

DTZ report—provision of land consultancy services



Provision of Land Consultancy Services

Prepared on behalf of
Competition Commission



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1 Scope of the Instruction

- 1.1 The Competition Commission (The Commission) appointed DTZ in October 2012 to provide desktop opinions of land prices on approximately 115 hospital sites throughout the UK. The site locations included some in Central London, with the desktop opinions used to assist in The Commission's analysis of the Private Healthcare Market.
- 1.2 To assist in our appraisal of the hospital sites, The Commission provided the following information in relation to each of the hospital sites:
 - Address
 - Site size (acreage and sq m)
 - Building size (sq m)
 - Date of construction
- 1.3 We provide a summary of the methodology and approach to the desktop instruction, together with the individual site desktops with corresponding commentary within the subsequent sections of this report.

2 Methodology

- 2.1 As set out within our tender proposal, given the sites were situated throughout the UK, the instruction was managed by the Residential team in Manchester, with DTZ's national office network and agency and commercial valuation colleagues in the London, Birmingham, Nottingham, Bristol, Cardiff, Leeds, Newcastle, Edinburgh and Glasgow offices assisting in providing local knowledge on each of the hospital sites.
- 2.2 The scope of the instruction was to in part to consider the price achievable for the site which the existing hospital occupies, but also consider the achievable price alternative sites, which could accommodate the hospital and are situated in a similar location, could achieve.
- 2.3 This alternative site is likely to be of a similar size and within a similar distance to the existing site and in close proximity of main A roads and the NHS hospitals in the town, but will represent the most appropriate site with the appropriate characteristics for the proposed use.
- 2.4 DTZ recognises that not all sites are suitable for private hospitals. Factors which influence private hospital location include not only their proximity to the nearest NHS Hospital, but also the accessibility to the hospital from nearby residential locations by practising consultants. Location sensitivities may result in the existing site the hospital is located being the only site which fits the criteria; alternative sites even if available may be deemed unsuitable.
- 2.5 As such, where it was clear that an alternative site may place the private hospital further away from the nearest NHS hospital, or place it in an unattractive location, greater pertinence was placed on the achievable price for the existing site the hospital occupies.
- 2.6 The methodology adopted for our appraisal reflected elements of the RICS Appraisal and Valuation Standards 8th Edition and in particular VS 6 Valuation Standards and GN 6 Guidance Note, which is for the "Depreciated replacement cost method of valuation for financial reporting".
- 2.7 In appraising the sites, the fundamental principle of the above method is that a hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would be suitable and appropriate for its proposed operations.
- 2.8 The manner in which the price for the site would be calculated would be based on alternative uses, with residential and employment land the two main use types which influence land prices.
- 2.9 However, whilst GN 6 Guidance Note requires the surveyor to consider factors such as existing site expense, appropriateness and size; the scope of DTZ's instruction was more so to determine the achievable price of the existing / nearby suitable alternative sites and not determine the appropriateness of the site which the hospital occupies.

- 2.10 The key element taken from the RICS methodology is the assumption that a hospital operator would pay the least cost for a suitable site, with the price based on market prices paid for the alternative uses which the site could accommodate. Given private hospitals are profit generating business, DTZ feel that this is a reasonable and sensible approach to adopt.
- 2.11 DTZ recognises that the nature of the land market for private hospitals is such that there are instances where competition may arise for sites, with private hospitals not only competing against other land users (such as residential and commercial developers) but also other private hospital operators who may be looking to establish healthcare operations in the respective town or city.
- 2.12 As such DTZ has factored within the land appraisals not only alternative use land prices, but also a premium to ensure a hospital could secure the site and compel the land owner to sell for hospital use.
- 2.13 Given we have been unable to determine land ownerships of sites which would be suitable for hospital relocation, our desktops are under the assumption that the sites are vacant and able to achieve planning permission for a healthcare facility (Use Class Order 2010 - C2). We will also assume reasonable market conditions and that there is both a willing buyer and seller of the land.
- 2.14 The land desktops DTZ has applied do not make any allowance for the costs to be incurred in securing planning consent.
- 2.15 DTZ recognises that securing planning consent for a health care facility can be a protracted process, which in some cases can exceed 18 months; a reflection of the complex nature of such facilities which present a range of planning issues with regards to design, massing, scale etc.
- 2.16 Planning cost can vary significantly. For smaller hospitals on brownfield sites, costs are likely to be below £50,000. For hospitals on sites which are allocated for employment uses, we would expect planning costs to be higher, in the £100,000 to £150,000 range. Notwithstanding this, given the use of a hospital will be an employment creating use, planning should not be contentious on such sites.
- 2.17 Planning costs are likely to be most expensive for either larger city centre hospitals or hospitals which are situated on sites where any development may not accord with current planning policy. Planning costs and time are likely to range from £250,000 upwards, with DTZ aware that some hospitals may have expended in excess of £750,000 in planning fees.
- 2.18 Whilst the above paragraphs provide a guide, the true costs of planning will vary on a case by case basis.

- 2.19 Following the identification of a likely equivalent or alternative site and location, we would estimate the cost of acquiring that site for the use of a health facility in the current market and look to appropriate sales comparisons to inform our appraisal. Sites are not usually put to market as health care sites unless there is a planning obligation. Therefore alternative uses for the sites such as offices, industrial, residential or agricultural uses will be investigated to determine if they will be suitable for relocation.
- 2.20 Where a health centre is required within a particular location, this may mean competing against other uses. However, the overriding objective is to establish a realistic amount that a hypothetical prudent purchaser would pay to acquire a site for an equivalent development in a relevant location at the date of desktop.
- 2.21 DTZ recognise that whilst we have assumed a willing buyer and seller of land, there may well be instances where the owners of alternative sites may be reluctant to sell, unless a significant premium is paid.
- 2.22 To try and reflect the potential of a land owner being unwilling to sell, but also there being limited alternative sites which could accommodate the hospital, DTZ has sought to apply a premium over and above alternative site prices to ensure that a land owner would be willing to sell the site for hospital use.
- 2.23 As already noted DTZ also recognises the location of existing private hospitals is influenced not only by their proximity to the nearest NHS Hospital, but also the accessibility to the hospital from nearby residential locations by practising consultants. Location sensitivities may result in the existing site the hospital is located being the only site which fits the criteria; alternative sites even if available may be deemed unsuitable.
- 2.24 As such, along with the application of a premium to compel a land owner to be willing to sell the site, a premium has been applied to hospitals located in areas where there may not be a suitable alternative site available.
- 2.25 Given the instruction is a desktop exercise, DTZ is of the opinion the above approach, whilst not a formal Red Book valuation, will provide an indication of the desktop land prices for each of the private hospitals.
- 2.26 We highlight that we are aware that some private hospital operators, for balance sheet purposes, calculate the value of the land which they occupy based on a function of the profitability of the hospital. The land value is calculated based on an impartial apportionment of the trading value, less build costs for the specific scheme, with the resultant land residual considered to be the likely level of value an operator could pay for the site.
- 2.27 DTZ is of the opinion that this approach is not the correct way to calculate the land prices for either suitable alternative sites or indeed the land which the existing hospital occupies.

- 2.28 Such a method artificially inflates the land value, as it is based on the trading potential of the hospital. The impartial apportionment approach means that a highly profitable private hospital would be willing to pay a high land price for a site; which could be significantly higher than the level of price which a commercial or residential land buyer would pay.
- 2.29 Given profitability is key to private hospitals, when seeking to identify a suitable site, we would expect a due diligent operator would appoint a local agent to act on their behalf in finding a suitable site.
- 2.30 The agent would provide to the hospital a shortlist of suitable sites, but also would use their market knowledge to advise the hospital of the land prices for which similar sites are selling.
- 2.31 A combination of information on market sales prices for land, together with the hospital providing the agent with an indication of the maximum price they are willing to pay for the land, would enable the agent to negotiate with the land owners and secure the most appropriate site.
- 2.32 Notwithstanding the above, DTZ has acknowledged that only certain sites are suitable for private hospitals. If sites are available in close proximity to high quality / specialist NHS hospitals, a private hospital would most likely be willing to pay a premium to secure the site.
- 2.33 DTZ are also aware that in some instances two private hospital operators may be looking to secure a specific site in a town or city. This can potentially result in a bidding war, which may result in the end price paid for the land significantly exceeding alternative land prices in the locality.
- 2.34 DTZ feels taking the premium approach over and above alternative site price, which reflects securing the site and the suitability of the location, will provide an accurate view of desktop land value. However based on the above comments DTZ has not take an impartial apportionment approach, due the profitability of the hospital artificially inflating the land price which significantly exceeds land values in the locality.
- 2.35 In terms of the land prices applied, it must be recognised that DTZ is applying land rates which reflect current market conditions. If hospitals acquired sites pre 2008, during peak market conditions, the land figure which we are likely to apply will be most likely much lower than the price which was paid, even after allowance for premium for compelling a landowner to sell and for proximity to closest NHS hospital.

Stage 1 – Mapping

- 2.36 Each residential and commercial valuation team with their agency counterparts in each office assisting in the site appraisal exercise and were provided with the full information the Commission provided on each of the sites within their geographical location.

- 2.37 No site inspections of the hospitals were undertaken however the majority of the sites outside London are known to their respective Directors and Associate Directors as they or their families have been treated at the hospitals or they have undertaken valuation work in or around the sites. Further location analysis and identification of alternative sites was undertaken via the use of Google Maps and knowledge of the available alternative sites through the agency teams.
- 2.38 From the mapping exercise, the location of the hospital sites fell into three categories:
- Sites in urban / city locations
 - Sites in suburban locations
 - Sites in rural locations
- 2.39 Once the location was established, the reviewing team would consider what a reasonable catchment area for an alternative site would be.
- 2.40 Critical to the determination of whether the existing site was the best site for the hospital or whether alternative sites were suitable was the proximity to NHS hospitals and the accessibility of the hospital from nearby residential areas, key for the commuting of consultants working at the private hospital.
- 2.41 The location of the existing hospital compared with the suitability of alternative sites influences the level of premium which should be applied over and above alternative site prices for the land which the private hospital currently occupies.
- 2.42 In general, for existing hospital sites situated in smaller villages and towns, the catchment area was deemed to be smaller, with the likelihood that an alternative site would be situated on the edge of the town / village boundary. This reflected the likelihood that the local planning authority would prefer to see a new hospital site on the edge of town, rather than in the middle of greenbelt. For urban hospitals, given the size of the built area is larger, the catchment area would be extended. However access to the NHS and major transport communication with the appropriate access to high value housing areas to the alternative site were also considered.

Stage 2 – Alternative site size

Excess land for existing hospitals

- 2.43 From the review of existing hospital sites, it was identified in some cases the sites benefitted from excess land area, which was not used for staff / patient facilities nor parking. The excess land in general comprised either open space or woodland, with it very much debateable to what extent the land was critical to the operation of the hospital.

- 2.44 In some instances, if the local DTZ team had past involvement with the respective hospital and had up to date knowledge on the site acreage, which was lower than the site acreage provided, the desktop figure was based on the lower site acreage.
- 2.45 DTZ highlights that a net down was only undertaken in a small number of circumstances and where it was clear that the excess land comprised what appeared to be either wood land and / or green open space / fields, which did not appear to be critical to the services offered.
- 2.46 Of the 115 sites which were appraised, it was deemed that only 15 hospitals had excess land.
- 2.47 The net down in the above instances does not reflect any implication that the existing management of the private hospital is not making best use of available resources. For hospitals which comprise excess land, used for instance as woodland, future alternative uses for such land are limited.
- 2.48 In calculating the desktop land figure, it would be incorrect to apply a full commercial / residential land rate to such excess land, given it would not be critical to the operation of the hospital.
- 2.49 Indeed, depending upon the planning status of the additional land, if protected woodland or greenbelt, such land would offer limited value due to development restrictions placed on that land.

