uses, particularly residential. Together with this there is growing evidence that industrial land values and rents are increasingly significantly, raising questions over whether this is an appropriate situation given wider objectives to sustainably supply London with the industrial functions and vitality it needs to expand sustainably.

The latest versions of the London Plan (2011, 2014) and the relevant SPG address the way in which London's economic function is changing and the Mayor's heightened focus on meeting housing demand. This study responds to this context by seeking an updated and deepened understanding the types of demand for industrial land and the implications that the release of industrial land has for the economic functioning of London and the wider South East.

AECOM's Offer

As of January 2015 URS Infrastructure & Environment UK Ltd and AECOM joined together as one company to form 'AECOM Infrastructure & Environment UK Limited' (AECOM).

For this commission AECOM have teamed up with DTZ and a number of specialists in the field:

- AECOM will lead the work and cover most aspects of the analysis
- DTZ provide property market expertise, knowledge and data and will lead on specific tasks such as availability of land and floor space on the market

AECOM, incorporating URS, has extensive experience of research into and advice on employment land and the London and South East economy. Together with DTZ AECOM prepared the previous London Industrial Land Baseline study. Other relevant work includes: a large number of employment land reviews (ELRs) for London and South East boroughs; the LLDC ELR and business survey of the Lower Lea (building on previous business surveys AECOM have prepared); City Fringe Property Market Study; London Incubators, Accelerators and Co-Working Spaces study; Safeguarded Wharves demand and capacity study; and London Wholesale Markets review and New Covent Garden design brief and development competition.

¹ Yale University Press,
2012

AECOM have a good knowledge of the surrounding South East region with for example their work including: the Lower Thames Crossing economic impact assessment for Kent County Council (covering modelling of development potential in both Kent and Essex); Heathrow third runway economic impact study for Heathrow Hub Limited; ELRs for authorities including Thurrock, Braintree, Sevenoaks and Elmbridge; and assessment of the potential of ports in the South East region for a major wind turbine manufacturing company.

DTZ is a global leader in property services providing a market leading capability, assisting clients to adapt towns, cities and projects to fundamental market change. Their national coverage, combined with the depth of skill and experience gained from working with all uses and types of development, enables them to provide in-depth and comprehensive advice to clients.

AECOM have extensive knowledge of industrial land in London and detailed understanding of industrial property markets and the nature of market failure. AECOM's vision for this project is to: work closely with the GLA to prepare a definitive and comprehensive picture of industrial land uses and allocations across London; map recent changes; and highlight the impacts of any reductions in the supply of industrial land in the capital.

This Specification

AECOM have structured this specification as follows:

- Section 2 gives their appreciation of the brief and the context
- Section 3 presents their method
- Section 4 covers their team
- Section 5 outlines their programme
- Section 6 details their budget.

APPRECIATION

2. APPRECIATION

Introduction

The GLA wishes to update its evidence base for industrial land to inform policies for the promotion and management of London's industrial capacity. This also plays a critical role in developing other policy objectives such as meeting the needs of economic activities which do not require industrial land, in its traditional sense, as well as meeting housing targets.

Compounding the challenge of safeguarding the appropriate level of industrial capacity in an environment with competing demands is the steep increase in land values. Many activities which take place on industrial land, while critical for the functioning of the metropolis, can represent relatively low value add activities.

Between 2006 and 2010 industrial land was released to alternative uses at a rate of about 1.3% of existing stock per annum. A similar rate has been maintained in the past three years.

As the demand for industrial land for other uses continues it is incumbent upon the GLA to understand the implications for its industrial capacity

The Requirement

The overall objective of this study is to provide a comprehensive and robust evidence base on London's present and future industrial land supply. The study will identify current and future market characteristics, dynamics and trends. Due to the significance of London economy and corresponding to the requirements of the NPPF, the research will not just be restricted to London. It will also investigate industrial land, business characteristics and interactions of neighbouring areas across the wider South East of England.

Along with the forthcoming industrial land demand assessment this collective industrial land evidence base will allow the London Plan and related local plans and Opportunity Area Frameworks to be updated. This will equip London with the appropriate spatial planning policies to suitably promote industry and related activities and balance this with competing demands.

This ambitious brief is broken down into three main elements within the study. These elements are:

- a) Establishing a baseline of London's industrial land and key characteristics of industrial land in the wider South East of England
- b) Understanding the quality of this industrial land and the characteristics of businesses operating within it, and
- c) An impact assessment that identifies and quantifies the economic effects on London of a potential reduced supply of industrial land.

London Industrial Land Consolidation and Policy

The London Plan has long acknowledged that industrial land is a crucial element of the land use mix of the city. The occupiers of industrial land provide goods and services that are essential for the effective functioning of the metropolis as well as being leading players in a select number of national and world markets.

Accordingly industrial land has been protected and classified as either: strategic (SIL); locally significant (LSIS); or local employment sites (non-designated or various Local Plan designations).

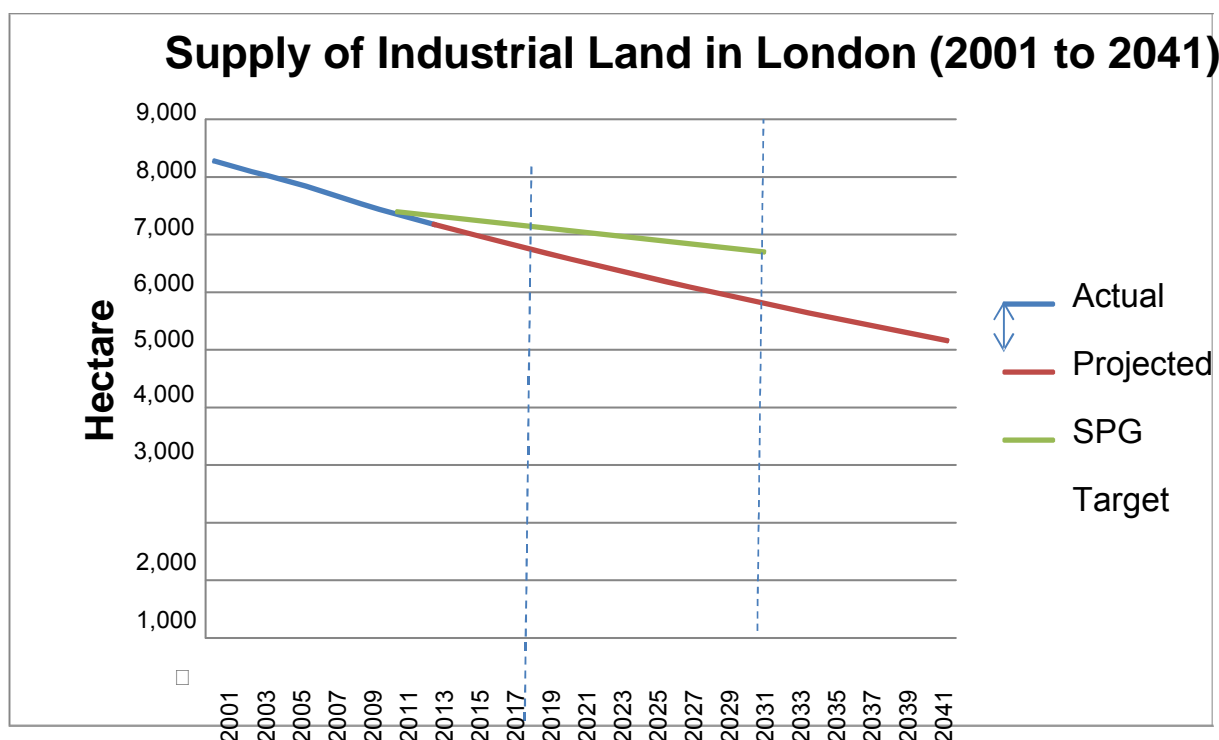
The necessity of protecting industrial land is due to the low value of industrial land relative to other uses, primarily residential but also office or retail, and the high demand for these alternative uses. This dynamic creates significant market pressure for the release of industrial land to alternative higher value uses, particularly in inner London.

This combined with the long term effects of de-industrialisation as the national economy restructures has led to a consolidation of industrial land across London over the past few decades.

Between 2001 and 2010 London lost approximately 840 hectares of industrial land representing an

11.3% contraction in total supply (1.2% per annum). Between 2010 and 2013 it is estimated that this industrial land release trend continued with approximately 260 hectares released (3.5% reduction in total or 1.2% per annum). If this trend were to continue it would lead to a further loss of around 1,370 hectares by 2031 and around 2,100 hectares in total by 2041, representing around a 30% decline over current stock. This is shown in Figure 2.1 below.

Figure 2.1 Illustration of Projection of Past Trends in Release of Industrial Land



Source: GLA Land for Industry SPG 2012, AECOM extrapolation

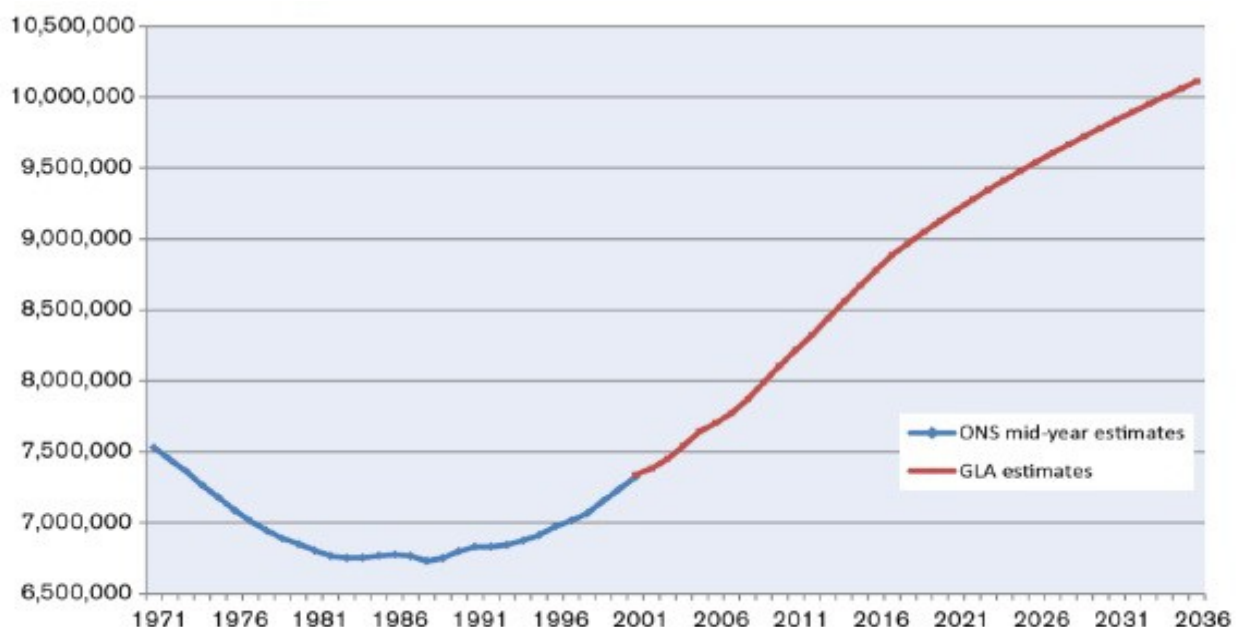
To counter the trend of industrial land decline the Land for Industry and Transport SPG (2012) set out borough level guidelines on industrial land release. This target of industrial land release is based on the previous London wide industrial land demand assessment which will be updated alongside this study. The SPG suggested that between 2011 and 2031 only 733 hectares of industrial land could be released. The projections, as shown in the figure above, show that the current trajectory would lead

to an over release of industrial land based on the findings of the previous demand assessment.

The London Context

The consolidation of industrial land is partly due to the pressure to provide housing for London's growing population. The Further Alterations to the London Plan (FALP) December 2014 describes how it expects London to grow by approximately 1 million by 2021, by a further 640,000 by 2031 and 270,000 by 2036. In total it projects London will grow by nearly 2million from 8.2 million in 2011 to 10.11 million in 2036. This growth is equivalent to the current population of Birmingham. In housing terms it equates to the need for around 1 million new homes. London's past and projected population growth is shown in **Figure 2.2** below.

Figure 2.2 Projected Increase in London's Population



Source: FALP (2014)

There are significant constraints on the availability of land in London to help meet housing needs. This is partly due to the lack of available sites and the constraints of the green belt. Therefore the need to deliver one million new homes is inevitably leading to site promoters and London borough regeneration departments looking at employment sites to help meet this housing demand. The change to London Plan policy 2.17 as outlined in the FALP acknowledges this by promoting release of surplus industrial land in SILs where it has good transport accessibility.

AECOM have also observed the practice of industrial land release during all the recent London ELRs AECOM have been involved in. This includes advising on Housing Zone bids in SIL designations in Havering, Hillingdon, Waltham Forest and Brent within the last year.

However, London's growth and the need to deliver housing creates a significant dilemma. This is because 2 million additional people will also require new employment opportunities. Although it is expected that a significant amount of the employment growth will be in office and retail some of these additional jobs may occur in industrial land.

The South East Context

The GLA wishes to consider London within the context of the wider South East and the logic of this is clear. London's economic functionality cannot be viewed in isolation. As industrial land within London's borders is released it may be the case that some of London's operational functions are moved beyond its borders. This report will aim to more fully embed London within its regional context than previous analysis.

The regional remit of the report is also reflective of the now statutory duty to cooperate across borders. The GLA and the London boroughs will need to engage with their counterparts beyond their borders.

Key elements of the wider context include:

- Substantial amounts of industrial land to the east of London in the Essex and Kent Thames Gateway. There has been an on-going process of releasing large amounts of this land, but context may be shifting with the development of London Gateway container terminal. This facility may alter the whole country's distribution market, potentially shifting/splitting the centre of gravity away from the Midlands and towards London².
- The success of the economy along the M4 corridor but in the context of tight environmental and green belt constraints on further growth. This tension could be further highlighted if a decision is made to expand Heathrow airport with a third runway, triggering associated development pressures for uses including distribution and high value manufacturing³.
- Similar growth south of London around the Gatwick Triangle. If a decision is made to expand Gatwick rather than Heathrow then this could create alternative development pressures⁴.
- The context of maritime access and sites is also relevant. Much of London's key SILs are on the River Thames and have safeguarded wharves access. The east and south coast ports play a key role in distribution and influence the scale and nature of demand for industry and warehousing⁵.

- There remain some world class manufacturers in Hertfordshire and locations north of London. These should be reviewed and taken in to account in considering future potential distribution of demand and supply⁶.

These all should be taken in to account in considering the relationship of London to the wider region and the potential future distribution of industry and related activities.

Industrial Land Property Markets

There is growing evidence that industrial rents and land values are increasing significantly in London. For example according to market research the total occupation cost of prime industrial space around Heathrow is amongst the highest in the world⁷.

These high costs could be a sign of a relatively healthy sector. The Purchasing Managers Index (PMI) survey suggests that the economic health of the industrial sector is increasing improving, driving grade A floor space take-up. Industrial floor space take-up in London and the South East and East regions reached 3.9m sq ft in the first half of 2014, a record half-year figure for the region. The high grade A take-up came off the back of several retail companies expanding their distribution networks in response to the continuing improvement in the economy. Logistics and parcel companies have been expanding their presence in response to growth in e-commerce with retailers accounting for half to total UK floor space take up in the first half of 2014 according to DTZ research. Occupier confidence is returning in line with the UK's economic recovery with the improvement in the economic climate companies are looking to move into larger premises resulting in primary market activity reaching record levels of low built floor space availability. One indicator of this is the return of speculative development, notably in London and the South East.

However the current positive economic and industrial market news in London and the South East does not provide the full picture as to what is happening to the availability for of industrial floor space and land in Inner London locations and trends in where occupiers are locating their businesses.

² AECOM has worked on the London Gateway project and also has researched employment land and potential in Kent and Essex as part of work looking at the economic and development impacts of a proposed lower Thames crossing.

³ AECOM is lead consultant for Heathrow Hub Limited, the consortium proposing an extended northern runway. Their work has included looking at economic impacts and the potential for the local economy to respond more flexibly

that usually assumed to opportunities, and to spread the consequent demand out over a wider area, for example including Old Oak. This could have significant implications for industrial land policy in West London.

⁴ Their LB Croydon ELR looked at the wider south of London industrial land property market and recent work on sites around Biggin Hill have also explored this in more detail.

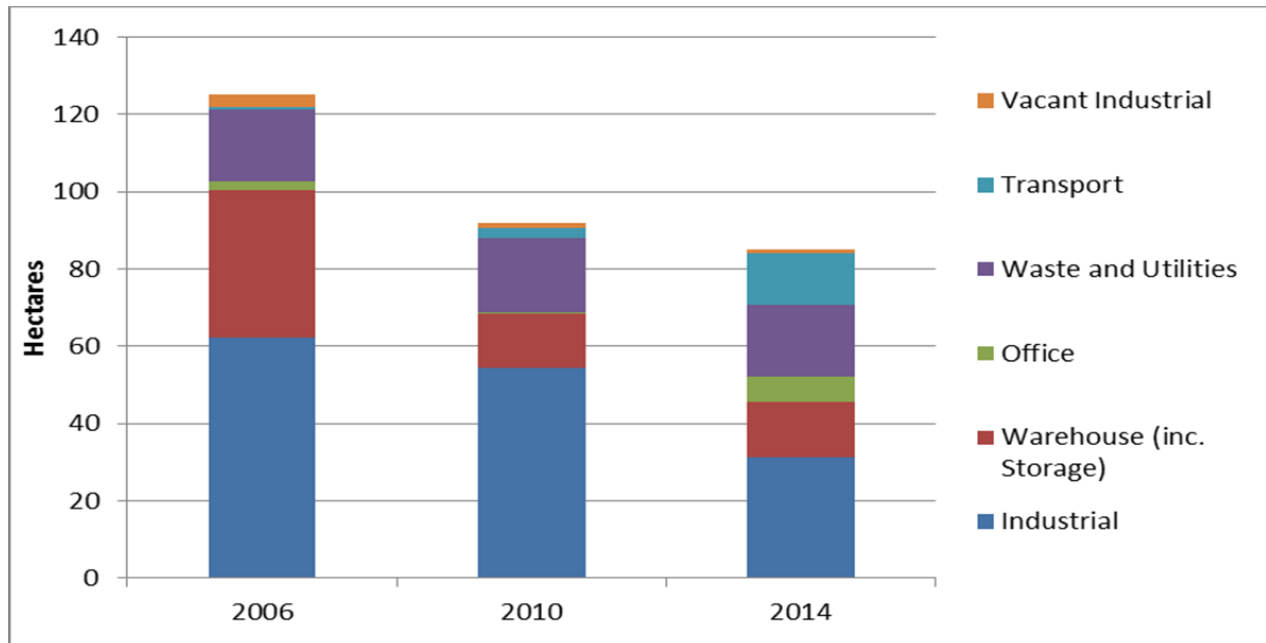
⁵ AECOM have just been commissioned by Solent LEP to review wharf and port sites along the south coast in the context of future demand and supply. AECOM also have a detailed knowledge of almost all the South East ports from work reviewing them as potential locations for a major wind turbine manufacturer.

⁶ AECOM have worked for a number of the local authorities north of London and have a good understanding of the context.

⁷ King
Sturge

In addition to the evidence of a reduction in industrial land stock there is widespread evidence of previously established inner London industrial areas transferring to higher value other uses, particularly residential. The Queen Elizabeth Park (Olympic Park) Site and Vauxhall Nine Elms Battersea (VNEB) are perhaps the most high profile examples of large industrial areas which were formerly home to many small to medium size businesses being redeveloped for other uses. The change in the Lower Lea is illustrated in **Figure 2.3** below.

Figure 2.1 Land Uses in the LLDC Area 2006 to 2014



Source: AECOM/URS (2006, 2010, 2014)

At VNEB the transformation of large areas of industrial land on the South Bank of the Thames, previously home to breweries, timber yards, potteries and gas works has been re-designated for wider regeneration proposals – the 195 ha (480 acres) area which includes more than 20 sites was recognised in the Mayor’s draft London Plan is an opportunity area and has become the largest regeneration zone in central London. Wandsworth Council has estimated that 1,400 businesses will be affected by development proposals in the area.

Small and medium sized enterprises (SMEs) are a major driver behind the UK’s economic performance, employing around 60% of the total work force and in the industrial market, accounting for almost 55% of total take-up nationally in 2012. Although there are many factors that can have a bearing on the affordability and ability of SMEs to take industrial floor space, rent is a key one. Rental levels are affected to a large extent by the availability of land for development. In the context of this report analysing the impact of reductions of industrial floor space and land in London, this is important.

Market Mechanisms and Failures

A key question for this study is whether the tightening of markets and increase in rents and costs is an appropriate market change which encourages higher value added industrial activities to focus in inner London, or whether it is acting as an inappropriate throttle on industrial activity and should be resisted via stronger policy protection.

In preparing this response AECOM have spoken with Paul Cheshire, Emeritus Professor of Economic Geography at LSE, who has valuable insights and knowledge of the economics of industrial and property markets. Below is some of his and their thinking on relevant issues around the operation of relevant markets. Key issues and dynamics include:

- Generally land price for industrial use should be an efficient signal and a key issue to explore is in what circumstances, and with what externalities, is it not working appropriately? Evidence for England is that while AECOM significantly under supply land for urban uses in general (hence the large premium of land at the urban fringe compared to agricultural land) amongst urban uses historically with deindustrialisation there has been a tendency to relatively oversupply industrial land: this sells at a discount relative to land for retail offices or above all residential use. This likely partly reflects the long term decline of comparative advantage of industrial use in cities in rich countries and in rich countries overall⁸. There are some indications though that these trends could be levelling out with a possible revival in some sectors (see next sub-section).
- What account should be taken of changes in the capital intensity of industry? The capital intensity of industrial employment has grown and some evidence suggests land has increased in proportion to employment over manufacturing as a whole. It will be useful to understand what information is available on the marginal rate of substitution between land and other factors and how this inter-relates with the demand for industrial output in London.
- Are markets providing suitable signals and mechanism? For example why is there not more higher density industrial development?

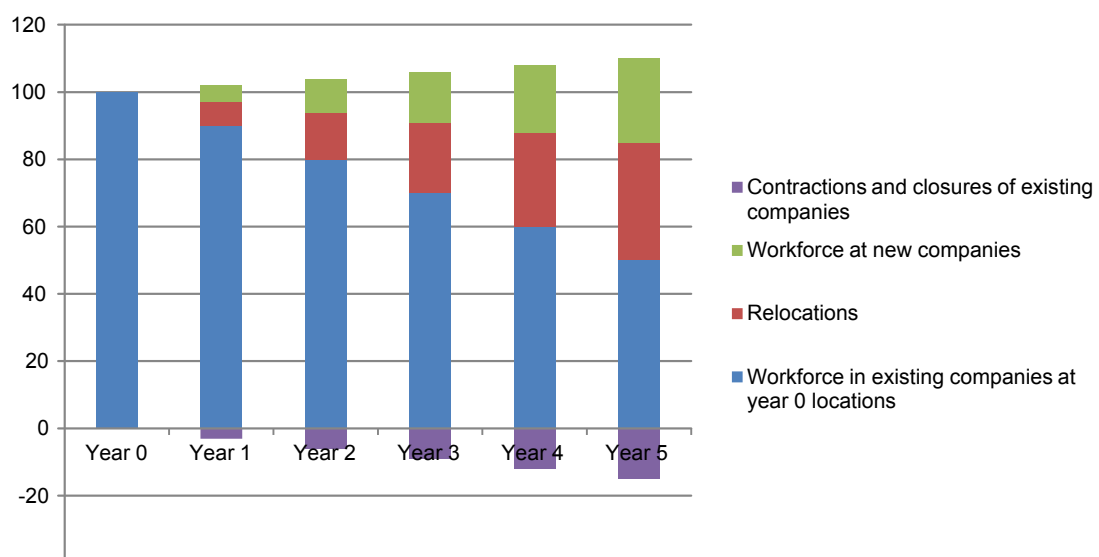
⁸ See Cheshire & Sheppard 2005

Figure 2.4 Example of Multi-Storey Industrial Building in Bilbao



- What are the trade-offs between distance from markets, time and costs? What are the implications of this for location of different industrial sectors? Which sectors are prepared to pay the highest premiums to be close to Central London markets and is this an appropriate distribution, taking in to account externalities and possible market failures over information etc.
- What is the role of 'creative destruction' processes? This is the concept that in order for economies to successfully grow and develop it is appropriate for old forms of economic activity to loose out to new activities that add greater value. When is it appropriate? Are there existing activities that nevertheless should be protected?
- What signals to significant rates of change indicate? For example AECOM's recent work looking at the economy round Heathrow suggests a significant rate of change of businesses in the local economy (see **Figure 3.2** in method section and **Figure 2.5** below).