Gross to Net Developable Acreage

- 2.50 A lower site area was assumed for the hospital sites which clearly benefitted from excess land, to which the appropriate rate per acre was applied. However for the hospital sites which were deemed to occupy a site which was appropriate in size, a moderate net down from the gross acreage was still applied in calculating site value.
- 2.51 The net down figure was 15%, which reflected any land price offered for either the current or an alternative site would be based on the net developable acreage.
- 2.52 The net developable acreage would take account of local authority requirements for on-site open space, land buffers to the boundaries, on site foliage / trees etc. A land owner would not receive a land receipt for lost land as for any development, be it residential or commercial, there would be some land which could not be built upon or used for which no land receipt would be received.
- 2.53 For all sites above 1 acre in gross size we have deducted 15% from the gross site acreage. For sites comprising less than 1 acre no deduction has been made. It is assumed that such sites may fall below local authority thresholds for the provision of onsite open space, with their smaller size also resulting in more intensive use and less lost space.

- 2.54 We highlight that with the above net down assumption, this approach is more about the receipt either a land owner of an alternative site or the existing site if sold would receive. As such for a site comprising 1 acre, a bidder would offer a rate per acre for 0.85 acres, as the remaining 0.15 acres may be undevelopable due to the issues highlighted in the above paragraphs.
- 2.55 As such the overall site the hospital would occupy would in most cases still be the same. The net down is a reflection of how bidders submit offers for sites rather than DTZ making the assumption that all hospitals occupying sites larger than 1 acre could be accommodated on sites which are 15% smaller.
- 2.56 The manner of the above approach reflects DTZ's recognition that for hospitals which comprise older accommodation, it is not always possible and correct to assume that if that hospital re-located to an alternative location the replacement building it occupied would be smaller. The space saved from the reduction in overnight accommodation requirements for patients in recent years has been offset by regulatory changes establishing minimum area requirements for various healthcare room usages including theatres, bedrooms, consulting rooms and associated utility accommodation.
- 2.57 For smaller sites situated within inner city locations, DTZ understand that some private hospital operators may feel these sites are unsuitable, with the requirement for greater land area. However given the private hospital will have deemed these sites suitable when they located to them, we have assumed the sites comprise a sufficient size for the private hospital to operate effectively. As such no increase in the gross acreage has been applied.

Replacement Buildings

- 2.58 In some instances, particularly for central London hospitals, the only alternative sites for relocation comprised existing buildings, which would subsequently be converted for hospital use.
- 2.59 If such buildings were acquired, the price paid and indeed the manner in which comparables are analysed would be based on the Gross Internal Area, rather than Gross External Area.
- 2.60 In calculating the area of these buildings, the Commission has provided us with the summary of assessment for business rates for each of the central London hospitals. These summaries provide a breakdown of the accommodation within each hospital. Examining the Valuation Office Agency website, this confirms the rating assessment for hospitals is calculated on a Gross Internal Area basis. As such, we have used the areas within the rating list in our calculation of the building value.

Stage 3 – Applying the appropriate rate to the alternative site

- 2.61 Once a decision had been made as to the size which an appropriate replacement site / building would comprise, together with where the most likely replacement site would be located (following review on Google Maps), the appropriate rate for alternative land / building use was applied.

3 Site Prices

- 3.1 As already noted DTZ recognises that not all sites are suitable for private hospitals. Factors which influence private hospital location include not only their proximity to the nearest NHS Hospital, but also the accessibility to the hospital from nearby residential locations by practising consultants. Location sensitivities may result in the existing site the hospital is located being the only site which fits the criteria; alternative sites even if available may be deemed unsuitable.
- 3.2 Whilst DTZ did consider whether an alternative site would be suitable, where it was clear that an alternative site may place the private hospital further away from the nearest NHS hospital, or place it in an unattractive location, greater pertinence was placed on the achievable price for the existing site the hospital occupies.
- 3.3 The achievable price for the land which the hospital occupied was based on alternative land uses broadly falling into five categories:
- Replacement Buildings
 - Employment Land
 - Agricultural Land
 - Residential Land
 - Other Land
- 3.4 For the majority of hospitals, the existing sites they occupied fell into one of the four land categories. However most notably for central London Hospitals, particularly those situated within Westminster, the desktop figure was a function of replacement building price rather than cleared site price.
- 3.5 General land trends identified included hospitals, situated within urban locations, deriving alternative site price from either employment or residential land prices. For suburban areas, site prices commanded residential or agricultural land plus premium prices, whereas for hospitals in rural locations, the general assumption made was that agricultural land plus premium prices would be paid.
- 3.6 We provide specific comments in relation to the achievable prices and assumptions made for the above categories as follows:

Replacement Buildings

- 3.7 The majority of instances where replacement buildings were identified were where land was scarce. This was predominantly for central London based hospitals.
- 3.8 However in some instances for properties outside London, depending upon surrounding area and availability of land, if the hospital comprised for example a converted period property, an assumption was made that if it relocated, a similar property would have to be acquired rather than a new site, given a new site could be located some distance from the existing hospital.
- 3.9 For the central London properties situated within Westminster, if the hospital was to relocate to another building, in order to successfully acquire it, the hospital would most likely be competing with both residential and commercial developers, given it likely any such building would be openly marketed to maximise interest and eventual price for the vendor. This would also be the case if the existing building the hospital occupied was offered to market.
- 3.10 Due to the strength of central London's office and residential markets, based on transactions, (either in the market or confidential) which local agents active in the market are aware of, developers are willing to pay between £400 and £650 per sq ft GIA for such buildings which offer conversion opportunities, depending upon the alternative buildings location.
- 3.11 The rate per sq ft a bidder would pay would also be influenced by the size of the building. Higher rates per sq ft would be paid for smaller buildings, whereas the rate per sq ft paid for larger buildings would reduce, as the nature of the market results in bidders making a quantum allowance.
- 3.12 Notwithstanding the above, the areas within the rating list for the individual hospitals in some cases comprise basement accommodation. It is likely that this would not achieve the same level of price as would ground and upper floor accommodation.
- 3.13 As such, in our appraisal of the buildings, where basement accommodation is identified, we have reduced the rate applied by 50%, when compared with the rate applied to the ground and upper floor accommodation.

Employment Land

- 3.14 Sites for which the best alternative use would be employment land in general were identified for hospitals situated in urban and in some cases suburban areas, close or adjacent to business parks and away from established residential areas.
- 3.15 Often the employment land would either comprise out of town commercial or industrial, which in general would benefit from good transport communications, with proximity to A roads and / or motorways.

- 3.16 The rate per acre for employment land varies between geographies, with higher land values for employment land in larger cities, with the highest rates for towns and cities situated within southern and south east England.
- 3.17 Where specific employment land comparables are readily available, valuers and agency surveyors within local offices have made reference to them. However in many cases the nature of the employment land market is that quoting rates per acre for sites are not always openly advertised. Developers and property companies seeking employment land for development approach the land holders direct, following which sales terms are agreed, often on an off market basis.
- 3.18 As such, we provide within the appendices to this report comparables, where available, of specific employment land transactions. However in the absence of comparables, surveyors have consulted with DTZ's in house Industrial and Office Agency teams within each office, in order to gain an understanding of the prices being achieved for employment land within a specific geography.

Agricultural Land

- 3.19 Where hospital's are situated within suburban or rural locations, it is often the case that there could be agricultural land within reasonable proximity to the hospital's existing location, providing a viable alternative site.
- 3.20 Notwithstanding the above, the achievable price for agricultural land with development potential is a useful barometer to gauge the achievable price for the existing land hospitals occupy. Developers seeking land in the area would investigate the potential of edge of town agricultural sites, together with potential brown field options.
- 3.21 The level of price they would have to pay for agricultural sites would influence the price level which they would be willing to offer for former hospital land.
- 3.22 Again, whilst a suitable alternative site could be secured, greater pertinence was placed on the existing site which the hospital occupied, with the land rates reflecting a premium for the development potential the sites offered, albeit the premium was in many cases below the achievable price of land assuming planning consent was in place. This reflected time delay, cost and risk in acquiring a site on an unconditional basis.
- 3.23 Whilst agricultural land prices range from £8,000 to £10,000 per acre, based on the latest Rural Land Figures published by the RICS, this does not mean that the land for the construction of a hospital would be available at this price.

- 3.24 In the case of existing hospital land, but also potential alternative sites, such land was more likely to be on the edge of the existing built up area of a town or village. However agricultural land owners with sites located in such areas will recognise that whilst there may be a low chance in securing residential planning consent in the short term, in the medium / long term when there may be an expansion in dwelling numbers to the town, there is a chance that obtaining planning for residential may be achieved. This would result in a wind fall and uplift for the land owner, significantly exceeding agricultural land value many times over.
- 3.25 In towns where the population is growing and the residential market remains robust, it is likely that regional and national housebuilders will have been in contact with such land owners with a view to either acquiring existing land holdings, or negotiating an option agreement with the landowner which would be exercisable at a point when residential planning consent is granted.
- 3.26 Interest from housebuilders for edge of town agricultural land will undoubtedly increase price aspirations from land owners, even if town growth projections and planning policy indicate planning likelihood for residential to be 10 or more years away.
- 3.27 As such, rather than sell edge of town sites for a little more than agricultural value, it is likely such land owners will expect to receive a significant premium above agricultural land prices. They recognise that if they sell the land, they will lose any future uplift which may be achieved if residential planning consent is forthcoming. It is likely that if the amount offered does not reflect the required premium, a land owner would rather retain the land holding and pass it to the successors of their estate, given agricultural land is exempt from inheritance tax, with the hope that the successor would be able to secure the windfall uplift from residential planning consent.
- 3.28 The level of premium above agricultural land value sought will depend upon the achievable price per acre of residential land in the locality i.e the premium above agricultural value for land situated on the edge of an affluent high value town in the south east will be far greater than the premium a land owner would expect for land situated on the edge of a low value town in north west England.
- 3.29 It is agricultural land owners with sites on the edge of existing towns that will expect a greater premium to be paid. Whilst there could be cheaper agricultural land available further away from the edge of the town centre, it is unlikely that local planning authorities would wish for new development in the middle of greenbelt. There would also be issues relating to increased traffic, access, road and insufficient service / utilities capacity which could result in significant abnormal development costs to be incurred to be able to deliver an alternative health facility, which may significantly outweigh the lower cost for which land could be secured.
- 3.30 Taking note of the above, a range of agricultural prices have been applied, ranging from £100,000 per acre for land where residential land values would be in the order of £400,000 per acre assuming residential planning consent is in place, up to £500,000 per acre in high value areas in the south east, where residential land values in some cases exceed £2 million per acre.

Residential Land

- 3.31 Where existing sites were situated on the edge of towns, in established residential locations, it was assumed the most realistic alternative site use would be residential.
- 3.32 It should be noted for sites in residential locations, the hospital would be competing with private sector developers and housebuilders, and would have to pay a price in excess of what such purchasers would be willing to pay in order to secure the site.
- 3.33 As such, the residential land rates allow for this premium, with the prices also reflecting the assumption that a purchase would be on an unconditional basis, with the assumption that a standard housing scheme could be delivered on the site once planning consent was applied for and secured.
- 3.34 DTZ highlight that that pre 2008 higher residential land prices were being paid due to the popularity of new build apartment developments. Such developments drove land prices considerably higher than the land prices achieved for standard housing sites. However current developer appetite for such schemes outside central London is limited. As such, the land prices applied assume housing led development, reflecting current house builder demands.