Figure 2.5 Illustration of Effects of New Companies, Closures and Relocations



- What are the processes of tension and conflict and what is appropriate? In historically industrial areas the release of land for the development of alternative uses has the potential to create conflicts and unintended consequences that impact the area's capacity to continue to accommodate industrial activity. New residents in areas that abut land designated for industrial use may resist the new development for industrial uses and seek to restrict ongoing industrial activity which they perceive to be a threat to their amenity. Through development management practices, local authorities may also be undermining their designated areas. For example, there are several cases in London where local authorities are applying to establish Housing Zones in locations which will inevitably impact areas which are designated for industrial use. In other cases, the redevelopment of land in designated industrial areas might require replacement provision of employment land but is oftentimes strongly resisted by applicants seeking to maximise housing⁹.

All these factors should be considered and weighed up as part of this commission.

Trends in the Structure of Industry

In his book, 'The New Industrial Revolution', Peter Marsh explores the emergence of a possible new paradigm in manufacturing in the West.

'New manufacturing' describes a mix of technology and craft-based fabrication processes making goods that are likely to be customised to meet individual requirements and/or in niche fields where competitors are few. This sort of industry links to design and service, with activities built around them often a key part of the business in question and just as important as physical production. Examples of typical products likely to be made from this sort of industry range from furniture and lighting units to industrial machines, point of sale retail equipment, scientific and musical instruments, vehicle components and electronic displays.

Peter Marsh suggests that businesses in these fields are likely to be a vital part of the economies of developed countries in the decades ahead. They will exist alongside more traditional industries making the sort of basic products required by most economies such as steel fabrications, standard food products, aggregate based building products and wooden items (such as joinery for construction) that are often made at least fairly close to where the goods are consumed.

Big cities such as London are good places for the 'new manufacturing' type of industry to flourish, due to the likely concentration of available skills that are relevant to such businesses. These skills are in fields such as design, global marketing, and process know-how in fields such as 3D printing. Also many of the companies that will do well in this new type of manufacturing have close links with research and technology-intensive higher education institutions of the sort that are abundant in London.

⁹ The team have considerable experience in analysing areas where pressure is being brought to bear on the industrial base and in understanding the implications for the area's ability to continue to accommodate industrial activity. Relevant case studies include work for the London Legacy Development Corporation; study of workplace issues in the Lower Lea Valley and London Riverside; analysis of the emergence of SMEs associated with incubators, accelerators and co-working space; and work on the Blackhorse Lane SIL. These studies are particularly instructive in understanding the dynamics of areas in transition, what this augurs for London's economic functioning, and how competing demands are being mediated on the local level.

A key point to many businesses operating in the field of 'new manufacturing' is that they rarely employ many people and require only fairly small units for design, low volume fabrication and assembly and sales. However the type of space required for such businesses is often different to that traditionally provided to industrial businesses in a city such as London. Traditional industrial buildings are generally built around spaces for basic production. They are generally characterised as looking fairly unattractive and with few outstanding architectural features. The newer sorts of businesses require space for a mix of production workers and people concerned with activities such as design. They are often built to higher quality standards than the structures associated with industry in the past.

Businesses in 'new manufacturing' are likely to be at least moderately successful in the next 20 years in many countries. Even though such companies will be long way short of being the mass employers characterised by manufacturing in the past, they will generate significant numbers of reasonably well paid jobs.

Peter Marsh suggests that if London fails to provide a good base for a fairly large number of such businesses, it will miss out on some potentially valuable economic opportunities.

The thinking around 'new manufacturing' is also reflected in some of their recent work, for example the business survey and ELR AECOM recently carried out for the LLDC, and work for the GLA on the City Fringe Property Market and on the role and potential of Incubators, Accelerators and Co- Working spaces in London, which for example include the Queen Mary Bioscience Innovation Centre in Whitechapel and the potential for 3D printing shared workshops. Overall the study should review such trends and potential and incorporate it in to the scenarios on change and requirements.

METHOD

3. METHOD

Inception

At the inception meeting AECOM propose to review study objectives, approach and outputs. There are a number of options for the client group to consider. AECOM welcome active client involvement in the work and AECOM suggest setting up a rolling programme of progress, brainstorm and review meetings.

Part A: Industrial Land Baseline Update

Task A1: Update and Extend the 2010 London Industrial Land Baseline Study

Having prepared all aspects of the 2010 London Industrial Land Baseline Study the project team are well placed to update the study to provide a comprehensive 2014/2015 baseline of land in industrial use and other land within designated industrial areas.

AECOM propose an approach which harnesses their in-depth knowledge of the supply of industrial land in London drawn from undertaking the 2010 study and employment land reviews for a considerable number of local authorities in London and the South East. AECOM will supplement this with their in-house surveying team and GIS data management expertise.

i. Set up Base Map

AECOM will set up a GIS base map that is ready to be modified and updated. The reference map and underlying data will be consistent with the information which was presented in the tabulated land stock and mapping presented in Appendixes D and E of the 2010 study. Ensuring that the baseline map corresponds to the 2010 position ensures continuity with the updated 2014/15 position.

ii. Update Policy Designations on Base Map

Since the 2010 study was prepared it is known that the amount of land forming industrial employment land designations in London has changed, primarily as a result of the boroughs progressing the development of their Core Strategy and Site Specific Allocations DPDs through to adoption. The supply of designated industrial employment land will also be expected to have changed variously in reflection of boroughs' respective statuses within the release/transfer framework set out in the GLA's Land for Industry and Transport SPG (2012).

As was done in 2010, AECOM will request from the client steering group the latest 'Landmark' policy designations layer and map this onto the base map. It is understood that this layer will contain emerging policies and proposals which will ensure that the boroughs' latest position on their employment land designations is captured. The result will be an up-to-date map of industrial land policy designations for Greater London, showing SIL, LSIS and, where defined, other smaller industrial sites.

iii. Define Update Method – SIL, LSIS and Other Smaller Industrial Sites Surveyed in 2010

AECOM propose that the update of the baseline data for designated industrial land in each borough, and non-designated other smaller industrial sites/clusters of industrial land¹⁰, is undertaken principally through desk based updating of mapping, where up-to-date data is available on the stock of land from ELRs. For efficiency it

will be crucial that the most appropriate method is defined, and agreed with the client steering group, for each borough early in the update process.

To facilitate this AECOM will undertake a thorough review of recent ELRs to ascertain whether the data contained within them is sufficient both to update the 2010 data on land stock by use within designated employment locations (i.e. those which are most likely to have been subject to field survey) and to inform Task B2 (quality assessment, see below). For the boroughs where AECOM/URS or DTZ have undertaken the latest ELRs changes with regard to land use will largely be known.

For boroughs where data held within ELRs is deemed insufficient to update the 2010 data, AECOM propose, in the first instance, to liaise with boroughs to request that they make edits to the 2010 mapping based on their knowledge of the employment areas.

iv. Define Update Method – Other Smaller Industrial Sites Not Surveyed in 2010

It is likely that sites less than one hectare which lie outside of designated industrial areas will not have been subject to a field survey since 2010. These sites have more limited protection from redevelopment to non-industrial uses and it is their experience that there is a high likelihood that they have been redeveloped for other uses, particularly when the sites are larger than 0.25 hectares and within Inner London.

AECOM propose that the current land use of other smaller industrial sites/clusters is principally established through a desk-based exercise comprising a review of online aerial and street level photography. Such mapping is, in contrast to the case in 2010, frequently updated and often dated/time-stamped and can thus be considered reliable. Use of such tools will enable us to reasonably establish existing uses within sites/clusters. Owing to the large number of such clusters it is proposed to limit consideration of sites/clusters to those greater than 0.25 hectares, which is consistent with the Government's National Planning Practice Guidance (NPPG) with regard to reviews of land in employment use.

For efficiency, where AECOM liaise with boroughs as part of task A1iii, AECOM will also request that, if possible, they update the land use of these other smaller industrial sites if they have sufficient knowledge and capacity to do so.

v. Confirmation of Land Use Definitions

Once complete AECOM will confirm their approach with the client steering group. (An initial impression of the expected method of update, for designated industrial land and other smaller industrial sites/clusters greater than 1 hectare, for each borough has been carried out and is in figure 3.3 at the end of the Method section).

¹⁰ Clusters which will have been subject to survey in 2010

¹¹ A possible exception is AECOM suggest reviewing the inclusion of the 'Light Industry' categorisation in light of challenges encountered in the 2010 study – i.e. it was at times difficult to consistently separate this

category from 'General Industry'. AECOM will discuss and agree an approach with the GLA regarding this at inception.

Based on their knowledge of industrial, warehousing and logistics site typologies and activities AECOM generally consider the categorisation of industrial land uses, as set out in the brief, to be fit for purpose¹¹. For non-industrial land uses within designated employment locations AECOM also consider that the categorisation used and set out in the 2010 study remains appropriate. With regard to mixed use developments with an industrial component their initial recommendation would be to redefine the SIL or LSIS boundaries where such sites are on the edge of these areas so that the non-industrial development sits outside the designation and the industrial floor space remains protected within it. This is how AECOM have covered this scenario in their borough wide analysis.

vi. Desk-based Update of Land-use Data

This task is expected to form the majority of the update work and would involve a combination of three sub-tasks:

- Members of the project team reviewing information in recent ELRs to identify where land uses have changed
- Direct liaison with the boroughs which have no up-to-date ELRs, including instruction on how to update mapping for designated industrial land (SILs and LSISs) and other smaller industrial sites/clusters, either through mark-ups of printed maps or, if deemed practical, through exchange of GIS data
- Review of recent online aerial and street level photography to determine existing land-uses, particularly with regard to other smaller industrial sites/clusters and scattered areas of industry.

vii. Field Surveys

Where ELR data and borough knowledge are insufficient to update the land use data (and characteristics) of designated employment areas and other smaller industrial sites/clusters surveyed in 2010 AECOM will undertake a site verification exercise. This will comprise a field survey in which uses at each site/cluster will be updated and site characteristics observed in line with the criteria set out in Task B2 below in order to inform that task. It is expected, based on their initial impression of the scope of the update, that such field surveys would be required in around five boroughs.

viii. Data Entry and GIS Mapping

Once all updates resulting from tasks A1vi and A1vii are complete all updated data will be modified on the base map so that a fully updated picture and position of the supply of industrial land in London is then available. AECOM will broadly allocate the same staff to enter data who conducted the desk research and field surveys, unless the client requests that these are concurrent activities – this helps allow any last minute checking of data.

AECOM's GIS technician will train and support the data entry team and trouble-shoot any database or mapping related queries. Their team has the capability to work in ArcGIS, ArcView and Mapinfo. AECOM will agree digitising protocols, where necessary, to match accuracy of existing GIS data.

The output of this task will be 2014/15 Industrial Land Baseline mapping for Greater London supported by updated tabulations of the breakdown of uses as per the agreed categorisation by SIL, LSIS and other smaller industrial sites, borough, for each sub-region, for outer and inner London and the Central Activities Zone.

ix. Time Series Comparison and Release

AECOM will draw upon their historic datasets contained with the 2010 study and associated GIS files to present tabulations of the position with regard to the supply of industrial land in London in 2001, 2006, 2010 and 2014.

Building upon the comparison a separate tabulation will be prepared which will indicate the extent of release of industrial land within designated areas at borough level to compare with that presented within the Land for Industry and Transport SPG (2012) benchmarks.

Task A2: Identify Land and Floorspace Available on the Market

The purpose of this task is to collate the data to provide a snapshot of industrial floor space and land availability and values which will enable analysis in subsequent tasks set out in the study brief.

i. Data Sources

AECOM will draw on industry standard sources for securing present day and historical data including EGi. EGi provides one of the most comprehensive and up-to-date sources of information on the industrial market for the purpose of this task.

AECOM recognise however that EGi does not in itself hold all floor space (and rents) and land availability (and prices) as it only captures properties where agents are able to provide details. It may not always be up-to-date or and may contain incomplete information. Not all deals are reported due to confidentiality,

AECOM will complement their use of EGi data with information from other sources. The VOA provides another source of useful industrial and commercial rental data at borough level over the past 15 years. The VOA also records estimates of industrial land prices in four outer London locations in their Property Market Report up to 2010 which will be particularly useful for analysing industrial land values between 2000 and 2010. The VOA data will be used to add another layer of historical industrial rental data to complement that provided by EGi to align with the industrial baseline studies.

PROMIS is another useful data tool, which will be used to supplement the EGi data. However its geographical coverage is limited to the four key industrial areas of Heathrow, Park Royal, Croydon and Enfield.

To further enhance the quality of the data captured through EGi and PROMIS AECOM will undertake discussions with DTZ's Industrial and Logistics team and local industrial agents across London. This will also be useful for identifying availability levels for floor space and sites in their areas which may not have been captured by EGi and PROMIS due to their small size, as well as verifying the initial data findings by way of a benchmark. Agent input will also be important for establishing rent and land value benchmarks against which the EGi data can be analysed.

AECOM will further supplement data with DTZ's quarterly UK industrial report to provide a London and South East regional overview of industrial market trends.