Affordable Housing and Developer Contributions

- 3.35 All residential land will be affected by local authority requirements in relation to affordable housing, s106 (s75 in Scotland) contributions and in some cases Community Infrastructure Levy (CIL). However the level of affordable housing and developer contributions sought varies between local planning authorities.
- 3.36 For hospitals where residential land is the best alternative use, we have reviewed the affordable housing and developer contribution policy of the council who administers planning policy in that location. In general local planning authority requirements for affordable housing range from as low as 15% up to 50% in more affluent higher value locations.
- 3.37 Affordable housing tenure type also plays an important role in the impact this has on developer receipt. Social Rented housing was historically the most onerous type of affordable housing, with its achievable price when sold to a Registered Provider / Housing Association approximately 70% lower than the price which would be achieved for private non affordable tenure housing. Less onerous tenure types such as shared ownership or discounted rent would achieve sales prices of between 40% and 50% lower than private sale price.
- 3.38 However The Governments Affordable Housing Programme, which sets out the pot of money available for affordable housing up to 2015 will no longer provide any grant funding for social rented tenure housing, with the main affordable housing type for which grant will be provided being Affordable Rented Tenure. This type of affordable in general would achieve a price of between 40% and 50% lower than private sale price.

- 3.39 Historically social rented housing created a negative land receipt for developers. The costs they would incur in constructing the properties, together with ensuring the additional infrastructure was in place to service the property, would significantly exceed the price they would receive from the Registered Provider / Housing Association. This had a knock on effect on the level of land bid they would submit, with social housing often carrying a negative plot value. Developers would still expect to generate some profit from building social rented housing, resulting in the blended overall land price per acre offered being lower, to ensure minimum profit margins were achieved.
- 3.40 However, given the majority of affordable housing will now be Affordable Rent Tenure, the negative impact this will have to the developer will be less. As opposed to such affordable tenure creating a negative land plot value, as is the case of social rented tenure housing, the total cost of delivering such housing will broadly equal the revenue received. Land bids would still be lowered, but not as sharply as they would have been if the affordable housing tenure was social rented.
- 3.41 Notwithstanding the above, whilst local planning authorities will have target levels of affordable housing and developer contributions, recent guidance by the Homes and Communities Agency (HCA) and Planning Inspectorate requires local authorities to recognise that the target levels sought may impact upon the viability of a housing scheme. If the developer contributions are deemed to be too onerous, it may prevent a scheme from being built.
- 3.42 As such all local authorities will consider lowering developer contribution / affordable housing requirements, if the reduction is supported by an independent economic viability assessment which demonstrates the potential non viability of a scheme if the councils target levels of developer contributions are provided.
- 3.43 From our experience of such negotiations, councils are more willing to negotiate developer contributions / affordable housing numbers in areas where residential values are lower, as development viability is highly likely to be impacted. We are aware that in some cases, in low value areas where sales pace for houses is slow, councils are willing to agree to no affordable housing / developer contributions, to ensure schemes can be built and additional housing numbers delivered.
- 3.44 In areas of higher value housing, councils are in general more reluctant to negotiate marked reductions from affordable housing targets, due to the ability for sites in such areas to accommodate higher levels of affordable housing and developer contributions without having a negative impact upon viability.
- 3.45 Taking note of the above, we have considered council developer contributions and affordable housing requirement in light of gross prices for residential land in the respective council areas. In lower value areas, the deduction from gross land value for developer contributions is lower than the level deducted from gross land prices in more affluent residential areas.

Other Land

- 3.46 Whilst it is likely an alternative / current site price would be based on either employment or residential land values, there is the potential that alternative land uses, such as former care home sites, could offer suitable alternative site options for existing private hospitals.
- 3.47 Indeed, the nature of such sites results in them being located quite often within existing residential areas, with them offering redevelopment potential for not only residential but also commercial uses in some instances. As such the land price per acre such sites achieve for vacant care homes provides a useful indicator as to achievable prices for land which may offer redevelopment potential for alternative uses.
- 3.48 Within the appendices to this report we provide a summary of sales transaction of vacant care home properties together with the sales value per acre achieved. Whilst some of these sites comprise the former care home buildings, it is unlikely they would be brought back for use as a care home, with the sites presenting a redevelopment opportunity.

4 Alternative Replacement Site Desktops

- 4.1 Following the above approach, we provide a summary of the individual hospital hypothetical alternative replacement sites. The table provides brief site specific commentary as to the assumptions made regarding the location and type of alternative site use and, in the case of residential land, whether any discounts to gross land value, have been applied for council requirements for developer contributions.
- 4.2 The land rates per acre we have applied do not take account of stamp duty, legal and agents fees. In reality, if an alternative site was to be acquired, these costs would have to be added to the land rates we have applied. Current stamp duty thresholds for land purchases are as follows:
- Up to £150,000 0%
 - Over £150,000 to £250,000 1%
 - Over £250,000 to £500,000 3%
 - Over £500,000 4%
- 4.3 For the majority of the sites appraised, the stamp duty rate to be applied will be 4%.
- 4.4 We would estimate that agents and legal fees would equate to approximately 1.8% of site price.
- 4.5 In terms of VAT, our land figures are exclusive of VAT, with the assumption that no election to waive exemption to VAT has been made for the subject / alternative sites which have been appraised.

5 Planning

- 5.1 Within the original tender document, The Commission requested that we provide information and responses relating to planning which we provide as follows:

What are the main planning issues affecting the healthcare (hospital) sector in the UK?

Clarification / Context

This review and advice covers planning matters relating to the prospective development of new hospitals. Consideration is given to new-build, new-site hospital development as opposed to change of use of existing premises to hospital use, or to development of new facilities at existing or former hospital sites.

It is provided at a generic level as it does not relate to any particular proposals for hospital development. As illustrated below, a key point to note is that planning processes and decisions are influenced as much by proposal-specific, site-specific and location-specific factors as they are by the overarching planning system and policies.

The Planning System / Process

The UK Government sets out its policies on planning and development in the National Planning Policy Framework (NPPF), the content of which must be reflected by Local Planning Authorities (i.e. London boroughs, district councils) in their local plans and policies.

Local planning documents set out the policies to allocate land for particular uses and guide development in that locality. See Planning Policy section below.

Proposals for development require planning permission, which is sought via an application made to the relevant Local Planning Authority. An application may be *outline*, whereby certain details are reserved for future submission and consideration, or *full*, whereby all details are submitted.

The application must be submitted with sufficient information to allow consideration of the development's impact and benefits. An application must include architectural drawings, details of design and access as well as specialist assessments covering matters such as flood risk, transport, heritage, trees and biodiversity etc. The application is subject of consultation with technical bodies and local people; and discussion between the applicant and the authority's planning officers.

The Local Authority considers the proposed development against national and local planning policies, and should grant planning permission where the proposal accords to these policies *unless material considerations indicate otherwise*. Under this latter provision a development proposal not in conformity to policy but which offers significant benefits may be granted planning permission. Conversely, a proposal seemingly in accordance with policy may be refused planning permission if particular impacts are deemed to outweigh the conformity to policy.

The determination of a planning application is made by elected Councillors either directly, in consideration of an officer's recommendation (major or contentious schemes), or through delegation of powers to officers to make the decision on Councillors' behalf (minor or uncontentious schemes).

Any planning application approved is likely to be subject to conditions and planning obligations (Section 106 Agreement (s106) or Community Infrastructure Levy (CIL)) which may require submission of further details, conformity to specified requirements or limitation, the provision of particular facilities or the payment of financial contributions to these. In the case of an outline planning permission, full details of the scheme must be submitted before any development may commence.

Timeframes

The Government sets target timeframes for the determination of major and minor planning applications of 13 and 8 weeks from the date of submission respectively. The timeframe is extended to 16 weeks if a formal Environmental Impact Assessment (EIA) is required. A hospital is likely to be a major scheme, although EIA will only be required if its impact is deemed likely to have a significant environmental effect.

The total timeframe for the planning process, however, is significantly longer than these target determination periods when the period for surveys and assessments, design development, pre-application discussions and consultations, and completion of a legal agreement etc are factored in. A typical timeframe for a major scheme would be in excess of one year from inception through to the grant of planning permission. Following the grant of planning permission a further time period must be allowed for the discharge of planning conditions (and potentially any legal challenge) before the development may be commenced.

Appeals

An applicant for planning permission may appeal to the Secretary of State for independent determination of its planning application in the event that either the local authority has refused planning permission or has not determined the planning application within the specified target timeframe (see above).

The appeal will then be heard by an independent inspector either in a public inquiry, informal hearing or via written representations. The applicant, the local authority and other parties (e.g. objectors) may participate in the appeal. The inspector then either grants or refuses planning permission.

In the event that the local authority grants planning permission for a development, there is no third-party (i.e. objectors') right of appeal. There is provision however for legal challenge to be made and a judicial review into the determination process to be undertaken, although the Government is currently seeking to prevent the misuse of the judicial review procedure as a tool of objection.

Planning Policy relevant to Hospitals

National Level

As a high-level strategic document, the NPPF makes no specific reference to hospital development. It does however strongly promote sustainable development, two key factors of which are social considerations, such as the health of people, and economic considerations, such as job creation and consumer choice. The NPPF requires the equal consideration of environmental factors such as the protection of ecological and heritage assets.

In headline terms, a hospital proposal may be readily supported by national planning policy given its social and economic benefits, but its acceptability will depend upon the balance of these factors against any local or environmental impacts, typically relating to matters such as transportation network capacity or impact on the landscape/habitats/species or heritage assets.

In the consideration of flood risk, hospitals are termed a 'more vulnerable' use. Such uses may only be located in areas which are either not at risk of flood or are at risk of flood only in extreme circumstances, unless there are no other suitable locations available when an exception test may be applied.

Local Level

At a local level (London borough or district council), planning policy documents may contain reference to hospital development. Unless there is a particular proposal for a hospital, then this is unlikely to be in the form of a specific hospital development policy, but more likely wrapped up in a general policy covering the protection and enhancement of community facilities (i.e. those relating to health, education, faith etc).

Certain locations and sites are however protected against development (for instance Green Belt land) or for particular types of development (for instance housing or employment uses). Such allocations do not necessarily prevent development or other uses coming forward, but this is only likely to be allowed where very special circumstances or material considerations to outweigh planning policy are demonstrated.

It is not considered that any local planning policy document will contain any policy that expressly restricts the development of new hospitals in general or in a particular location. Planning policies typically set criteria to help steer appropriate uses into appropriate locations. For instance: uses generating high volumes of movement are steered to locations accessible by a range of modes of transport; industrial uses are steered away from residential areas; and development in general is steered into urban areas and previously developed land thereby protecting natural environments. There may also be local area or site-specific planning policy documents which provide detailed guidance on the type, form and design of development sought in a particular area. As with all policy, conformity to these provisions increases the likelihood of planning permission being granted. However, where those policy provisions are not sufficiently flexible to accommodate an unforeseen development type (e.g. a new hospital) they can be inadvertently restrictive to such a proposal.

As local planning policy documents are prepared and adopted through a public process, there is the opportunity to discuss and promote hospital needs and planning matters with the council during the preparation process. This may result in policy documents being adopted which more directly facilitate hospital development, however the process is relatively long term with consultations occurring over a two-three year period prior to the document taking effect.

Through this process, local authorities are able to set out specific local priorities or objectives for hospital development, but are perhaps more likely to keep this general through the use of strategic and criteria based policies. Ministerial Statements or Chief Planning Officer Letters (such as those issued recently in relation to schools and economic development) outlining the Government's support for such new provision may assist in supporting a new proposals where there is limited guidance in planning policy.