AECOM will also source data from significant London local authority public sector industrial landowners such as the GLA at Dagenham who have data easily accessible online. The GLA's Dagenham sites being one of the most substantial industrial land holdings for development in London.

DTZ has a network of industrial developer, investor and occupier clients who AECOM can approach to consult on the key areas of interrogation for the study, including St Modwen, Kier and Goodman. In addition to industrial agent input, this will provide an additional source of market facing input.

There are a number of other data sources that can be drawn upon if appropriate¹².

ii. Data Capture

For this task AECOM will capture the

following key data: Industrial Floorspace

- Industrial floor space available as defined by the use classes B1c, B2, B8, including logistics, within the geographic area of Greater London.
- Industrial rents per annum based on deals in 2014 and up to February 2015.
- Geographical area: by borough, sub-region and outer London/inner London/CAZ.
- Rent per square foot and square metre per annum.
- Properties reflecting small, medium and large development.
- Postcode and local authority area

Industrial Land

- Industrial floor space available as defined by the use classes B1c, B2, B8, including logistics, within the geographic area of Greater London.
- Geographical area: by borough, sub-region and outer London/inner London/CAZ. Including postcode.
- Industrial land values based on deals in 2014.
- Sites reflecting small, medium and large sizes.

iii. Mapping

Once the key data has been captured at borough level AECOM will set up a base map in GIS to capture floor space by borough and provide representation as to the quantum via varying graphic sizes (for example dots) that indicate quantum.

¹² For example CoStar (also known as Focus) is a source of industrial market data. Should the GLA wish AECOM could explore obtaining datasets to supplement the EGi data. This would however attract an additional charge from CoStar. AECOM can also source data for transactions from the Land Registry.

Task A3: Industrial Land in Planning Pipeline for Potential Release

The compilation of schemes in the planning pipeline on industrial land is useful for an appreciation of the immediate pressures from sources of land demand for uses other than industrial. These figures will be incorporated into establishing the immediate future position of the industrial base that leads on from the baseline position in Task A1. (In areas where there are a significant number of proposals or parcels of land in which there is a likelihood of a change of use these areas will be investigated further in Part C).

i. Unimplemented Planning Permissions

Information on unimplemented planning permissions will be primarily sourced from the London Development Database (LDD). The project team is familiar with this dataset having utilised it to understand the retrospective supply of industrial land in 2001 and 2006 as was required in the 2010 study. The information will be corroborated, where necessary, with other sources at hand such as recent ELRs and updates from local councils, including Annual Monitoring Reports.

ii. Additional Planned Release

Through the planning process and the continued development of local plans it is recognised that the boroughs will have draft visions/proposals regarding further release of industrial land which may not be reflected in their adopted proposals mapping. This is foreseen to be of particular importance in boroughs which sit within the 'managed' and 'limited' transfer categories for industrial land release as set out in the Land for Industry and Transport SPG (2012).

AECOM understand that the 'Landmark' policy designations layer provided by the client as part of task A1 will reflect, in most instances, where boroughs have emerging policy proposals which entail release of industrial land. Through a review of these, utilising GIS software, AECOM will identify the scale of additional planned release.

iii. Prior Approval Data on Office to Residential Permitted Development

AECOM understand the GLA has a dataset of prior approval data on office to residential use. AECOM will review and analyse this and agree with the GLA how to estimate missing data (AECOM understand floor space information is only partially available). The data will be mapped and compared with other data as part of Part A and Part C analysis.

iv. GIS Maps

As part of the mapping exercise categories (i) to (iii) and the associated sub-categories will be incorporated so as to indicate the areas where there are concentrations in the loss of industrial land. The spatial portrayal of these areas will enable the GLA to consider the implications of this change in the context of other uses in the vicinity and the relative importance of these areas as locations for industrial activity.

Task A4: Identify Strategically Important Capacity in the Wider South East

i. Definition of the Wider South East

AECOM propose that the starting point for defining what should represent the 'wider South East' geography is the historic South East region consisting of Berkshire, Buckinghamshire, East Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex. It is also proposed that this is supplemented with Essex, Hertfordshire and parts of Suffolk¹³ given their proximity and/or perceived economic linkages to the capital. AECOM suggest however that the exact geography under consideration is confirmed subsequent to appointment through analysis and discussions with the client group regarding which local, county or regional authorities are relevant parts of London's functional economic agglomeration.

ii. Identify Strategic Industrial Nodes and Clusters

Crucial to identifying strategic capacity will be having a clear understanding of the key industrial nodes and clusters in the wider South East. The project team has a strong knowledge and understanding of these areas gained through other commissions, and of the property market for industrial, logistics and related uses, including in the Thames Gateway, Haven Gateway, Upper Lea Valley, 'Western Wedge'/M4 Corridor and Gatwick Diamond.

Supplementing their existing knowledge AECOM will undertake via desk research to identify clusters of strategic importance within these wider areas. Research tasks will include a review of ELRs, local plans and property market databases. This will be focused geographically along significant elements of London's logistics network, i.e. the motorway and trunk road system, arterial routes to ports and rail freight corridors and terminals. AECOM will seek to identify clusters at the industrial park level (London Gateway Logistics Park being an example of what AECOM consider a cluster to be). This will ensure that land and floor space capacity within locations that are either less attractive/suitable for strategic occupiers or serve localised demand and functions, are excluded from their analysis, but would be captured if a wider geography was proposed, e.g. borough/district level.

Where deemed relevant AECOM will give consideration to locations where new strategic capacity is proposed or where policy changes might bring forward more capacity, for example through the review of the Green Belt in the context of the Airports Commission's review of airport capacity.

Once the suite of strategic clusters are identified AECOM will share their findings with the steering group for discussion.

iii. Mapping of Strategically Important Clusters

Strategic clusters identified through the process set out above will be mapped using GIS for presentation as required by the client steering group.

iv. Capture Stock and Availability Levels

Drawing upon their extensive access to property market data including VOA, EGi and PROMIS, AECOM will draw up a dataset and picture of the stock of land and floor space, including that which is vacant, within each strategic cluster. This will be shown together with relevant strategic infrastructure and links (motorways, rail links, rail freight terminals, ports etc). In doing so, strategic capacity within the wider South East will be quantified and understood, with this communicated to the client steering group both in discussion and reporting, supported by GIS outputs.

¹³ The districts of Ipswich, Babergh, Mid Suffolk and Suffolk Coastal which are perceived as being key support locations for the ports of Harwich and Felixstowe.

Part B: Business and Employment Baseline on Industrial Land

Task B1: Estimate Rents and Land Value Over Time

The requirement is to analyse historical trends in industrial rents and property values over a defined time period against residential and commercial uses to provide an additional layer of understanding to enable assessment of the potential economic impacts of reduced supply of industrial land captured in the baseline studies.

i. Data Capture

AECOM will collate rental and land value data through two sources:

- EGi, which captures historical industrial rental and land value data within the defined time periods.
- Utilising Analyse, a specialist piece of rating software, which can extrapolate data from the 2000, 2005 and 2010 Rating Lists compiled by the Valuation Office Agency (VOA) to capture industrial rental data. Analyse has a sophisticated search function which amongst many other parameters, will allow us to draw on data for specific use classes at borough level, by drawing on VOA data from the list dates 2000, 2005 and 2010 at borough level.
- As the antecedent valuation dates for the relevant Rating Lists from the VOA do not align with all the industrial baseline study years therefore AECOM will make appropriate adjustments to reflect the GLA's desired time period as well adjustments for inflation. The government have deferred the revaluation by two years (originally 2015) and the next revaluation is not now due to take place until 2017 with the first publically available information not being issued until circa October/November 2016 in the form of a draft Rating List. As such AECOM will draw on data captured in Task A2 to report for the year 2014¹⁴.

Data will be captured on the following basis:

- Use: Industrial floor space as defined by the use classes B1c, B2, B8, including logistics.
- Geographical area: by London borough and industry property market areas (in Annex 4 of the Land for Industry and Transport SPG). Includes capture of postcodes.
- Rents: based on lease transactions.
- Land values: based on land transactions.
- Area: per square foot and square metre per annum.
- Sites and floor space reflecting a spread of small, medium and large development.

AECOM will also capture residential values for the same dataset period using the GLA's London Datastore for average house prices (based on GLA calculations of Land Registry price paid data sets) to analyse for variations in property values at borough level alongside industrial and office between 2000 and 2013. As data is not yet available for 2014 AECOM will make appropriate adjustments to 2013 data to reflect changes to 2014 house prices from other recognised industry data sources.

ii. Analysis

Once AECOM have collated all the data for this task AECOM will align the industrial, residential and commercial value data to enable analysis of trends between these three uses at borough and industrial property market level.

Task B2: Update the Quality Assessment of Industrial Sub-Clusters

SILs form London's main reservoir of industrial capacity and as such the quality and characteristics of SILs, more than other land use designations, needs to be understood for purposes of safeguarding strategic industrial land. The 2010 study recorded approximately 4,175ha or 56% of the total industrial land stock was in SILs and a contraction of 348ha between 2006 and 2010. Loss is anticipated to be part of a co-ordinated process of consolidation and is expected to have occurred on sites less fit for SIL designation.

The focus of this task will be to update the 2010 study's assessment of the quality and characteristics of land, premises and infrastructure on SILs at a sub-cluster level. SILs are typically large in size and, due to factors such as geography, business activity and infrastructure may be better understood and assessed at a sub-cluster level. The quality assessment will inform an understanding of areas which could require investment and improvement or, where appropriate, have their designated status reconsidered.

AECOM will revisit their approach in the DTZ and URS study in 2010 to defining sub-clusters and collecting information on cluster quality. Should there be a number of LSIS with potential for re- designation as SILs AECOM could assess the quality and characteristics of a further ten LSIS sub- clusters. AECOM note that the brief suggests a list of characteristics to assess, many of which were picked up in the 2010 study. AECOM will revisit this list with the GLA to confirm characteristics to be collected.

Through their extensive ELR work for London boroughs¹⁵ AECOM have recently visited a number of SILs across London, and have an up-to-date understanding of their characteristics. For these SILs AECOM are able to update the characteristics observed in 2010 as a desk-based exercise. Similarly, where ELRs have been completed in recent years (e.g. within the last two years) it is likely that these studies contain information on the characteristics of the locations sufficient to allow desk-based updates of their characteristics to be made. Where recent information is not available a review of recent aerial and street level photography will inform an update of the characteristics. In addition, for SIL areas which fall within boroughs where field surveys are identified as being required within the scope of Task A1, field surveys will collect the characteristics to ensure a comprehensive update is made. Finally, if appropriate, AECOM will visit relevant SILs and update and check their analysis.

By undertaking these tasks AECOM will ensure that a thorough and robust update of the characteristics of sites within SIL areas is executed.

¹⁴ AECOM are though anticipating that there will be VOA data on land values. AECOM understand that the VOA's land price estimates (which used to be in the Property Market Report but were discontinued in 2010) are anticipated to be revived as from January 2015.

Task B3: Estimate the Number of Jobs in each Industrial Sub-Cluster

The 2010 report provided an estimate of the number of jobs and densities of employees per hectare at the borough level. This update requires a reprise of the 2010 approach at a lower geographical level. This task will establish the number of jobs (full-time equivalent (FTE) at the sub-cluster level (taken to be SILs) and, separately, jobs by business activity via SIC codes which will be reported at a borough level.

The challenge for this task is the level at which job numbers need to be reported. The lower the geographical or SIC level the higher the disaggregation of data, which consequently will mean a higher likelihood of data suppression/gaps in reporting.

In establishing a method for reporting AECOM have considered how to draw on the best available information and ensure consistency in reporting across London. AECOM are familiar with employment dataset such as IDBR and BRES, and their limitations¹⁶. A key issue is that both datasets record VAT-registered businesses only. A second issue is that though IDBR and BRES data information is collected or estimated at an individual business unit level and aggregated geographically, the smallest geography unit of reporting is lower super output area (LSOA). Output areas may not always map suitably well to sub-clusters and so LSOAs (or MSOAs) will on occasions misrepresent employment within sub-clusters. At lower counts, BRES data is statistically unreliable or protected and is typically suppressed.

To estimate employment by sub-cluster AECOM propose to:

- Superimpose LSOAs with (SIL) sub-clusters to assess which sub-clusters map reasonably well with LSOAs
- Collect employment data for sub-clusters that map reasonably well on to LSOAs from IDBR and BRES where possible
- For other sub-clusters estimate employment using estimates of building footprints, stories and employment densities. (This will be compared to the relevant LSOA IDBR/BRES figures to check their estimates are within relevant parameters).
- AECOM will supplement the above steps with estimates of employment in non-VAT registered businesses in each sub-cluster drawing on macro-level research¹⁷.
- Finally, AECOM will check the figures against any other relevant studies on SILs that contain employment figures¹⁸,

¹⁵ AECOM's employment land reviews include inner and outer London boroughs in all regions of London, such as LB Camden, Southwark, Brent, Havering, Hounslow, Hillingdon and Bromley.

¹⁶ For instance, their work includes mapping and estimating employment of creative and cultural Industries – a difficult sector to define and record given the cross-over of business activities between service and manufacturing, and that many businesses operate below the VAT-registered level.

The number of jobs by sector, using SIC codes, will be reported at a borough level. Their mapping will not identify business activities (as these often cannot be understood properly through field work or photography) so AECOM will use IDBR and/or BRES datasets. AECOM will discuss with the GLA what SIC breakdown would be most suitable. AECOM have worked with five digit SIC coding and aligned these to industrial uses, which could be appropriate for a pan-London study, but expect that two-digit SIC code would suffice for a borough level analysis. At this level AECOM anticipate limited number of suppressions.

In addition to employment count by industrial SICs by borough based on publicly available datasets AECOM will provide an estimate of non-VAT registered employment by borough. This will require liaison with ONS and relevant stakeholders such as the Federation of Small Businesses.

Task B4: Estimate the Number of Enterprises in Each Industrial Sub-Cluster

The count of businesses by employment size band requires use of IDBR data. This dataset holds the most complete up-to-date records of business activity within a specified geography. AECOM will identify LSOA/MSOAs which map most accurately to sub-clusters and working with ONS run queries on IDBR dataset to extract local unit counts by employment size band. As indicated above, AECOM anticipate limitations using IDBR (or any other ONS dataset) due to statistical confidence or data protection, and VAT-registration thresholds. AECOM have a good working relationship with ONS team which runs ad hoc queries and will discuss with them how best to approach and resolve issues. AECOM anticipate supplementing these counts with any recent detailed surveys and suitable proxies to address any gaps in reporting.

If on running queries, suppressions are more extensive than anticipated, AECOM suggest reviewing with the GLA possible purchase of data via Experian – a data provider who AECOM have worked with frequently – which will hold data on active businesses by size band.

Task B5: Average Size of Premises and Vacancy Levels

As part of Task B3 AECOM will apply an OS building footprint layer over their use class mapping. Building footprints will be coded and calculated, from which an estimate of floor space can be generated. Premises which include multiple units within one building will also be estimated through their review of ELRs, supporting information and professional knowledge. Assumptions on storey height by sub-cluster will be reviewed and agreed during Task B3.

Using GIS AECOM will generate floor space for industrial units and produce analysis on averages including mean, median and range for units by each sub-cluster.

For each use classes AECOM will work with DTZ and investigate using desk-based research the likely range of unit sizes by business stage, for instance for B2 use classes size bands could be: under

1,000sqft for start-up/concept stage and micro businesses; 1,000sqft+ to 2,500sqft for small businesses; 2500sqft+ to 5,000sqft for grow on space; etc.¹⁹ The choice of size bands, which may be use class specific, will be agreed with the GLA.

In preceding tasks AECOM collect information on vacant land and premises. AECOM will separate out derelict land, vacant floor space which is unfit for purpose and vacant but marketable. Using GIS AECOM will cross-tabulate premises by size-

band and vacancy to illustrate vacancy rates across sub-clusters. This will point to issues regarding the health and functioning of the sub-cluster and any supply implications for different sized industrial premises. Further analysis will be undertaken by use-class too.

This information will be checked and benchmarked against market analysis undertaken by DTZ on vacancy rates by borough and sub-borough level. This will highlight any locations and sub-clusters where AECOM will need to investigate vacancy issues further to revise estimates.

Task B6: Number and Average Size of Freehold Ownerships

AECOM understand that the GLA Intelligence Team has a GIS map and database of freehold boundaries. This layer and information linked to this will be applied to their GIS dataset to allow queries to be generated to analyse the count and/or ratio of freehold by sub-cluster. (Generally it is AECOM's experience that the higher the proportion of freeholds the more stable a location is). This data will be cross-referenced against count and size of premises, which will inform the character of a sub-cluster.

Task B7: Incorporate Findings in GIS Map/Database

AECOM's GIS database of use classes developed during Tasks A will have been supplemented by Tasks B, and linked to each sub-cluster the supporting metrics and information generated from Tasks B1 to B6 (on employment, count of businesses, premises by size band, vacancy and freehold ownerships). Where possible the database will link specific information to sites (sub-cluster level).

The GIS dataset will allow us to generate a number of different maps for each sub-cluster. Given the mix of metrics and relevant geography (site level, sub-cluster level, etc.) it is not feasible to portray them on a single map. AECOM propose creating a series of maps that portray the spatial dynamic of different metrics on their own or in relation to each other. For example the relationship between rents and sub-cluster quality will reveal whether rental level is related to its proximity to central London or for example, a key road.

The GIS database will developed such that other key information could be added in time, such as connectivity (isochrones) or land values from which further queries could be generated and used to inform decision making.

¹⁷ The proportion of businesses operating under the VAT threshold is estimated to be around 50% (Due to disclosure issues, HM Revenue and Customs do not publish data on non-VAT enterprises/organisations). The Small Business Service estimates there are approximately 2.2 million non-VAT enterprises in the UK economy representing, by number, 51% of all businesses. Consequently these datasets can produce significant underestimates of employment.

¹⁸ For example, the work on the London Legacy Development Corp Employment Land

Review

¹⁹ AECOM have explored workplace typologies and how size-bands features in the use and marketing of premises through our Tech City; City Fringe OAPF evidence base for the GLA, recently completed.

Part C: Impacts of Reduced Supply of Industrial Land

The key purpose of Part C is to research and assess the economic impacts of alternative approaches to the release of industrial and associated land in London. This will help the GLA formulate appropriate future policies on the protection of industrial land. AECOM suggest approaching this exercise by defining and analysing three key variables:

- Supply scenarios
- Demand scenarios
- Market mechanism scenarios.

The supply scenarios will be drawn up and agreed with the GLA. Work on demand forecasting is not complete at this stage but AECOM suggest for the purpose of this study some agreed high and low growth scenarios are agreed. By 'market mechanisms' AECOM mean how well and appropriately are the markets working for industrial land, industrial activities, property and the London economy more widely.

Task C1 is the first task under Part C AECOM understand it as being divided in to the following elements: i) analysis of trends in uses, rents and land values; ii) case studies on the impact of incremental release; iii) assessing different supply and demand scenarios; iv) set out implications for policy. AECOM suggest that the third and fourth elements are informed by the remaining tasks under Part C as their understanding is these predominately relate to research in to the question of how efficiently and appropriately market mechanisms work. AECOM keep to the brief's structure in outlining their approach to the tasks and the programme (Section xx) shows how the tasks are inputs to the tasks C1iii) and C1iv) scenarios and outputs.

Task C1: Impacts on London's Economic Function

i. Analysis of Data on Land Use, Rents and Land Values

The data obtained from Task B1 will serve as the basis for an examination of property market dynamics both at the macro level and in particular geographies where there has been a discernable and incremental release of industrial land for alternative uses. Understanding not only the areas' current rents and values but their performance over time, as well as the degree to which change in use classes have occurred, will provide insight into the process and impacts of areas which undergo the release of land. While there are a wide range of factors which influence a market area's functioning and performance, an examination of the interaction between rents/values and the degree of change in uses will provide both a dataset and qualitative understanding of areas from which AECOM will draw evidence-based conclusions.

The set of market areas suggested by the team will be agreed with the GLA. It will be essential that the analysis captures a cross-section of market typologies (inner, outer, east, west, etc.) across London so as to ensure it is representative. These typologies will be important for modelling the scenarios in the following step (iii).

ii. Incremental Release Case Studies

AECOM are aware from their involvement in London's industrial areas of examples of locations that have incrementally changed as a result of development pressures, and policy has continuously failed to protect these areas and has then been re-calibrated,

to again face the risk of failure/being superseded²⁰. AECOM will draw upon their knowledge of London and the wide range of relevant projects AECOM have worked on²¹, together with views from the GLA and DTZ, to draw up and agree a number of incremental release case studies.

AECOM will draw upon existing research, property market and land use time series data, and discussions with relevant agents and actors operating in the areas to analyse and draw conclusions on the processes and issues associated with these areas. As part of the case studies, specific consideration will be given to the impact that the release of industrial land has on the ability of ongoing industrial businesses to operate.

iii. Draw Up Scenarios

As outlined above AECOM suggest drawing up scenarios based on different assumptions about: scale of supply (i.e. associated with different levels of policy protection); levels of demand; and operation of market mechanisms. Their suggested approach to each element is:

- *Supply scenarios* will be agreed with the GLA based on variations in the historic rates of industrial land release. This will factor in both potential supply in Greater London and in relevant areas of the wider South East.
- *Demand scenarios* will be drawn up based upon information sources including: projections of historic trends; latest GLA Economics, Volterra etc forecast, modelling and research documents; academic literature; and work on implications of potential London infrastructure projects such as Crossrail 2.
- *Market mechanisms scenarios* will be drawn up in the light of all the Part C tasks. This will seek to assess for example the degree to which companies can relocate outside London to the wider South East and still operate efficiently.

AECOM's initial thinking on how these scenarios could inter-relate is shown in **Figure 3.1** below. This shows how different combinations of demand and supply could inter-relate with operation of the market. Red boxes shown where there could be too little industrial land; blue boxes show where there could be too much industrial land; and green boxes show where there could be an appropriate balance. Specifics will depend on the details of agreed options and the results of their analysis.

²⁰ A good example of this is the Fish Island area of the Lower Lea. Their recent work for LLDC found that despite policies seeking to prevent the net loss of industrial land, it continued to be released for alternative use.

²¹ Relevant AECOM/URS projects include: LLDC ELR and business survey study 2014; previous workplace studies in the Lower Lea Valley and London Riverside; analysis of the emergence of SMEs associated with incubators, accelerators and co-working space; City Fringe property market study; and work on the Blackhorse Lane SIL. These studies are particularly instructive in understanding the dynamics of areas in transition, what this augurs for London's economic functioning, and how competing demands are being mediated on the local level.

Figure 3.1 Possible Demand, Supply and Market Mechanisms Scenarios

<i>Demand and supply scenario</i>	<i>Inefficient market mechanisms</i>	<i>Efficient market mechanisms</i>
High demand, reduced supply	Too little?	In balance?
Low demand, reduced supply	Too little?	In balance?
High demand, protected supply	In balance?	Too much?
Low demand, protected supply	Too much?	Too much?

AECOM's work will also consider the geographic implications of different scenarios and development assumptions (e.g. whether Crossrail 2 happens).

Information on the stock of industrial land and the economic base (enterprises and labour) gathered in Parts A and B of the study will be critical for considering the impacts of land release on both the traditional industrial enterprises as well as the activity associated with smaller enterprises operating in less traditional sectors of the economy.

The scenarios will consider the trajectory of demand for industrial land and floor space by firms who traditionally locate in industrial parks as well as that from newly emergent sectors. AECOM will consider the capacity for continued growth and demand for floor space among SMEs and other emergent enterprises.

Work will draw upon a range of agreed data sources and research, for example including the London Business Survey mentioned in the brief.

iv. Implications for Industrial Land Policy

AECOM will draw conclusions on the implications and outcomes of industrial land release based on the set of scenarios. The scenarios and forecasted impacts will be provided in a tabular or graphical framework so that the GLA can consider the various trade-offs associated with different approaches to land release side by side. This will cover analysis by central, inner and outer London, and across different sub-regions and the wider city-region.