Planning Consideration of Hospital Proposals

When considering such policy criteria as set out above, a new hospital development may be supported in a location which:

- Is not protected as Green Belt or for its landscape or biodiversity value
- Is not susceptible to flooding
- Is *preferably* previously developed land and/or located within the urban area of a town or city
- Is accessible by a range of modes of transport including public transport and walking/cycling as well as the private car
- Is bounded by land uses compatible with a hospital i.e. commercial or institutional as opposed to industrial; residential where the impact of the hospital on neighbouring amenity is controlled.

The location of a new hospital on previously developed land in the urban area is stressed as preferable because local authorities are primarily planning for the provision of new additional housing and land for employment uses (i.e. typically office, industrial and warehousing). Any available sites of previously developed land are therefore most likely to be allocated or proposed for housing or employment development. Unless there is an established need or proposal for a new hospital it is unlikely that a previously developed site will be allocated for hospital development.

Any proposed hospital development is therefore likely to be at a site which is either greenfield, in an existing alternative use or is allocated for housing or employment development. The acceptability of the proposal will therefore depend upon its assessment against policy criteria, essentially the benefits of the hospital versus its local impact and the opportunity cost of loss of the site for an alternative use.

Certain planning policies carry greater weight than others. The strongest are those protecting the Green Belt, protected species and habitats. A hospital proposal contravening these policies may be unacceptable irrespective of the benefits of the hospital.

Whilst there is no planning ‘needs test’ for hospital proposals (i.e. a requirement to demonstrate the need for a new hospital or service in a particular area), the demonstration of local deficiency in quality, quantity or choice of existing provision is likely to be a consideration in support of a new hospital proposal. Whilst there are no planning grounds to refuse a hospital application on the basis that there are already sufficient alternative hospitals *per se*, in such circumstances the local authority may not accept that the benefits of a new hospital outweigh the preservation of that site for an alternative allocated use or its impact on the local area/environment.

Key arguments in support of a hospital development proposal are likely to relate to its socio-economic impact. A new hospital should enhance the health/wellbeing of its clients, should offer choice of supplier or service, should ease the burden or stretch on other suppliers (especially publicly funded) and improve performance through competition. Importantly, it also creates jobs (construction and operational), enhances skills/education and generates supply chain and local spend, all of which result in a significant economic benefit and may be used in justification of a hospital development proposal on land allocated for ‘employment uses’.

Planning policies covering detailed local or design matters are also key to the acceptability of a development proposal (especially in the context of local/political decision making, see below). In particular, the scale and appearance of a hospital proposal and its perceived impact on the surrounding area, especially if this is undeveloped or includes conservation or heritage assets, such as a conservation area or listed building(s). Transportation, traffic generation and parking are also key factors at this local level.

The planning policies covering these factors are unlikely to preclude development outright but will say broadly that development will be allowed provided that it does not have a significant detrimental impact on local assets and infrastructure, or where mitigation and improvement measures are provided to ensure the impact is acceptable. The material submitted with the planning application must make such assessments and, through discussion with planning officers, propose appropriate mitigation and improvement measures.

Location Factors

Aside from the variation in planning policies produced by different local authorities there are no specified locations (i.e. any particular town or city) where hospital proposals are more or less likely to be granted planning permission.

However, each different location has its own specific constraints and opportunities which will influence the ease or difficulty with which planning permission may be achieved. Such factors include the evidence or perceived need for new facilities; the availability of development land; the need for alternative competing types of development; the available capacity of infrastructure and utilities; the prevalence of protected land, sites and buildings; and the attitude/engagement of local communities and politicians etc.

Whilst particular local circumstances must be considered in each case, as a general rule it follows that planning permission may be more difficult to achieve in locations which are relatively highly constrained, such as those which are either intensively developed (central London) or predominantly rural, particularly historical or where prevailing attitudes are resistant to change.

Political Factors

Political factors can have a significant impact on the planning process and outcome primarily because decisions are taken by locally elected Councillors who may respond to objections raised by local people (often irrespective of technical validity) ahead of the broader need or benefit of the development.

In certain locations, local people and groups are adept at using the local planning and political mechanisms to resist or frustrate development proposals. Typically this involves or results in large numbers of people objecting to proposals and lobbying politicians. A significant proportion of these objectors may be influenced by the objection within the community, rather than particular personal concerns about the development proposal.

Whilst objections may be genuinely made on grounds of traffic generation, design, impact on amenity, landscape, biodiversity and trees etc, these matters are also used to legitimise or justify a less rational objection usually driven by a fear of change or impact on the perception of a neighbourhood and value of properties.

Such objectors may have no objection to the principle of hospital development and may accept the wider need or benefit of additional hospital provision, but nevertheless object to prevent such development in a given location. The result on the development proposal is a protracted and more costly planning process involving increased consultation, design development and mitigation proposals.

Further Site Specific Research

As advised, the above advice is given at a general level, whereas substantial factors that influence any given planning proposal are specific to the nature of the development and its location.

As a secondary piece of work, DTZ may be commissioned to review planning matters relevant to particular hospital development and/or specific locations. We may also research recent planning applications and appeals regarding hospital development to provide examples and illustration of the points discussed above.

6 Disclaimer

6.1 The contents of this report do not constitute a valuation, in accordance with the appropriate sections of the Valuation Standards (“VS”) and United Kingdom Valuation Standards (“UKVS”) contained within the RICS Valuation – Professional Standards 2012 (the “Red Book”). This report is addressed to The Competition Commission only and its contents should not be reproduced in part or in full without our prior consent.

6.2 Given the review of the sites was on a “desktop basis” we draw your attention to the following caveats, which were originally set out within the tender we provided to The Commission.

- “1. This is a "desktop" overview provided on a restricted fee basis and for guidance only. It is not intended to be and must not be relied upon as a substitute for the valuation conclusions that would be reached by DTZ following a valuation commissioned and carried out on DTZ's standard terms and conditions on a fee basis. Such conclusions may well be materially different.*
- 2. We have not inspected the properties nor have we undertaken full verification or research. The opinions detailed above are totally dependent on the adequacy and accuracy of the information supplied and the assumptions made. It should be noted that should these prove to be incorrect, the accuracy of this opinion will be affected.*
- 3. The contents of this letter are confidential to the addressee for the specific purpose to which they refer and are for their use only. Neither this letter nor any part thereof may be reproduced or referred to in any document, circular or statement, nor may its contents, or part thereof be disclosed orally or otherwise to a third party.*
- 4. We have not been advised of the purchase price of the property. If instructed to undertake a valuation of the property we will be required to investigate any recent marketing of the property. Any recent marketing is likely to provide the best evidence as to the current Market Value of the asset and therefore our findings following such an investigation may have a material impact on the Market Value reported. If a purchase price has been agreed we recommend that we are advised of it as soon as possible so we can reconsider our desk top opinion.*
- 5. If any circumstances surrounding this property change between the issue of this desktop opinion of value and the completion of a formal valuation report (such as a change in the purchase price) we must be advised of such a change as soon as possible so we can reconsider our desktop opinion.”*

7 Confidentiality and Disclosure

- 7.1 In accordance with proper practice, I must state that the contents of this report and the appendices are confidential to you for the specific purpose to which it refers and is for your use only. Consequently, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before this Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, DTZ's written approval as to the form and context of such publication or disclosure must first be obtained.

A handwritten signature in blue ink, reading "D. R. Nesbitt".

Derek Nesbitt MRICS

Director

RICS Registered Valuer

For and on behalf of

DTZ Debenham Tie Leung

Appendix 1

Contract Variation Form, Contract Letter of Instruction and Pitch Tender Document

Contact: Mr Derek Nesbitt MRICS
Company: DTZ

Date: 18 December 2012

Dear Sir

CONTRACT VARIATION FORM

CONTRACT TITLE: Provision of Land Valuation Services in connection with the Private Healthcare Market Investigation

CONTRACT REF: CC 1129

VARIATION No: 1

BETWEEN:

The Competition Commission (CC) (hereinafter called "the Authority") & DTZ (hereinafter called "the Contractor")

1. The Contract is varied as follows:

- i. Schedule 1 - Scope of Services and Service Level Agreement to Annex A Terms and Conditions of Contract for the Provision of Land Valuation Services in Connection with the Private Healthcare Market Investigation

DELETE: The land valuations will be provided for approximately 80 to 90 plots of land across the UK including some in London.

INSERT: The land valuations will be provided for up to 120 plots of land across the UK including some in London.

- ii. Value of Variation: £3,500.00 exclusive of VAT and disbursements.
- iii. New maximum "budget" for delivery of services exclusive of VAT and disbursements: £27,000.00
- iv. Purchase Order Reference for the variation: PO 602006

2. Words and expressions in this Variation shall have the meanings given to them in the Contract.

3. The Contract, including any previous Variations, shall remain effective and unaltered except as amended by this Variation.

Received
21/1/13

We would be grateful if you would acknowledge your acceptance of this offer and the resulting contract by signing and returning one copy of this letter of award to Julie Bryant at the address shown at the bottom of this letter. Please retain a signed copy for your own records.

Yours sincerely

J.R. Bryant

Julie Bryant
Procurement Officer
Competition Commission
Victoria House
Southampton Row
LONDON WC1B 4AD

Authorised Signatory of the awarding party the Competition Commission

David Saunders

David Saunders
Chief Executive

Accepted on behalf of: DTZ

DR NESBITT (Signed)

DR. NESBITT (Name)

DIRECTOR (Position in company)

2 Jan 2013 (Date)

PURCHASE ORDER

(Our order number must be quoted in all correspondence)

To: DTZ
ONE EDINBURGH QUAY
133 FOUNTAINBRIDGE
EDINBURGH
EH3 9QG

Order Number: 602006
Order Date: 17/12/2012
Tel: 0207 271 0100
Fax: 0207 271 0177
Payment Terms: 0 days from Invoice Date

Invoice to: Finance Dept
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

Deliver to: Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

Account Code DTZ879

FAO

Delivery Date: 24/12/2012

Please Supply the Following:	Quantity	VAT	Price £	Value £
Provision of valuations of additional plots of land in connection with the Private Healthcare Market Investigation as per Condition No.1 to Contract CC 1129.	1.00	700.00	3500.00	3,500.00
Div/Dept: 13	Charge Code: 3520			

Received
2/1/13. DEN

Net Total £	3500.00
VAT £	700.00
Gross Total £	4200.00

In order to obtain payment your invoice must quote our PO number and the total must not exceed the total ordered

The standard terms and conditions of the Competition Commission will apply to this contract unless otherwise agreed

Mr Derek Nesbitt MRICS
DTZ
No.1 Marsden Street
Manchester
M2 1HW

From: Julie Bryant
Procurement Officer

Direct line: 020 7271 0350

Our ref: CC 1129 (please quote on all
invoices and correspondence)

Date: 8 November 2012

09 NOV 2012

Dear Mr Nesbitt

Contract Ref: CC 1129 - Contract for the provision of Land Valuation Services in connection with the Private Healthcare Market Investigation

1. I am writing to invite your agreement to provide services to the Competition Commission ("the CC") as per your proposal dated August 2012 and amended by your proposals dated October 2012 submitted on 22 October and 6 and 7 November 2012, submitted in response to the CC's specification entitled "Provision of Land Valuation Services to the Competition Commission" issued 22 August 2012 (which is attached as Annex C) as amended in the email from Susannah Meeke on behalf of the CC to Derek Nesbitt on behalf of DTZ dated 18 October 2012. The contract is let in accordance with the Terms and Conditions of Contract for the provision of Services to the Competition Commission ("the Contract") which are attached as Annex A to this contract award letter.

2. It will be a condition of the agreement that neither DTZ, nor any of the individuals who will be engaged on this assignment, have any professional responsibilities or other interests which in any way prevent them from providing these services. In particular, there must not be any conflict of interest that might give rise to a risk of challenge in the courts to the inquiry on the ground of bias (whether actual or apparent). The acceptance of these terms and conditions will be taken as confirmation that no such conflicts of interest exist.