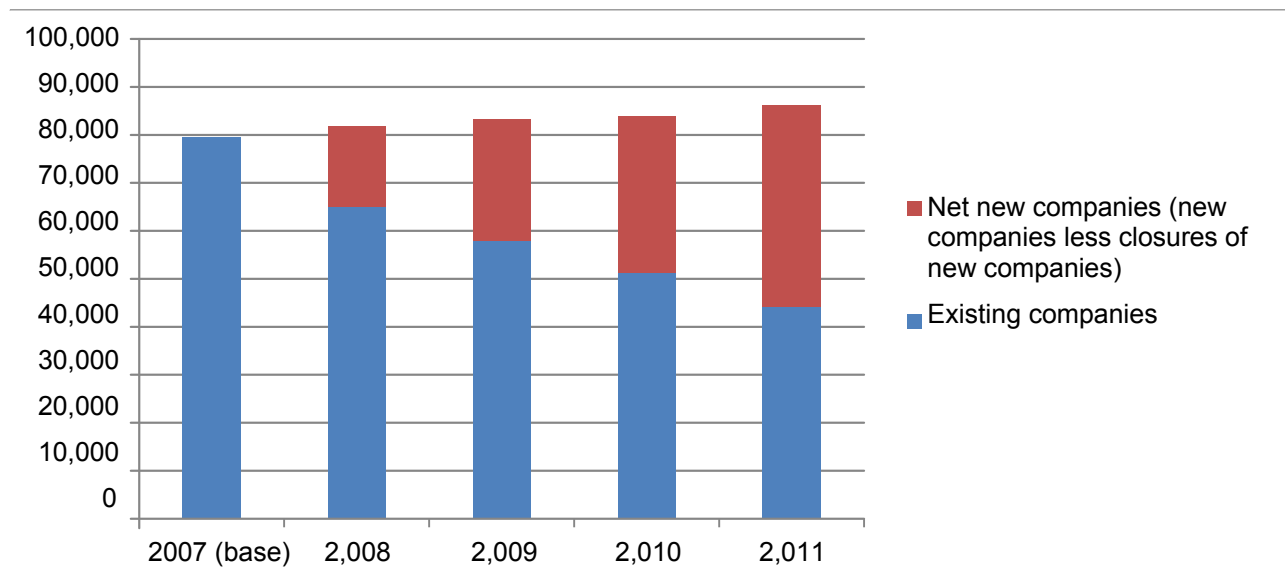
AECOM anticipate that some aspects of the analysis will to a degree remain open to interpretation. For example the degree to which market mechanisms, and policies such as permitted development rights on conversion of office (and maybe industrial) buildings, work appropriately could be interpreted in different ways. The thinking on this approach is that AECOM's framework allows a more explicit and acknowledge decision to be made on which view the GLA wishes to take.

v. Analysis of Churn in Company Formation and Closures by Area

This task looks at how churn in company formations and closures varies by geographic area. This would use ONS Business Demography data. AECOM carried out a similar exercise looking at businesses around Heathrow over a five year time frame and this was

particularly illuminating at illustrating the rate of change and flexibility of the local economy. The results are illustrated in **Figure 3.2** below²².

Figure 3.2 Churn in Company Formation and Closure in Heathrow Area²³



Source: AECOM Analysis of ONS Business Demography

AECOM will carry out a similar exercise looking at agreed geographies and sectors in London. This is likely to only be possible at a local authority level but with disaggregation by relevant SIC codes. This would illustrate the areas most subject to change and the areas of relative stability. This could be compared with changes in land use, rents, values and vacancy rates to provide a valuable extra dimension to the analysis.

Task C2: Impacts on Reduced Supply of Rents and Land/Property Values

This task will explore the degree to which changes in rents and values correlate with the scale of industrial land change. For example a relevant question is whether rents and values in East London (with significant industrial land release) have increased at a greater rate than rents and values in West London (where there has been less release of industrial land).

i. Define Property Market Areas

The GLA has provided a list of the key property market areas contained within the study brief (footnote 13). AECOM will focus on these areas but it may also be the case that through their research there are other areas which AECOM suggest are reviewed or that in some instances it will be useful to also investigate the dynamics on the sub-market level.

ii. Analysis of Changes in Stock, Rents, Values and Vacancy Levels

Data already collected as part of Parts A and B will be broken down in to the agreed market areas and analysed. Where possible this will cover time series analysis covering 2001, 2006, 2010 and 2014. AECOM will conduct a cross-sectional statistical analysis to evaluate the causal relationship between the release of industrial land and the change in rental levels over different time frames. This will be supplemented by their market knowledge, discussions with relevant stakeholders and qualitative interpretation of the property market dynamics.

iii. Conclusions

AECOM will draw conclusions from their analysis on the dynamics of the impact of the release of industrial land on values and rentals.

Task C3: Impact of Vacancy Rates at or below Frictional Levels

i. Data Analysis

Drawing upon data collected in Parts A and B AECOM will look at the relationship between changing vacancy levels on the borough and property market areas and consider their relationship to changing rents and values. AECOM will highlight areas with particularly low vacancy levels.

ii. Consultations and Qualitative Analysis

AECOM will consult with DTZ's Industrial and Logistics team and industrial development industry contacts to seek market feedback as to whether low and high industrial land availability is resulting in high or low rental levels relative to surrounding industrial sub markets, but more anecdotally in other areas. DTZ has a network of industrial developer, investor and occupier clients who AECOM can call on to provide a market facing view.

iii. Conclusions

AECOM will compare the findings of this research with currently used equilibrium churn rates for land and floor space (defined by the Land for Industry and Transport SPG as being circa 5% of industrial land stock and 8% of floor space). AECOM will draw conclusions on whether these remain appropriate benchmarks and what the implications are if vacancy rates fall below these levels.

Task C4: Impacts on the Locational Choice of Businesses and Congestion

AECOM's understanding is that this task consists of two main elements:

- Impacts of rents and values on locational choices
- Estimation of negative externalities and environmental impacts associated with increased congestion.

AECOM's approach to these is described below.

²² It found that over a five year period the original companies as a proportion of all companies had reduced to 51% of the total. In addition there will be a turnover in the workforce at these companies that together suggest considerable change and flexibility in the local economy.

²³ Covering the authorities of: Hillingdon; Hounslow; Ealing; Slough; Windsor & Maidenhead; South Buckinghamshire; Spelthorne; Bracknell Forest; Wokingham; Reading; and West Berkshire

i. Analysis of Rents, Values and Locations

AECOM will develop a set of borough and property market areas where the evidence indicates that the release of industrial space has coincided with a significant rental rise.

AECOM will draw upon IDBR data for the change in the number and size of enterprises and total employment associated with industrial economy in these borough and property market areas. AECOM will ascertain which industrial sectors have declined in these areas. AECOM will consider the sensitivity of those sectors to changes in rental levels. For activities which are considered to be in low-margin industrial sectors AECOM would expect that they are more inclined to migrate to areas where operational costs are lower. For higher margin activities the imperative to find cost-effective premises will be lower.

Based on the analysis of the wider South East that is part of Task A4 AECOM will agree a list of market areas outside of London's borders which have experienced significant increases in employment levels and enterprise establishment/presence since 2010. AECOM will also obtain rental levels in these areas and take note of the differential to London locations.

AECOM will also consult with DTZ's Industrial and Logistics team and industrial development industry contacts (developers and investors) to obtain market feedback as to whether there is a clear trend for occupiers locating to outer London and whether this is down to just rental levels and affordability or also other factors such as staff resourcing, spatial requirements, access or other market trends.

Using the quantitative and qualitative data collated AECOM will summarise their findings estimate if there are any correlations in trends between the industrial rental levels, floor space availability. The analysis will draw conclusions on patterns and relationships to explore whether there are indications that relevant industrial sectors have been shifting out of London/away from high value areas.

ii. Estimate Negative Externalities and Environmental Impacts of Increased Congestion

AECOM will carry out a broad-brush exercise to illustrate what the impact of relocations outside London could have on total miles of lorry movements and associated carbon emissions and air quality measures. This will draw upon industry data for relevant sectors, such as construction, aggregates and food. AECOM have carried out a number of studies in these sectors and have access to relevant analysis which can be applied to this study²⁴.

iii. Company Churn Analysis

AECOM will compare rates of company churn with areas of greatest increases in rents and values. This could illustrate some interesting and useful patterns within Greater London and the wider South East.

Task C5: Impacts on Employment and Skills

i. Quantify the Change in Employment Levels in Industrial Areas

Based on the employment data from Task B3 AECOM will produce an aggregate figure for the total change in the number of jobs in industrial areas between 2010 and 2015. AECOM will also look at the change in the hectares of industrial land since 2010 and consider how the overall density of employment on industrial land has changed.

ii. Consideration of the Impact of Release of Industrial Land on Employment

AECOM will agree a list of areas with the GLA where there has been what should be considered a significant loss of industrial land and which warrant closer examination. AECOM will use IDBR data to look at changes to employment and enterprise quanta and composition since 2010. The data will illustrate how the mix and intensity of industrial land has changed through the process of land release.

AECOM will also use IDBR data to explore whether there has been new employment generated in the areas released for mixed-use development to determine the extent to which there has been compensatory employment growth.).

iii. Consider the Impact of Relocation of Industry on Workers with Industrial Skills

This is a difficult task to carry out as AECOM are not aware of any readily available data sources on movements and changes of jobs of industrial workers. AECOM suggest this task is covered by:

- Carrying out a literature review, including academic and research sources, to see if there are specific studies that could illustrate wider consequences of change.
- Analysing relevant employment data by industrial sectors in London and South East and compare this with changes in industrial activity to see what broad conclusions can be drawn.

Task C6: Positive and Negative Externalities

i. Assessment of Relationships between Location and Cost by Sector

Firms face a range of considerations when making their location decisions. One key decision is whether it is worth paying higher costs for closer proximity to London.

AECOM will explore this issue by reviewing changes to the IDBR business and employment data by SIC at agreed geographic levels (overall, by borough) and location (by market area). AECOM will compare this with changes in rents and values. AECOM will explore correlations and consider whether this could support conclusions on which industry sectors value central London/high value areas the most and are willing and able to pay higher prices.

AECOM will corroborate their analysis with discussions with agents and at a workshop to explore the decision matrix that firms in different parts of the industrial sector face and whether and how they are responding.

²⁴ For example their work on the Orchard Wharf aggregates planning appeal included analysis of lorry movements and carbon emissions.

While the relationship between rental levels and firm location decisions is mediated by a range of considerations, an analysis of rents and firm migration patterns, corroborated by a qualitative appreciation of market activity, will allow us to draw conclusions about how differential rental levels could influence firms' location decisions.

ii. Assessment of Agglomeration Benefits by Industrial Sector

AECOM have carried out work previously, both as part of GLA industrial land commissions, and in relation to other studies²⁵, exploring agglomeration benefits and behaviours by industrial sector. (This work for example informed AECOM's original analysis for the GLA London industrial land benchmarking apportionment of demand and supply by market areas). AECOM will review and update this analysis to the current context²⁶. AECOM will draw conclusions on implications for the distribution of demand across markets and sub-regions.

Task C7: Possibility of Market Failure

i. Defining Market Failures

There are a number of components to market failure. Market failure is broadly defined as an imperfection in the market mechanism, which means that the market is not delivering an efficient allocation of resources. Public sector interventions (which could under appropriate circumstances be taken to include planning policy) should be justified in relation to addressing market failures, i.e. tackling economic inefficiency. These can be classified in to four categories:

- *Externalities* (e.g. carbon emissions, R&D)
- *Market power* (e.g. say a limited number of monopolistic players in certain sectors)
- *Imperfect information* (e.g. this could apply to knowledge of costs of relocations, or of the specific demand and benefits of higher density industrial development. It could also apply where industrial land owners believe protective policy will not hold and shorten leases and reduce investment in expectation of being able to change to higher value residential uses), and
- *Public goods*, i.e. provision of economic goods with common wider benefits (e.g. trunk roads)²⁷

²⁵ For example the City Fringe property market study 2014, and the Incubators, Accelerators and co-Working Spaces study 2014.

²⁶ AECOM's work in emergent locations within designated industrial areas (discussed earlier and details provided in the Experience section of this submission) provides a platform for establishing the extent to which certain sectors of the industrial economy benefit from agglomeration. Several of their studies analysed the composition of firms and economic activity in different areas so as to ascertain the extent to which firms are benefitting from agglomeration. In some instances it is useful to look at concentrations of firms within industrial sub-sectors to detect whether agglomeration is occurring. However in some sectors of the economy the differentiation between strictly industrial activities and non-industrial activities is blurred. For example, the difference between a creative industrial firm and another creative business involved in graphical design may not be meaningful. Their experience will guide us in their thinking about how AECOM measure agglomeration. However, their work clearly shows that there are a range of benefits for SMEs and emergent firms who co-locate. It may also be beneficial to consider the agglomeration not only of SMEs and emergent enterprises who have a preference for inner London locations but also agglomeration that may be taking place in more peripheral market areas in more traditional industrial sub-sectors.

²⁷ For more information see The Green Book, HM Treasury, Annex 1

The main type of market failure likely to be relevant to this analysis is imperfect information. AECOM propose to explore and set out market failures that could apply to industrial activities. This list will be discussed and agreed with the GLA and will form the basis for AECOM's analysis of its extent and implications.

ii. Review of Information on and Evidence of Market Failures

AECOM will review evidence of market failure in the context of industrial activities in and around London thorough:

- A focused literature review
- Review of AECOM's past research and studies²⁸
- Discussions with a panel of experts and key relevant players, including relevant GLA officers at a workshop.

AECOM will consider the nature and scale of each type of market failure and its potential applicability to industry, associated uses, and the industrial land market. (This analysis will inform their development of market mechanism scenarios under Task C1). Through their work on ELRs and work space analyses AECOM will use case studies to illustrate the different ways in which the public sector has intervened in order to ensure the availability of affordable space for SMEs and emergent firms.

iii. Set out the Case for Public Sector Interventions

AECOM will investigate and draw up suggestions on types of public sector interventions to address market failure. This will include consideration of investment in the refurbishment and redevelopment of schemes for smaller units/follow-on spaces, as well as different types of planning policies²⁹.

AECOM will also consider some of the barriers to a robust supply response generated by the analysis in Task C7 (ii). Given that the anticipated amount of industrial floor space is lower than the target in the SPG, there are ways to ensure that the planning system more robustly ensures an adequate amount of industrial provision in areas where it is most needed. This could include the imposition of more robust targets for the retention of industrial land and ensuring that more affordable industrial floor space is a greater priority among the considerations used to determine planning applications.

Task C8: Other Impacts

AECOM will review and assess other impacts/unintended consequences arising from a reduced supply of industrial land. Possible issues include:

- Inter-action with policies promoting high density development around transport nodes
- Implications of major infrastructure projects such as HS2 and Crossrail 2
- Implications for housing targets and population growth

This work will include a review of The London Business Survey and what it reveals as issues for London's economic functioning³⁰.

Meetings, Workshops and Reporting

AECOM suggest the following :

- A regular series of meetings with the GLA client group throughout the course of the study (AECOM propose four such meetings)
- weekly update calls and emails between AECOM's project manager and the GLA project manager
- A workshop at an appropriate agreed point in the programme (maybe once the interim or draft reports and findings are ready) which will involve discussions with an expert panel, to be agreed with the GLA, on key findings from Part A, B and C .
- Preparation of an interim report
- Preparation of a draft final report
- Preparation of a final report.

²⁸ For example AECOM explored evidence of market failure in relation to incubators, accelerators and co-working spaces as part of their 2014 study. AECOM also reviewed evidence of market failures in relation to employment vs, housing development as part of the City Fringe Property Market Study.

²⁹ Existing industrial land policy is a type of market failure tool as it ensures lower value uses are protected that if left to the unconstrained market would be lost. It imposes a (justified) distortion in market prices of land.

³⁰ From an initial review the concerns expressed which were most relevant to this work is the need for further

infrastructure investment and the availability of affordable premises.

Figure 3.3: Expected method of update, for designated industrial land and other smaller industrial sites/clusters greater than 1 hectare

Borough	Approach to Updating 2010 Baseline Land Use (Task A1) ¹	Approach to Updating SIL Characteristics (Task B2) ²
Inner London		
Camden	ELR (2014, URS)	N/A
City of London	No designated employment land	N/A
Greenwich	ELR (2012, URS)	ELR (2012, URS)
Hackney	Consultation with council / LLDC ELR 2013 (URS)	LLDC ELR (2013, URS)
Hammersmith and Fulham	Consultation with council	Consultation with council
Islington	'Employment Clusters In Islington' 2012 (In-house)	N/A
Kensington and Chelsea	Consultation with council	N/A
Lambeth	ELR (2013, Atkins)	N/A
Lewisham	ELR Update (2014, In-house)	ELR Update (2014, In-house)
Southwark	ELR (2014, GVA)	ELR (2014, GVA)
Tower Hamlets	Consultation with council / LLDC ELR (2013, URS)	Consultation with council / LLDC ELR (2013, URS)
Wandsworth	Consultation with council	Consultation with council
Westminster	No designated employment land	N/A
Outer London		
Barking and Dagenham	Consultation with council	Consultation with council
Barnet	Consultation with council	N/A
Bexley	Consultation with council	Consultation with council
Brent	ELR (2013, URS)	ELR (2013, URS)
Bromley	Consult with council	Consult with council
Croydon	ELR (2013, URS)	ELR (2013, URS)
Ealing	Consultation with council	Consultation with council
Enfield	ELR (2012, PBA)	ELR (2012, PBA)
Haringey	ELS (2012, Atkins)	ELS (2012, Atkins)
Harrow	Consultation with council	Consultation with council
Havering	ELR (2015, URS)	ELR (2015, URS)
Hillingdon	ELR (2014, URS)	ELR (2014, URS)
Hounslow	ELR (2012, URS)	ELR (2012, URS)
Kingston upon Thames	ELR (2014, NLP)	ELR (2014, NLP)
Merton	Consultation with council	Consultation with council
Newham	ELR (2011, URS/GVA) / LLDC ELR (2013, URS)	ELR (2011, URS/GVA) / LLDC ELR (2013, URS)
Redbridge	Consultation with council	Consultation with council
Richmond upon Thames	No designated employment land	N/A
Sutton	ELR (2013, NLP)	ELR (2013, NLP)
Waltham Forest	ELR (2015, TBC) / LLDC ELR (2013, URS)	ELR (2015, TBC) / LLDC ELR (2013, URS)

¹ For boroughs with no designated employment land, desk-based update of other smaller industrial sites will be undertaken

² 'N/A' denotes borough has no land designated as SIL

TEAM

4. TEAM

Introduction and Structure

For the London Industrial Land Baseline and Economy study DTZ will provide input in the following areas:

- Desk top research of industrial land and floor space markets.
- Expertise in industrial market development, transactions, and leasing and letting.
- Analysis of the London industrial land market and trends resulting from variations in supply.

AECOM

Rory Brooke, Project Director

Rory is an accredited town planner and economist with wide-ranging experience of policy and economic research, policy formulation and development of investment and regeneration programmes. He heads up the AECOM Economics and Development team and has directed and led on relevant projects in London for the GLA, boroughs, development agencies, developers and other organisations. He has particular expertise in developing research approaches to complex policy issues and combining his economics and analytic skills with the planning policy context. His work has directly fed in to a number of GLA London Plan and SPG policies and frameworks as well as many London borough local plans.

Rory directed the preparation the 2010 London Industrial Land Baseline for the GLA, utilising both his technical excellence and knowledge of issues relating to employment land and the industrial and logistics sectors in the context of London and the south east. Rory has also directed a wide range of evidence base projects in London including a large number of employment land reviews, and a range of town centre, social infrastructure and wider infrastructure studies for the boroughs, the GLA and development agencies. This includes expert witness roles relating to employment land and infrastructure planning. Other recent relevant experience includes the Property Market Study for Tech City and Affordable Workspace commissions both undertaken for the GLA. His array of experience makes him ideally placed to direct this commission.

Greg Openshaw, Project Manager

Gregory is a principal consultant at AECOM and a certified project manager. His background is in local and regional economic development, regeneration and development planning. He is highly experienced in economic evidence based research to support plan-making and the development of planning policy.

Gregory has a strong track record in undertaking employment land reviews (ELRs). He has managed ELRs for local authorities in London and the South East including LB Havering, Camden, Croydon, Sevenoaks and Elmbridge and led on supply side assessments and demand forecasting for LB Southwark, Bromley, RB Greenwich and for district councils the Vale of White Horse and Cherwell. He is highly familiar with the ODPM 2004 guidance and GLA guidance on ELRs, such as the GLA's Land for

Industry and Transport SPG. These projects involved a robust approach to assessing employment land and their demand conditions and recommendations to guide councils on their long term strategic planning.

Gregory has led on site-specific reviews providing expert advice on the protection or de-designation of strategic sites for local authorities and private developers. For Sevenoaks District Council Gregory evaluated the potential for retention/release of the Glaxo Smithkline site at Powder Mills. An approach was developed to help the Council judge whether other strategic land being challenged for other uses, should be retained or reallocated.

More broadly, Gregory has led on property market appraisals and economic development studies. Of interest and relevance to this study is the Lower Thames Crossing Regeneration Assessment for Kent CC, Essex CC and Thurrock council which assessed the potential for key development sites to accommodate growth generated by enhanced connectivity of a new road bridge. More recently he managed the GLA Tech City property market assessment, which formed the evidence base for the Mayor's OAPF City Fringe, and a London-wide assessment of SME incubator, accelerator and co-working space for the GLA. He has also led on regeneration and economic development strategies for Brighton and Hove City Council and LB Sutton.

Gregory has expertise in strategic infrastructure assessments. He has managed the Olympic Legacy SPG Infrastructure Study (GLA), LB Croydon Development Infrastructure Funding Strategy (DIFS), Camden DIFS, Southall OAPF Infrastructure Development Plan and Royal Borough of Windsor and Maidenhead IDP. These studies, which support Local Plan making, require a rigorous approach to assessing the existing baseline conditions of infrastructure supply/capacity and the modelling of demand arising from growth in housing and employment space.

[Tony Batten, Baseline Update Director](#)

Tony is a chartered planner and experienced project manager with thirteen years relevant experience in strategic and development planning; employment land analysis; economic development and masterplanning. Since joining he has provided expertise in development of plan making evidence base studies, feeding into and informing policies for more than twenty adopted DPDs including Waste Plans, Local Plans, Core Strategies, Site Specific Allocations Documents, Area Action Plans and Supplementary Planning Documents. Relevant studies undertaken have included development frameworks and site briefs; more than twenty industrial and employment land studies, waste studies, a number of infrastructure delivery plans and brownfield site assessments. Tony has represented public sector clients at EIPs and provided support through submission of representations. Tony project managed the 2010 GLA London Industrial Land Baseline Study and the 2006 GLA NE and SE London Industrial Land Study so has a strong familiarity with the various datasets, methodological processes and baseline information.

[Jonathan Howells, Part A Lead](#)

Jonathan is an experienced project and task manager, holding core skills in employment land use planning, surveying, spatial analysis, report writing and team co-ordination which he can demonstrate either through task management on large commissions or project management of bespoke studies. Prominent in his wide-ranging strategic planning experience, Jonathan co-ordinated the pan-London survey of 8,000 hectares of industrial land to inform the London Industrial Land Baseline

for the GLA in 2010. He has close familiarity with all aspects of work undertaken for that study, including the workings of the GIS dataset/database. He undertook the retrospective update of the 2001 and 2006 baseline positions for the study through a bespoke method he developed and agreed with the client steering group. This experience makes him uniquely suitable for the Part A lead role. He was also part of the team which has prepared ELRs for nine London Boroughs.

George Whalley, Part B Lead

George is an experienced planning and economic consultant. He has expertise in employment land reviews, strategic infrastructure assessments and community infrastructure levy (CIL), infrastructure funding, sustainability, economic impact assessments and site due diligence work. George contributed to key work streams required in the study 2010 London Industrial Land Baseline. He specifically undertook the field and desk survey of London's 9,000 hectares of industrial land, and; the retrospective assessment of the industrial land baseline positions for 2001 and 2006. The Industrial Land Baseline is a key evidence source for the development of the London Plan. He also project managed and was the main author of the London Safeguarded Wharves Study demand and capacity assessment. This project involved projecting demand for freight handling activities at London's wharves to 2031. It is a key policy document for the London Plan. The study also included an assessment of wharf capacity and constraints. Both these projects mean that George is ideally placed to lead Part B.

David Wasserberg, Part C Lead

David joined AECOM in 2014 as a Senior Property Specialist in the Economics and Development team. He has over 20 years of experience as an economist, property market analyst, planner, and development viability specialist.

Before joining AECOM, David spent 7 years working in planning policy and development management relating to development viability and property market analysis. As a Principal Planner at London Borough of Islington he led on s106 viability negotiations on major applications, site appraisals, and viability-related policy and delivery documents. At Plymouth City Council he led on S106 negotiations on all major applications, bringing forward a key regeneration schemes and strategic developments. Prior to his local authority experience, David spent 10 years working for major property investors based both in the US and UK. At Jones Lang LaSalle he analysed major industrial and office market opportunities in the US and UK, underwriting all relevant transactions for the fund management business. At Grosvenor his research and transactional inputs to support the fund management business was similar. He also coordinated the global property research platform. He has also worked for the Brooklyn Economic Development Corporation in New York City as Director of Economic Development/Real Estate Services and was a location strategist for US consultant Kelly, Olsen and Gerrard.

Simon Thurley, Senior Researcher

Simon joined the AECOM Economics and Development team in 2012 as a Development and Planning Consultant. Work undertaken as part of this team has included employment space analysis, stakeholder consultation, property market analysis, socio-economic impact assessment and funding research. Simon has recently completed the preparation of a study for the London Borough of Bromley looking at the future growth capacities of two major growth sites within the borough. The project has required a detailed understanding of the socio-economic context within

the study area as well as identifying enabling infrastructure requirements and highlighting investment opportunities where direct investment has the potential to maximise new development and drive employment growth.

Patrick Deshpande, Economic Modeller and Researcher

Patrick joined AECOM's Economics and Development team in October 2013 and specialises in creating models which incorporate an understanding of complex economic processes such as employment land demand and the economic benefits of public and private investment. Patrick is highly proficient in deploying data analysis techniques including cluster, correlation and regression analyses. He will make use of his abilities to analyse the complex datasets for property markets, enterprise and employment associated with analysing London's industrial base and property market. He holds both a BA in Economics from the University of Leicester, where he achieved first class honours, and an MSc in Economics from Trinity College Dublin.