3. This offer is also conditional on DTZ agreeing to ensure that actual or even potential conflicts do not arise during the course of the inquiry. In particular:

- (i) For the duration of the inquiry DTZ will not undertake or actively seek any work for any organisation that is directly related to the subject of the inquiry. Work which is indirectly related, other than that referred to in the proposal should only be undertaken with the CC's consent, which will not be unreasonably withheld.
- (ii) DTZ will ensure that any individuals providing services to the inquiry will not carry out any work related to the subject of the inquiry for any other client for the duration of the inquiry. However those individuals may consult colleagues who are engaged in such work in order to obtain information from them.

- (iii) DTZ will ensure that individuals providing services to the inquiry and their immediate families do not own or have a beneficial interest in the shares of the main parties to the inquiry or their suppliers unless such holdings are independently managed (e.g. by a unit trust or pension fund).
- (iv) All information acquired by the individuals providing services to the inquiry will be treated as confidential to the CC both for the duration of the agreement and thereafter. The individuals will not communicate it to third parties or other individuals within DTZ unless it has already entered the public domain by other means. All documents supplied to DTZ in connection with the inquiry and this agreement, copies of any part of such documents, whether in electronic or material form, and any documents prepared by DTZ which are based on material supplied in connection with this inquiry, must be returned to the CC at the end of the inquiry, or sooner if requested.

The acceptance of these terms and conditions will be taken as confirming agreement on all of the above points.

4. The CC may terminate this contract at any time should it become of the opinion that an actual or potential conflict of interest on the part of DTZ has arisen.

5. The services will be provided by the following team:

Derek Nesbitt
Richard Shield
Michal Skotny
Stephen Smith
Hamish Robertshaw
Heather McDonald
Phil Roebuck
Iain McArthur
Phil Glenn
Richard Clarke
Jonathan Smart
Nick Jacks
Craig Fulton
John Brown

but with the written consent of the CC, other individuals, from within DTZ may be used to provide additional expertise if required. DTZ undertakes to provide full-time substitutes of the same level (and which in the opinion of the CC have the same degree of experience) and at the same fee rates should any of the above team become unavailable or incapacitated in any way.

6. Ms Susannah Meeke (020 7271 0224) will be the Contract Manager for the CC and any questions the DTZ team may have about the CC's procedures should be raised with Ms Meeke. Any changes to the deliverables under this contract must be agreed in writing by Ms Meeke or me.

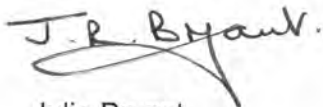
7. The project will commence on 8 November 2012 and is scheduled for completion by 21 December 2012.

8. The 'budget' for our project is agreed £23,500 before VAT and disbursements. The liability of the CC will not exceed the budget except where additional expenditure has been approved in advance and in writing by the CC.

9. Payment of sums due to DTZ in respect of services provided will be made within 30 days from the submission of the relevant invoice to the CC and its agreement and certification by Ms Meeke as fair and reasonable for services satisfactorily performed. The Purchase Order will follow shortly. The Purchase Order number should be quoted on all invoices and correspondence regarding this contract.

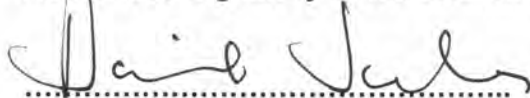
10. I would be grateful if you would confirm acceptance of this offer by obtaining an authorised person's signature on the enclosed copy of this letter, in the place indicated and returning it to me as soon as possible. Each team member should also sign and return one copy of the confidentiality undertaking in Annex B, in each case retaining a copy. On acceptance, this agreement shall be deemed for all purposes to have had effect as an agreement for the supply of services from 8 November 2012 the date of acceptance notwithstanding.

Yours sincerely



Julie Bryant
Procurement Officer
julie.bryant@cc.gsi.gov.uk

Authorised Signatory of the awarding party the Competition Commission



David Saunders
Chief Executive

Contract reference #CC 1129 duly accepted by:

Signature: DR Nesbitt

Name: D. R. NESBITT

Job title: DIRECTOR

For and on behalf of: DTZ

Dated: 21/11/2012

ANNEX A

**TERMS AND CONDITIONS OF CONTRACT
FOR
THE PROVISION OF
LAND VALUATION SERVICES IN CONNECTION
WITH THE PRIVATE HEALTHCARE MARKET
INVESTIGATION**

Revised December 2010

**TERMS AND CONDITIONS OF CONTRACT
FOR THE PROVISION OF SERVICES TO THE COMPETITION COMMISSION (CC)**

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TERMS AND CONDITIONS OF CONTRACT FOR THE PROVISION OF SERVICES TO THE COMPETITION COMMISSION

These Terms and Conditions may only be varied with the written agreement of the Competition Commission (CC).

1. Definitions and interpretations

1.1 In these Conditions:

'Authority Data' means a) the data, text, drawings, diagrams, images or sounds (together with any database made up of any of these) which are embodied in any electronic, magnetic, optical or tangible media and which are supplied to the Service Provider by or on behalf of the CC or which the Service Provider is required to generate, process, store or transmit pursuant to this Contract; or b) any Personal Data for which the CC is the Data Controller;

'Commercially Sensitive Information' means the information (i) listed in the Commercially Sensitive Information Schedule; or (ii) notified to the CC in writing (prior to the commencement of this Agreement) which has been clearly marked as Commercially Sensitive Information comprised of information:

(a) which is provided by the Service Provider to the CC in confidence for the period set out in that Schedule or notification; and/or

(b) which constitutes a trade secret.

'Contract Commencement Date' shall have the meaning attributed to it in Condition 3 Duration of Contract and Commencement of Services;

'CC' means the Competition Commission;

'Contract' means the contract between the CC and the Service Provider consisting of the Specification, these Conditions, and any other documents (or parts thereof) specifically identified as forming part of the Contract;

'Contract Completion Date' shall have the meaning attributed to it in Condition 3 Duration of Contract and Commencement of Services;

'CC's Representative' means the member of staff of the CC named as acting as such in the CC's offer of a contract;

'Confidential Information' means all information obtained by the Service Provider from the CC or any other department, agency or office of Her Majesty's Government relating to and connected with the Contract and the Services, including but not limited to the Contract itself and the provisions of the Contract;

'Contracting Authority' means any contracting authority as defined in Regulation 5(2) of the Public Contracts (Works, Services and Supply) (Amendment) Regulations 2000 other than the CC;

'Crown Body' means any department, office or agency of the Crown;

'Data Controller' shall have the same meaning as set out in the Data Protection Act 1998;

'Data Processor' shall have the same meaning as set out in the Data Protection Act 1998;

'Data Protection Legislation' means the Data Protection Act 1998, the EU Data Protection Directive 95/46/EC, the Regulation of Investigatory Powers Act 2000, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 (SI 2000/2699), the Electronic Communications Data Protection Directive 2002/58/EC, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and all applicable laws and regulations relating to processing of personal data and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner;

'Data Subject' shall have the same meaning as set out in the Data Protection Act 1998;

'Good Industry Practice' means the exercise of that degree of skill, care, prudence, efficiency, foresight and timeliness as would be expected from a leading company within the relevant industry or business sector;

'Intellectual Property Rights' means patents, inventions, trademarks, service marks, logos, design rights (whether registrable or not), applications for any of those rights, copyright, database rights, know how, trade or business names and other similar rights or obligations, whether registrable or not, in any country, including but not limited to, the United Kingdom;

'Parties' mean the CC and the Service Provider;

'Personal Data' shall have the same meaning as set out in the Data Protection Act 1998;

'Personnel' means the members of staff, subcontractors and/or secondees employed by the Service Provider to meet the requirements of the Contract;

'Premises' means Victoria House, Southampton Row, London WC1B 4AD or any other Premises that the CC shall occupy;

'Purchase Order' means the document so described by the CC to purchase the Services which makes reference to the Conditions;

'Request for Information' means a request for information or an apparent request under the Code of Practice on Access to Government Information, FOIA or the Environmental Information Regulations;

'Security Policy' means the CC's security policy as updated from time to time;

'Service' means the services to be provided as detailed within the Specification and shall, where the context so admits, include any materials, articles and services to be supplied thereunder;

'Services' means the services referred to in Schedule 1 Part A (Title and Description of Services) as amended from time to time in accordance with Condition 42 Variations and Cancellations and any goods or materials supplied in connection with such services. For the avoidance of doubt all software and the media in which

software is contained and material in machine readable form and all data provided shall be deemed to comprise goods and shall constitute part of the Services;

'Services Start Date' shall have the meaning attributed to it in Condition 3 Duration of Contract and Commencement of Services;

'Service Level Agreement' means the service level agreement set out in Schedule 1 Part B Service Level Agreement;

'Service Provider' means the person, partnership or company who undertakes to render such services to the CC as is provided in the Contract;

'Service Provider's Representative' shall have the meaning attributed to it in Condition 6 (Authorisation);

'Specification' means the description of and/or requirements (if any) of the Services to be performed by the Service Provider, including without limitation the scope of the services, the start date of the Service, the milestones, any other issues of a similar nature as set out in Schedule 1 Scope Of Services And Service Level Agreement;

'Staff Vetting Procedure' means the CC's procedures for the vetting of personnel and as advised to the Service Provider by the CC.

'Tender Proposal' means the document entitled "Provision of Land Valuation Services to the Competition Commission" dated August 2012 as amended by the documents of the same name dated October 2012 submitted on 22 October and 6 and 7 November 2012.

1.2 The interpretation and construction of the Contract shall be subject to the following provisions:

1.2.1 a reference to any statute, enactment, order, regulation or similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as subsequently amended or re-enacted;

1.2.2 the headings in these Conditions are for ease of reference only and shall not affect the interpretation or construction of the Contract; and

1.2.3 references to 'person', where the context allows, includes a corporation or an unincorporated association.

2. Scope of Services

2.1 The Service Provider shall provide to the CC the Services as set out in Schedule 1 Scope of Services and Service Level Agreement subject to the terms and conditions of this Contract.

2.2 The Services shall be provided at Victoria House Southampton Row London WC1B 4AD and any other location agreed in writing from time to time.

3. Duration of Contract and Commencement of Services

3.1 This Contract shall enter into effect on the date of signature by both parties or the Services Start Date whichever is the sooner ('Contract Commencement Date').

- 3.2 The Service Provider shall commence provision of the Services on 8 November 2012 ('Services Start Date'). Unless previously terminated in accordance with its terms, this Contract shall terminate on the date the CC gives notice of completion of the Services. This Contract shall not be extended without agreement in writing signed by the parties.

4. Documents comprised in this Contract

- 4.1 This Contract includes the Schedules and other documents as follows:

The specification document entitled "Provision of Land Valuation Services to the Competition Commission" which is Annex C as amended in the email from Susannah Meeke on behalf of the CC to Derek Nesbitt on behalf of the Service Provider dated 18 October 2012;

The Tender Proposal

5. Service Provider's Status

- 5.1 In carrying out the Services the Service Provider shall be acting as a principal and not as the agent of the CC. Accordingly:
- 5.1.1 the Service Provider shall not, and shall procure that his agents and servants do not, say or do anything that might lead any other person to believe that the Service Provider is acting as the agent of the CC; and
- 5.1.2 nothing in this Contract shall impose any liability on the CC in respect of any liability incurred by the Service Provider to any other person but this shall not be taken to exclude or limit any liability of the CC to the Service Provider that may arise by virtue of either a breach of this Contract or any negligence on the part of the CC, its staff or agents.

6. Authorisation

- 6.1 The following person (including any successor in office from time to time of such person) is authorised to act as the CC's Representative on all matters concerning this Contract:

Susannah Meeke 020 7271 0224 susannah.meeke@cc.gsi.gov.uk

- 6.2 The following person (including any successors in office from time to time of such person) is authorised to act as the Service Provider's Representative on all matters concerning this Contract:

Derek Nesbitt 0161 455 3790 derek.nesbitt@dtz.com

- 6.3 Each of the CC and the Service Provider may from time to time by notice in writing to the other party appoint another person to act as its authorised representative. Both parties shall use their reasonable endeavours to ensure that any such substitutions and or additions do not have any adverse impact on the Services.

7. Warranties and Representations

- 7.1 The Service Provider warrants and represents that:

- 7.1.1 it has carefully examined all parts of the Premises where the Services are to be performed or which are otherwise relevant to performance Services;
- 7.1.2 it has fully informed itself by all such tests and examinations as are reasonably necessary of any conditions and limitations that might affect its ability to perform the Services in accordance with the terms of this Contract;
- 7.1.3 it has carefully examined the Contract;
- 7.1.4 it has the experience, qualifications, staff and capability to and will execute the Services efficiently and expeditiously to the CC in accordance with the specification and best professional standards and the terms of this Contract;
- 7.1.5 it has the power to enter into and perform its obligations under this Contract, and its obligations under this Contract constitute its legal, valid and binding obligations enforceable in accordance with its terms;
- 7.1.6 all personnel used to provide the Services will be vetted in accordance with Good Industry Practice, the Security Policy and the Standards;
- 7.1.7 it has, will retain and will keep in force all titles, permits, licences, and certificates necessary for it to perform its obligations and duties under this Contract and shall comply with all applicable laws, rules and regulations relating to the Services; and
- 7.1.8 the CC's use and possession of the Services or any part thereof in accordance with the terms of this Contract shall not infringe any Intellectual Property Rights of any third party.
- 7.2 The Service Provider warrants that the Services supplied by it and/or used by it to perform and/or support the Services:
 - 7.2.1 with respect to all date-related data and functions, will accept input, perform processes and provide output that is:
 - (a) consistent with the intended use and all applicable specifications;
 - (b) prevents ambiguous or erroneous results; and
 - (c) does not result in any adverse effect on functionality or performance of the Service or other hardware or software.
 - 7.2.2 shall not contain any computer code:
 - (a) designed to disrupt, disable, harm, or otherwise impede in any manner, including aesthetically disrupting or distorting, the operation of the Services, or any of the CC's other associated software, firmware, hardware, computer system or network (sometimes referred to as 'viruses' or 'worms');
 - (b) that would disable the Services or impair in any way its operation based on the elapsing of a period of time, exceeding an authorised number of copies, advancement to a particular date or other numeral (sometimes referred to as 'time bombs', 'time locks', or 'drop dead' devices); or

- (c) that would permit the Service Provider or others to access the Services to cause such disablement or impairment (sometimes referred to as 'traps', 'access codes' or 'trap door' devices), or any other similar harmful, malicious or hidden procedures, routines or mechanisms which would cause such programs to cease functioning or to damage or corrupt data, storage media, programs, equipment or communications, or otherwise interfere with operations.

7.2.3 shall perform in accordance with any relevant specification and/or in accordance with specification.

8. Service Provider's Personnel

- 8.1 The Service Provider shall take the steps reasonably required by the CC to prevent unauthorised persons being admitted to the Premises. If the CC gives the Service Provider notice that any person is not to be admitted to or is to be removed from the Premises or is not to become involved in or is to be removed from involvement in the performance of the Contract, the Service Provider shall take all reasonable steps to comply with such notice and if required by the CC the Service Provider shall replace any person removed under this Condition with another suitably qualified person and procure that any pass issued to the person removed is surrendered to the CC.
- 8.2 If and when instructed by the CC, the Service Provider shall give to the CC a list of names and addresses of all personnel who are or may be at any time concerned with the provision of the Services or any part of them, specifying the capacities in which they are so concerned, and giving such other particulars and evidence of identity and other supporting evidence as the CC may reasonably require.
- 8.3 The decision of the CC as to whether any person is to be admitted to or is to be removed from the Premises or is not to become involved in or is to be removed from involvement in the performance of the Contract and as to whether the Service Provider has furnished the information or taken the steps required of him by this Condition shall be final and conclusive.
- 8.4 The Service Provider shall bear the cost of any notice, instruction or decision of the CC under this Condition.
- 8.5 The Service Provider's Personnel, engaged within the boundaries of the Premises, shall comply with such rules, regulations, requirements and advisory notices (including those relating to security arrangements) as may be in force from time to time for the conduct of personnel when at or outside the Premises. Details of such rules, regulations, requirements and advisory notices shall be provided, on request, by the CC.
- 8.6 The Service Provider shall comply with the Staff Vetting Procedures in respect of all Service Provider Personnel employed or engaged in the provision of the Services. The Service Provider confirms that all Service Provider Personnel employed or engaged by the Service Provider at the Effective Date were vetted and recruited on a basis that is equivalent to and no less strict than the Staff Vetting Procedures.
- 8.7 The Service Provider Personnel employed or engaged in the provision of the Services may be required to undergo or have already undergone Baseline Personnel Security Standard (Baseline Standard) checking. The Service Provider shall contact the CC's HR department for further details and advice regarding this procedure.

- 8.8 The Service Provider shall provide training on a continuing basis for all Service Provider Personnel employed or engaged in the provision of the Services in compliance with the CC's Security Policy Framework.
- 8.9 If the Service Provider fails to comply with this Condition and the CC decides that such failure is prejudicial to its interests, the CC may immediately terminate the Contract by notice in writing to the Service Provider, provided that such termination shall be without prejudice to any accrued rights of, or to any rights that shall accrue thereafter to, the CC.

9. Payment

- 9.1 The Service Provider shall submit invoices at times or intervals agreed by the CC in the Contract or otherwise. The Service Provider shall ensure that any invoice it submits sets out the CC's Purchase Order and Contract number (if applicable), the amount and, where not all of the Services to which the invoice relates have been supplied, confirmation when those Services will be completed and its confirmation that the Services have been supplied.
- 9.2 Unless otherwise agreed, payment will be made within 30 days of receipt and agreement of invoices for the relevant cost of the Service, such invoices to be submitted monthly in arrears.
- 9.3 The Service Provider shall make available to the CC such evidence thereof as the CC may reasonably require to indicate the activities, fees and expenses for which payment is sought.

10. Prices

- 10.1 Unless otherwise stated in this Contract, the price for the Services shall not vary from that stated in Schedule 2 Contract Price
- 10.2 The price for the Services stated in Schedule 2 Contract Price shall include labour, insurance, materials and any required equipment, unless otherwise stated in the Schedule 2.

11. Value Added Tax

- 11.1 The CC shall pay to the Service Provider, in addition to the charges, a sum equal to the Value Added Tax chargeable on the value of the Services provided in accordance with the Contract.
- 11.2 Any invoice or other request for payment of monies due to the Service Provider under the Contract shall, if he is a taxable person, be in the same form and contain the same information as if the same were a tax invoice for the purposes of Regulations made under the Value Added Tax Act 1994.
- 11.3 The Service Provider shall, if so requested by the CC, furnish such information as may reasonably be required by the CC relating to the amount of Value Added Tax chargeable on the Services.

12. Audit and Accounts

- 12.1 For the purpose of the examination and certification of the accounts relating to the CC, the National Audit Office Comptroller and Auditor General of the United Kingdom or other duly appointed auditors may examine documents evidencing expenditure incurred and income received by the CC which are owned, held or otherwise within the control of the Service Provider and may require the Service Provider to produce such oral or written explanations as it considers necessary. The Service Provider, shall, so far as it is able, secure the cooperation of its personnel and any sub-contractors engaged on the Contract in the above process.
- 12.2 The Service Provider shall keep and maintain accounts and records to the satisfaction of the CC of all expenditures which are reimbursable by the CC and of the hours worked and costs incurred by the Service Provider or in connection with any employees or subcontractors of the Service Provider paid for by the CC on a time charge basis. The Service Provider shall on request afford the CC or its representatives such access to those records as may be required by the CC in connection with the Contract.
- 12.3 The Service Provider shall ensure that the said accounts and records are available for a period of six years after termination or expiry of the Contract.

13. Recovery of Sums Due

- 13.1 Wherever under the Contract any sum of money is recoverable from or payable by the Service Provider, that sum may be deducted from any sum then due, or which at any later time may become due, to the Service Provider under the Contract or under any other agreement or contract with the CC. If sufficient monies are not due to the Service Provider then the Service Provider will make good the deficit within 30 days of notice being given.
- 13.2 Any over-payment by the CC to the Service Provider whether in respect of the charges or Value Added Tax shall be a sum of money recoverable from the Service Provider pursuant to paragraph 13.1 of this Condition or otherwise.

14. Failures in Performance

- 14.1 If at any time during the Contract Period the Service Provider shall fail to provide the Service or any part thereof to the Contract Standard in accordance with Schedule 1 Scope of Services and Service Level Agreement the CC may:
 - 14.1.1 withhold payment until such time as the Service Provider provides the Service to the satisfaction of the CC's representative;
 - 14.1.2 deduct such amount from any sums payable to the Service Provider as the CC's representative shall reasonably determine to provide or employ other persons to provide the Service or any part thereof and charge to the Service Provider any additional costs incurred by the CC;
 - 14.1.3 suspend the Contract in whole or in part until such time as the CC's representative is satisfied that the Service Provider can properly provide the Service or such part of the Service as has been suspended;
 - 14.1.4 determine the Contract in respect of part of the Service and thereafter provide or procure a third party to provide such part of the Service; and

14.1.5 determine the Contract in accordance with Condition 30 Termination.

15. Provision and use of CC's Accommodation Area

- 15.1 The CC grants to the Service Provider a licence to occupy the CC's accommodation area for the purposes only set out in this Contract. This licence and the occupation of the CC's accommodation area by the Service Provider shall not create a tenancy or any other interest in the CC's accommodation area or any other part of the Premises.
- 15.2 Before using any of the CC's accommodation area the Service Provider shall give the CC a written receipt for all fixtures, fittings and contents.
- 15.3 The Service Provider shall maintain the CC's accommodation area in a clean and presentable condition throughout the duration of its use.
- 15.4 The CC reserves the right to require the relocation of any the CC's accommodation area for any reason to another area within the Premises.
- 15.5 The Service Provider shall not make any alterations or additions to the accommodation area.
- 15.6 This licence to occupy shall be personal to the Service Provider and accordingly the Service Provider shall not assign, underlet, charge, part with possession, occupation or otherwise dispose of the CC's accommodation area or any part of them or the Service Provider's rights under this licence.
- 15.7 No security of tenure of whatsoever nature is hereby granted. This licence will not entitle the Service Provider to enjoy the exclusive use and occupation of the CC's accommodation area which is subject to all necessary rights of access by the CC.
- 15.8 This licence to occupy shall terminate automatically without any notice if the Service Provider ceases to occupy the CC's accommodation area or upon termination of this Contract.
- 15.9 The Service Provider shall use the CC's accommodation area only for the purpose of the provision of the Services provided for in this Contract and shall not do anything which may be or become a nuisance or annoyance or cause damage or inconvenience to the CC or any of its personnel, employees or visitors.
- 15.10 The Service Provider shall not do anything which may cause the insurance of the CC's accommodation area or any part of the Premises effected on behalf of the CC to be rendered void or voidable or to be in any other way affected.
- 15.11 The Service Provider shall comply with any statutory requirements affecting the CC's accommodation area or its use and shall not in occupying or using the CC's accommodation area under this licence do or permit anything to be done which shall cause the CC to be in breach of its obligations in relation to the Premises or any part of it.
- 15.12 Upon termination of this Contract or otherwise if reasonably required by the CC the Service Provider shall deliver up all the CC's accommodation area (including the fixtures and fittings) with vacant possession and in the state of condition which accords with this Condition 15 in all respects.
- 15.13 The CC reserves the right to dispose of anything left by the Service Provider on the premises which has not been removed within one week after vacation of the

Premises. The CC will have no liability to the Service Provider concerning anything disposed of by the CC in accordance with this condition.