Simon Baldwin, GIS and Technical Support

Simon has an MSc degree in GIS and Remote Sensing and over 3 years' commercial experience specialised in GIS. Simon has expertise in detailed spatial analysis, database creation and management, digitisation and data visualisation. At AECOM these skills have been utilised on a wide variety of projects including a number of industrial and employment land studies, digitisation and classification of land parcels for highways and environmental projects, mapping and analysis input in support of numerous environmental impact assessments. He was also the GIS lead for the Socio-Economic submissions on the High Speed 2 formal ES so has experience managing large datasets and producing and complying with data standards.

DTZ

Tim Johnson, Lead Director

Tim is a Senior Director at DTZ overseeing a significant body of work that focuses on advising local authorities on how they can plan for and deliver development and regeneration in employment areas and town centres. Tim's extensive experience includes providing employment land advice for the GLA, including as property lead for the 2010 London Industrial Land Baseline, and for the London Boroughs of Wandsworth, Lambeth, Hounslow, Merton, Bromley, which has encompassed expert witness. More broadly he has experience in providing town centre delivery and implementation advice in various circumstances, including; developer procurement, viability and delivery strategy advice for Hemel Hempstead; advice on delivery vehicle structures for LB Lambeth and Trafford MBC; advice on regeneration JV for Stevenage Borough Council and; advice to a range of parties town centre regeneration partnership structure, developer procurement, funding and implementation.

Richard Syddall Project manager and development consultancy expertise

Richard is a Senior Surveyor at DTZ and he specialises in advising clients on bringing forward complex urban development sites to deliver a range of uses including commercial, leisure and residential whilst realising value from land assets and public and private investment. He has extensive experience of all stages of the development process. Recent project experience in London includes: advice regarding the masterplan for land adjacent to Western International Market (WIM); planning viability assessments for Royal Borough of Kensington and Chelsea; partner procurement for Development sites in Dartford town centre; the Haringey Heartlands residential scheme; Silvertown Quays developer procurement for Silvertown Quays, Newham, for the London Development Agency/GLA and; advice relating to the Chequers Corner Premier Inn hotel development for LB Barking and Dagenham.

Richard Henderson, Industrial and logistics expertise

Richard is a surveyor within the London industrial team, dealing with the acquisition and disposal of industrial properties and land across London and the South East. Richard's experience involves assisting with agency and developments projects, particularly within London, and has a good contact base with the target developers. Recent clients include: National Savings and Investments, Northumbria NHS Trust, Sunderland City Council, Charter Hall REIT, F&C REIT, Church Commissioners for England and Mayfair Capital IM.

Jason Houslander, Graduate support and development consultancy expertise

Jason has recently joined DTZ from Carter Jonas where he gained experience undertaking option appraisals, feasibility studies and financial viability appraisals for private and public bodies considering development opportunities. He has recently given financial viability advice to both LBH&F and the City of Westminster in relation to large regeneration schemes. Jason undertakes development appraisals to assess the financial viability of development options for sites. As part of this, he has experience in creating bespoke Excel financial models, as well as using Argus Developer software. Jason has been involved in a variety of mixed use schemes, including for town centre regeneration and edge of town

sites and proposed sites for urban extensions. Recent project experience in London includes; St John's Wood Barracks (SJW) residential redevelopment financial appraisal; BBC Television Centre mixed use scheme for LB Hammersmith & Fulham; Crossrail II land assembly and CPO advice to private clients and TfL; Strategic development land advice for Tunbridge Wells Borough Council and; Peckham Rye Station redevelopment JV for Network Rail.

PROGRAMME

5. Programme

Tasks	09 March 2015	16 March 2015	23 March 2015	30 March 2015	06 April 2015	13 April 2015	20 April 2015	27 April 2015	04 May 2015	11 May 2015	18 May 2015	25 May 2015	01 June 2015	08 June 2015	15 June 2015	22 June 2015	29 June 2015	06 July 2015	13 July 2015	20 July 2015	27 July 2015	03 August 2015	10 August 2015	17 August 2015
Part A - Industrial land baseline update																								
A1 Update and extend 2010 baseline study																								
A1 i and ii: Set up base map; Update policy designations base map																								
A1 iii; iv; v: Define update methods; confirm land use definitions																								
A1 vi: Desk-based update																								
A1 vii: Borough liaison and validation (maps out on 17th April, back 27th April)																								
A1 viii: Field surveys																								
A1 ix: Data entry and GIS mapping layers																								
A1 x: Time comparison and release																								
A2 Identify Land and Floorspace Available on the Market																								
A3 Industrial Land in Planning Pipeline for Potential Release																								
A4 Identify Strategically Important Capacity in the Wider South East																								
Part B - Business and Employment Baseline on Industrial Land																								
B1 Estimate Rents and Land Value Over Time																								
B2 Update the Quality Assessment of Industrial Sub-Clusters																								
B3 Estimate the Number of Jobs in each Industrial Sub-Cluster																								
B4 Estimate the Number of Enterprises in each Industrial Sub-Cluster																								
B5 Average Size of Premises and Vacancy Levels																								
B6 Number and Average Size of Freehold Ownerships																								
B7 Incorporate Findings in GIS Map/Database																								
Part C - Economic Impacts of Reduced Supply of Industrial Land																								
C1 Impacts of London's Economic Function																								
C2 Impacts of Reduced Supply on Rents and Land/Property Values																								
C3 Impact of Vacancy Rates at or below Frictional Levels																								
C4 Impacts on the Locational Choice of Businesses and Congestion																								
C5 Impacts on Employment and Skills																								
C6 Positive and Negative Externalities																								
C7 Possibility of Market Failure																								
C8 Other Impacts																								
Meetings																								
Inception Meeting																								
Steering Group Meeting #1: Property market findings																								
Steering Group Meeting #2: Part A findings																								
Steering Group Meeting #3: Part B findings and C1 progress																								
Workshop: Discussion to focus mainly on Part C																								
Feedback on draft report																								
Reporting																								
Interim report submission																								
Draft final report submission																								
Review and amendments																								
Sign-off final report																								

BUDGET

6. BUDGET

Introduction

At the end of this section AECOM present a table containing a detailed budget by task, employee days, and day rates. The allocation of time for each task and the involvement of the different members of the Team are subject to change as a result of further discussions with the GLA.

Budget by Task

The budget per task is provided in the table below. AECOM expect Part A to be the most labour intensive element of the study with Part's B and C requiring similar levels of work. AECOM have allocated a considerable part of the budget to meetings and reporting.

Task	Cost
Inception Meeting	Redacted
Part A □ Industrial land baseline	
Part B □ Business and Employment Baseline on Industrial	
Part C □ Economic Impacts of Reduced	
Meetings and reporting	
Expenses	
Total Budget	£90,000

Budget by Team

The budget by the different partner entities of the Team are included in the table below. AECOM, as Team lead, will be committing the most resources to this study.

Team	Cost
AECOM	Redacted
DTZ	
Other costs	
Total Budget	£90,000

SCHEDULE 4 – CHARGES

PRICING SCHEDULE

Contract Reference Number:		GLA 80653	
Name of Contractor:		AECOM	
3a) Item Description / Deliverable	3b) Cost of that Item / Deliverable £	3c) Estimate of time taken to complete that Item / Deliverable	
	Inception Meeting	This Information is Redacted	
	Part A - Industrial land baseline update		
	Part B - Business and Employment Baseline on Industrial Land		
	Part C - Economic Impacts of Reduced Supply of Industrial Land		
	Meetings and reporting		
	Expenses		
	Total		£90,000

Breakdown of the total cost

Personnel		*Day Rate £	Estimated no. days	Total Cost £
	Rory Brooke, Project Director, AECOM	This Information is Redacted		
	Greg Openshaw, Project Manager, AECOM			
	Tony Batten, Baseline Update Director, AECOM			
	Jon Howells, Project Lead, AECOM			
	George Whalley, Project Lead, AECOM			

Personnel		*Day Rate £	Estimated no. days	Total Cost £
	David Wasserberg, Project Lead, AECOM	This Information is Redacted		
	Simon Thurley, Senior Researcher, AECOM			
	Patrick Despande, Economic Modelling and Research, AECOM			
	Simon Baldwin			
	Tim Johnson, Senior Director, DTZ			
	Richard Syddall, Senior Surveyor, DTZ			
	Richard Henderson, Senior Surveyor, DTZ			
	Jason Hauslander, Graduate Surveyor			
	Francesca Debney, Graduate Surveyor			
Non-labour				
	Expenses			
Total				£90,000

Payment will be made in three installments linked to specific milestones:

- | | |
|-------------------------------------------------------------------|----------|
| (1) Interim report submission (wb 25 th May 2015) | Redacted |
| (2) Draft final report submission (wb 13 th July 2015) | Redacted |
| (3) Sign-off final report (wb 17 th August 2015) | Redacted |

Total order value: Pounds:	£90,000.00
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SCHEDULE 5 - PROJECT PLAN

Key Project Milestones:

- (1) Interim report submission (wb 25th May 2015)
- (2) Draft final report submission (wb 13th July 2015)
- (3) Sign-off final report (wb 17th August 2015)

Programme (reproduced overleaf)

Part A - Industrial land baseline update															
Tasks															
Part A - Industrial land baseline update															
A1	Update and extend 2010 baseline study														
A1 i and ii	Set up base map; Update policy designations base map														
A1 iii: iv: v	Define update methods; confirm land use definitions														
A1 vi	Desk-based update														
A1 vii	Borough liaison and validation (maps out on 17th April, back 27th April)														
A1 viii	Field surveys														
A1 ix	Data entry and GIS mapping layers														
A1 x	Time comparison and release														
A2	Identify Land and Floorspace Available on the Market														
A3	Industrial land in Planning Pipeline for Potential Release														
A4	Identify Strategically Important Capacity in the Wider South East														
Part B - Business and Employment Baseline on Industrial Land															
B1	Estimate Rents and Land Value Over Time														
B2	Update the Quality Assessment of Industrial Sub-Clusters														
B3	Estimate the Number of Jobs in each Industrial Sub-Cluster														
B4	Estimate the Number of Enterprises in each Industrial Sub-Cluster														
B5	Average Size of Premises and Vacancy Levels														
B6	Number and Average Size of Freehold Ownerhips														
B7	Incorporate Findings in GIS Map/Database														
Part C - Economic Impacts of Reduced Supply of Industrial Land															
C1	Impacts of London's Economic Function														
C2	Impacts of Reduced Supply on Rents and Land/Property Values														
C3	Impact of Vacancy Rates at or below Frictional Levels														
C4	Impacts on the Locational Choice of Businesses and Congestion														
C5	Impacts on Employment and Skills														
C6	Positive and Negative Externalities														
C7	Possibility of Market Failure														
C8	Other Impacts														
Meetings															
Inception Meeting															
Steering Group Meeting #1: Property market findings															
Steering Group Meeting #2: Part A findings															
Steering Group Meeting #3: Part B findings and C1 progress															
Workshop: Discussion to focus mainly on Part C															
Feedback on draft report															
Reporting															
Interim report submission															
Draft final report submission															
Review and amendments															
Sign-off final report															

SCHEDULE 6 - FORM FOR VARIATION

Contract Parties: *[to be inserted]*

Contract Number: *[to be inserted]*

Variation Number: *[to be inserted]*

Authority Contact Telephone *[to be inserted]*

Fax *[to be inserted]*

Date: *[to be inserted]*

AUTHORITY FOR VARIATION TO CONTRACT (AVC)

Pursuant to Clause 31 of the Contract, authority is given for the variation to the Services and the Charges as detailed below. The duplicate copy of this form must be signed by or on behalf of the Service Provider and returned to the Procurement Manager as an acceptance by the Service Provider of the variation shown below.

• DETAILS OF VARIATION	• AMOUNT (£)
• •	•
• ALLOWANCE TO THE AUTHORITY	•
• EXTRA COST TO THE AUTHORITY	•
• TOTAL	•

.....
For the Authority (signed) (print name)

•	ACCEPTANCE BY THE SERVICE PROVIDER		•
	•		•
	•		•
	•		•
•	Date	•	Signed
			•

**SCHEDULE 7 - CONTRACT QUALITY, ENVIRONMENTAL & SAFETY
CONSIDERATIONS**

None

SCHEDULE 8 – RE-TENDER COOPERATION

[This Schedule should set out any specific requirements that will be required of the Service Provider to assist with the re-tendering of the Services, in particular setting out any information/documents/data, etc. likely to be required with (where possible) dates for meeting those requirements]