- 15.14 The Service Provider will ensure that all electrical items brought to the premises (including the equipment of any subcontractor) comply with the Electricity at Work Regulations 1989 and all other applicable regulations relating to electrical appliances and are at all times covered by valid test certificates which will be available at all times for inspection by the CC on request.

16. Use of CC's Equipment

- 16.1 The CC shall make available to the Service Provider solely for the purpose of the provision of the Services, and subject to the terms of this Contract, the equipment and materials specified in Schedule 4 The CC's Equipment. If any of such equipment is subject to third-party maintenance contracts the Service Provider undertakes to comply with such maintenance contracts.
- 16.2 Any equipment provided by the CC to assist the Service Provider in executing the Services shall be held by the Service Provider as bailee and fiduciary trustee for the CC until either returned to the CC or (if not promptly returned, at the CC's option) paid for. Such equipment, once provided to the Service Provider, shall be held at the risk of and maintained in good condition by the Service Provider. Under no circumstances shall the Service Provider seek to move or dispose of any such equipment or permit any such equipment to be subject to any charge, lien or other interest of the Service Provider or any third party.
- 16.3 The Service Provider shall deliver up all such equipment to the CC forthwith on termination of this Contract for any reason (or forthwith on the CC's request to do so earlier). Without prejudice to the provisions of Condition 16.2 failure to deliver up such equipment within 24 hours of such termination or request shall entitle the CC to payment in respect of such equipment and to issue a debit note or issue an invoice as it deems necessary.

17. Corrupt Gifts or Payments

- 17.1 The Service Provider shall not:
- 17.1.1 Offer or give, or agree to give, to any employee or representative of the CC any gift or consideration of any kind as an inducement or reward for doing or refraining from doing or for having done or refrained from doing, any act in relation to the obtaining or execution of this or any other contract with the CC or for showing or refraining from showing favour or disfavour to any person in relation to this or any such contract. The attention of the Service Provider is drawn to the criminal offences created by the Public Bodies Corrupt Practices Act 1889, the Prevention of Corruption Act 1906 and the Prevention of Corruption Act 1916.
- 17.1.2 Enter into this Contract or any other contract with a person in Her Majesty's Service in connection with which commission has been paid or agreed to be paid by him or on his behalf, or to his knowledge, unless before this Contract is made particulars of any such commission and of the terms and conditions of any Contract for the payment thereof have been disclosed in writing to the CC.

- 17.2 Any breach of this Condition 17 by the Service Provider or by anyone employed by him or acting on his behalf (whether with or without the knowledge of the Service Provider) or the commission of any offence by the Service Provider or by anyone employed by him or acting on his behalf under the Public Bodies Corrupt Practices Act 1889, the Prevention of Corruption Act 1906 and the Prevention of Corruption Act 1916, in relation to this Contract or any other contract with Her Majesty's Service shall entitle the CC to terminate this Contract and recover from the Service Provider the amount of any direct loss resulting from such termination and/or to recover from the Service Provider the amount or value of any such gift, consideration or commission.
- 17.3 Any dispute, difference or question arising in respect of the interpretation of this Condition 17, the right of the CC to terminate this Contract or the amount or value of any such gift, consideration or commission shall be decided by the CC, whose decision shall be final and conclusive.

18. Publicity

- 18.1 The Service Provider agrees not to disclose the identity of CC as a client of the Service Provider, nor to use the CC's name nor refer to the CC directly or indirectly in any advertisement or other publication without receiving the CC's prior written approval for such use or reference and to the form and Context in which the reference to the CC is to appear. The Service Provider shall abide by any conditions or limitations imposed by the CC in such approval, if given.
- 18.2 The Service Provider further agrees not to disclose the existence of this Contract, or the nature of the relationship established by this Contract.

19. Copyright

- 19.1 Subject to any prior rights and to the rights of third parties, all reports and other documents and materials and the copyright or similar rights therein arising out of the performance by the Service Provider of his duties under the contract are hereby assigned to and shall vest in the CC absolutely.
- 19.2 Immediately upon termination of the Contract and on payment or tender of all outstanding fees and expenses, all reports, schedules and other documentation produced by the Service Provider and information unique to the Contract and exclusively for the purpose of fulfilling the Contract shall be delivered to the CC. Any like information held on a computerised database shall be copied on to electronic media and delivered to the CC. Any remaining copies held on electronic media shall be erased.

20. Secrecy and Confidentiality

- 20.1 The Service Provider undertakes to abide by, and procure that his employees abide by the following sections of legislation, which form part of the CC Policy on Security of Information;
- 20.1.1 Part 9 of the Enterprise Act 2002, this applies to information obtained in the course of merger and market investigations and contains:
- a general prohibition on disclosure of specified information;
 - the exceptions to the prohibition;

- the considerations which the CC must have regard to before disclosing any specified information; and
- a criminal offence of improperly disclosing or using specified information.

20.1.2 The provisions on non-disclosure of information in the various regulatory statutes which apply to price control and other regulatory references:

- (i) The Airports Act 1986, section 74.
- (ii) The Airports (Northern Ireland) Order 1994, Article 49.
- (iii) The Communications Act 2003, article 393.
- (iv) The Electricity (Northern Ireland) order 1992, Article 61.
- (v) The Energy Act 2004.
- (vi) The Financial Services & Markets Act 2000, section 348.
- (vii) The Gas (Northern Ireland) Order, Article 44.
- (viii) The Postal Services Act 2000, Schedule 7.
- (ix) The Railways Act 1993, section 145.
- (x) The Regulation of Investigatory Powers Act 2000.
- (xi) The Telecommunications Act 1984, section 101.
- (xii) The Transport Act 2000, Schedule 9.
- (xiii) The Utilities Act 2000, section 105.
- (xiv) The Water Industry Act 1991, section 206.
- (xv) The Water Services etc (Scotland) Act 2005 (Consequential Provisions and Modifications).
- (xvi) The Water and Sewerage Services (Northern Ireland) Order 2006, Article 265.

20.1.3 Other legislation imposing general non-disclosure or use of information obligations

- (i) The Computer Misuse Act 1990.
- (ii) The Copyright, Designs and Patents Act 1988.
- (iii) The Data protection Act 1998.
- (iv) The Human Rights Act 1998.
- (v) The Official Secrets Act 1989, section 5.

Guidance on this Condition 20 will be provided to the Service Provider by the CC on request.

- 20.2 Except to the extent set out in this clause or where disclosure is expressly permitted elsewhere in this Agreement, each party shall:
- 20.2.1 treat the other party's Confidential Information as confidential and safeguard it accordingly; and
 - 20.2.2 not disclose the other party's Confidential Information to any other person without the owner's prior written consent.
- 20.3 Clause 20.2 shall not apply to the extent that:
- 20.3.1 such disclosure is a requirement of Law placed upon the party making the disclosure, including any requirements for disclosure under the FOIA, Code of Practice on Access to Government Information or the Environmental Information Regulations pursuant to clause 23 (Freedom of Information);
 - 20.3.2 such information was in the possession of the party making the disclosure without obligation of confidentiality prior to its disclosure by the information owner;
 - 20.3.3 such information was obtained from a third party without obligation of confidentiality;
 - 20.3.4 such information was already in the public domain at the time of disclosure otherwise than by a breach of this Agreement; or
 - 20.3.5 it is independently developed without access to the other party's Confidential Information.
- 20.4 The Service Provider may only disclose the CC's Confidential Information to the Service Provider's Personnel who are directly involved in the provision of the Services and who need to know the information, and shall ensure that such Service Provider Personnel are aware of and shall comply with these obligations as to confidentiality.
- 20.5 The Service Provider shall not, and shall procure that the Service Provider Personnel do not, use any of the CC's Confidential Information received otherwise than for the purposes of this Agreement.
- 20.6 The Service Provider shall procure that those members of the Service Provider Personnel engaged in the provision of the Services sign a Confidentiality Undertaking prior to commencing any work in accordance with this Agreement.
- 20.7 Nothing in this agreement shall prevent the CC from disclosing the Service Provider's Confidential Information:
- 20.7.1 to any Crown Body or any other Contracting Authority. All Crown Bodies or Contracting Authorities receiving such Confidential Information shall be entitled to further disclose the Confidential Information to other Crown Bodies or other Contracting Authorities on the basis that the information is confidential and is not to be disclosed to a third party which is not part of any Crown Body or any Contracting Authority;
 - 20.7.2 to any consultant, contractor or other person engaged by the Authority or any person conducting an Office of Government Commerce gateway review;

- 20.7.3 for the purpose of the examination and certification of the CC's accounts;
or
- 20.7.4 for any examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the CC has used its resources.
- 20.8 The CC shall use all reasonable endeavours to ensure that any government department, Contracting Authority, employee, third party or Sub-contractor to whom the Service Provider's Confidential Information is disclosed pursuant to clause 20.7 is made aware of the CC's obligations of confidentiality.
- 20.9 Nothing in this clause 20 shall prevent either party from using any techniques, ideas or know-how gained during the performance of the Agreement in the course of its normal business to the extent that this use does not result in a disclosure of the other party's Confidential Information or an infringement of IPR.
- 20.10 The Service Provider and his employees shall not comment on the conclusions of any CC report, nor on the reasons for those conclusions, contained in any such report, in respect of which the Service Provider and its employees rendered services under a contract with the CC.
- 20.11 The Service Provider shall use its best endeavours to incorporate conditions in all subcontracts or other business arrangements into which it may enter in the course of providing the Service so as to ensure that all persons concerned with the provision of the Services are bound by provisions replicating the intent and effect of this Condition 20.

21. Authority Data

- 21.1 The Service Provider shall not delete or remove any proprietary notices contained within or relating to the Authority Data.
- 21.2 The Service Provider shall not store, copy, disclose, or use the Authority Data except as necessary for the performance by the Service Provider of its obligations under this Contract or as otherwise expressly authorised in writing by the CC.
- 21.3 To the extent that Authority Data is held and/or processed by the Service Provider, the Service Provider shall supply that Authority Data to the CC as requested by the CC in the format specified.
- 21.4 The Service Provider shall take responsibility for preserving the integrity of Authority Data and preventing the corruption or loss of Authority Data.
- 21.5 The Service Provider shall perform secure back-ups of all Authority Data and shall ensure that up-to-date back-ups are stored off-site in accordance with the CC's Business Continuity and Disaster Recovery Plan. The Service Provider shall ensure that such back-ups are available to the CC at all times upon request.
- 21.6 The Service Provider shall ensure that any system on which the Service Provider holds any Authority Data, including back-up data, is a secure system that complies with the CC's Security Policy.
- 21.7 If the Authority Data is corrupted, lost or sufficiently degraded as a result of the Service Provider's Default so as to be unusable, the CC may:

- 21.7.1 require the Service Provider (at the Service Provider's expense) to restore or procure the restoration of Authority Data to the extent and in accordance with the requirements specified in the Business Continuity and Disaster Recovery Provisions and the Service Provider shall do so as soon as practicable; and/or
 - 21.7.2 itself restore or procure the restoration of Authority Data, and shall be repaid by the Service Provider any reasonable expenses incurred in doing so to the extent and in accordance with the requirements specified in the Business Continuity and Disaster Recovery Provisions.
- 21.8 If at any time the Service Provider suspects or has reason to believe that Authority Data has or may become corrupted, lost or sufficiently degraded in any way for any reason, then the Service Provider shall notify the CC immediately and inform the CC of the remedial action the Service Provider proposes to take.

22. Protection of Personal Data

- 22.1 With respect to the parties' rights and obligations under this Contract, the parties agree that the CC is the Data Controller and that the Service Provider is the Data Processor.
- 22.2 The Service Provider shall:
- 22.2.1 Process the Personal Data only in accordance with instructions from the CC (which may be specific instructions or instructions of a general nature as set out in this Contract or as otherwise notified by the CC to the Service Provider during the Term);
 - 22.2.2 Process the Personal Data only to the extent, and in such manner, as is necessary for the provision of the Services or as is required by Law or any Regulatory Body;
 - 22.2.3 implement appropriate technical and organisational measures to protect the Personal Data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure. These measures shall be appropriate to the harm which might result from any unauthorised or unlawful Processing, accidental loss, destruction or damage to the Personal Data and having regard to the nature of the Personal Data which is to be protected;
 - 22.2.4 take reasonable steps to ensure the reliability of any Service Provider Personnel who have access to the Personal Data;
 - 22.2.5 obtain prior written consent from the CC in order to transfer the Personal Data to any Sub-contractors or Affiliates for the provision of the Services;
 - 22.2.6 ensure that all Service Provider Personnel required to access the Personal Data are informed of the confidential nature of the Personal Data and comply with the obligations set out in this clause 22;
 - 22.2.7 ensure that none of the Service Provider Personnel publish, disclose or divulge any of the Personal Data to any third party unless directed in writing to do so by the CC;
 - 22.2.8 notify the CC within five Working Days if it receives:

- 22.2.8.1 a request from a Data Subject to have access to that person's Personal Data: or
- 22.2.8.2 a complaint or request relating to the CC's obligations under the Data Protection Legislation;
- 22.2.9 provide the CC with full cooperation and assistance in relation to any complaint or request made, including by:
 - 22.2.9.1 providing the CC with full details of the complaint or request;
 - 22.2.9.2 complying with a data access request within the relevant timescales set out in the Data Protection Legislation and in accordance with the CC's instructions;
 - 22.2.9.3 providing the CC with any Personal Data it holds in relation to a Data Subject (within the timescales required by the CC); and
 - 22.2.9.4 providing the CC with any information requested by the CC;
- 22.2.10 permit the CC or the CC's Representative (subject to reasonable and appropriate confidentiality undertakings), to inspect and audit, in accordance with clause 12 (Audit and Accounts), the Service Provider's data Processing activities (and/or those of its agents, subsidiaries and Sub-contractors) and comply with all reasonable requests or directions by the CC to enable the CC to verify and/or procure that the Service Provider is in full compliance with its obligations under this Contract;
- 22.2.11 provide a written description of the technical and organisational methods employed by the Service Provider for processing Personal Data (within the timescales required by the CC); and
- 22.2.12 not Process Personal Data outside the European Economic Area without the prior written consent of the CC and, where the CC consents to a transfer, to comply with:
- 22.2.13 the obligations of a Data Controller under the Eighth Data Protection Principle set out in Schedule 1 of the Data Protection Act 1998 by providing an adequate level of protection to any Personal Data that is transferred; and
- 22.2.14 any reasonable instructions notified to it by the CC.
- 22.3 The Service Provider shall comply at all times with the Data Protection Legislation and shall not perform its obligations under this Contract in such a way as to cause the CC to breach any of its applicable obligations under the Data Protection Legislation.
- 22.4 Upon the termination of this Contract for whatever reason the Service Provider shall, unless notified otherwise by the CC or required by law, immediately cease any processing of the Personal Data on the CC's behalf and as requested by the CC destroy or provide the CC with a copy on suitable media.
- 22.5 The Service Provider shall promptly carry out any request from the CC requiring it to amend, transfer or delete the Personal Data or any part of the Personal Data.

- 22.6 Where the Service Provider is required to collect any Personal Data on behalf of the CC, it shall ensure that it provides the Data Subjects from whom the Personal Data are collected with a data protection notice in a form to be agreed with the CC.

23. Freedom of Information

- 23.1 The Service Provider acknowledges that the CC is subject to the requirements of the Code of Practice on Government Information, Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR) and shall assist and cooperate with the CC, at the Service Provider's expense, to enable the CC to comply with its Information disclosure obligations.

- 23.2 In this Condition:

'Information' has the meaning ascribed to it in section 84 of the FOIA; and

'Request for Information' has the meaning ascribed to it in section 8 of the FOIA, or any apparent request for information under the FOIA or EIR.

- 23.3 The Service Provider shall (and shall procure that its subcontractors shall):

23.3.1 transfer any Request for Information to the CC as soon as practicable after receipt and in any event within two working days;

23.3.2 provide the CC with a copy of all Information in its possession or power in the form that the CC requires within five working days (or such other period as the CC may specify) of the CC requesting that Information; and

23.3.3 provide all necessary assistance as reasonably requested by the CC to enable it to respond to a Request for Information within the time for compliance set out in section 10 of the FOIA or regulation 5 of the EIR.

- 23.4 The CC shall be responsible for determining in its absolute discretion and notwithstanding any other provision in this Agreement or any other agreement whether the Commercially Sensitive Information and/or, any other Information is exempt from disclosure in accordance with the provisions of the Code of Practice on Government Information, FOIA or the EIR.

- 23.5 In no event shall the Service Provider respond directly to a Request for Information unless expressly authorised to do so in writing by the CC.

- 23.6 The Service Provider acknowledges that (notwithstanding the provisions of Clause 23) the CC may, acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the FOIA ("the Code"), be obliged under the FOIA or the EIR to disclose information concerning the Service Provider or the Services:

23.6.1 in certain circumstances without consulting the Service Provider; or

23.6.2 following consultation with the Service Provider and having taken their views into account;

provided always that where 23.6.1 applies the CC shall, in accordance with any recommendations of the Code, take reasonable steps, where appropriate, to give the Service Provider advanced notice, or failing that, to draw the disclosure to the Service Provider's attention after any such disclosure.

- 23.7 The Service Provider shall ensure that all Information produced in the course of the Contract or relating to the Contract is retained for disclosure and shall permit the CC to inspect such records as requested from time to time.
- 23.8 The Service Provider acknowledges that any lists or schedules provided by it outlining information it deems confidential or commercially sensitive are of indicative value only and that the CC may nevertheless be obliged to disclose information which the Service Provider considers confidential in accordance with Conditions 23.4 and 23.6.

24. Transparency

- 24.1 The parties acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the FOIA, the content of this Contract is not Confidential Information. The CC shall be responsible for determining in its absolute discretion whether any of the content of the Contract is exempt from disclosure in accordance with the provisions of the FOIA. Notwithstanding any other term of this Contract, the Service provider hereby gives his consent for the CC to publish the Contract in its entirety, (but with any information which is exempt from disclosure in accordance with the provisions of the FOIA redacted) including from time to time agreed changes to the contract, to the general public.
- 24.2 The CC may consult with the Service Provider to inform its decision regarding any redactions but the CC shall have the final decision in its absolute discretion.
- 24.3 The Service Provider shall assist and cooperate with the CC to enable the CC to publish this Contract.

25. Indemnities and Insurance

- 25.1 The Service Provider shall hold harmless and indemnify the CC on demand from and against all claims, demands, proceedings, actions, damages, costs (including legal costs), expenses and any other liabilities arising from claims made by the CC's staff or agents, or by third parties, in respect of any death or personal injury, or loss or destruction of or damage to property, or any other loss, destruction or damage, including but not limited to financial losses which are caused, whether directly or indirectly, by the breach of contract or breach of duty (whether in negligence, tort, statute or otherwise) of the Service Provider, its employees, agents or sub-contractors.
- 25.2 The Service Provider shall be liable to the CC for any loss, damage, destruction, injury or expense, whether direct or indirect, (and including but not limited to loss or destruction of or damage to the CC's property, which includes data) arising from the Service Provider's breach of contract or duty (whether arising in negligence, tort, statute or otherwise).
- 25.3 The Service Provider shall effect with a reputable insurance company a policy or policies of insurance providing an adequate level of cover in respect of all risks which may be incurred by the Service Provider in respect of the indemnities provided under the Contract, which in any event shall not be less than £1,000,000, and shall at the request of the CC produce the relevant policy or policies together with receipt or other evidence of payment of the latest premium due there under.
- 25.4 Nothing in these Conditions or in any part of the Contract shall impose any liability on any member of the staff of the CC or its representatives in their personal capacity.

- 25.5 The Service Provider shall indemnify the CC against all proceedings, actions, claims, demands, costs (including legal costs), charges, expenses and any other liabilities arising from or incurred by reason of any infringement or alleged infringement of any third party's Intellectual Property Rights used by or on behalf of the Service Provider for the purpose of the Contract, providing that any such infringement or alleged infringement is not knowingly caused by, or contributed to, by any act of the CC.
- 25.6 The CC shall indemnify the Service Provider against all proceedings, actions, claims, demands, costs (including legal costs), charges, expenses and any other liabilities arising from or incurred by reason of any infringement or alleged infringement of any third party's Intellectual Property Rights used at the request of the CC by the Service Provider in the course of providing the Services, providing that any such infringement or alleged infringement is not knowingly caused by, or contributed to by, any act of the Service Provider.
- 25.7 Except in relation to death or personal injury as referred to in Condition 25.1 and subject to Conditions 25.5 and 25.6 the amount of liability under this Condition shall be limited to a sum of £4,000,000 or twice the contract value, whichever is the greater, or such other sum as may be agreed in writing between the CC and the Service Provider.

26. Conflicts of Interest

- 26.1 The Service Provider shall disclose to the CC's Representative as soon as is reasonably practical after becoming aware of any actual or potential conflict of interest relating to provision of the Services by the Service Provider or any event or matter (including without limitation its reputation and standing) of which it is aware or anticipates may justify the CC taking action to protect its interests.

27. Intellectual Property Rights

- 27.1 Subject to any pre-existing rights of third parties and of the Service Provider, the Intellectual Property Rights (other than copyright) in all reports, documents and other materials which are generated or acquired by the Service Provider (or any of its sub-contractors or agents) ('the Service Provider's Materials') in the performance of the Services shall belong to and be vested automatically in the CC.
- 27.2 The Service Provider hereby assigns any copyright that it owns in the Service Provider's Materials to the CC. The Service Provider waives all moral rights relating to the Service Provider's Materials.
- 27.3 The Service Provider warrants to the CC that all of their staff, agents and sub-contractors are and will be engaged in relation to the Contract on terms which do not entitle any of them to any Intellectual Property Rights in the Service Provider's Materials, and which require them to waive all moral rights.
- 27.4 If the Service Provider in providing the Services uses any materials in which there are pre-existing Intellectual Property Rights owned by itself, its agents, sub-contractors or third parties, it shall itself provide, or procure from such agent, subcontractor or third party a non-exclusive licence for, or, if the Service Provider is itself a licensee of those Intellectual Property Rights, it shall grant a sub-licence to, the CC to use, reproduce, modify, adapt and enhance the material as the CC sees fit. Such licence or sub-licence shall be perpetual and irrevocable and granted at no cost to the CC.

- 27.5 The CC shall have the sole right to use any information (whether or not it is Confidential Information) collected or collated pursuant to the Contract (excluding any information which in the opinion of the CC is confidential to the Service Provider or which has been communicated to the Service Provider under a condition that it shall be confidential to the Service Provider), and all original documents in whatever form which contain that information, including any computer tape or disk, any voice recording and any special computer program written to give access to the information, shall on request be deposited with the CC.
- 27.6 Nothing in this Contract or done under the Contract shall be taken to diminish any copyright, patent rights or any other Intellectual Property Rights which would, apart from this Contract, vest in the CC.
- 27.7 The Service Provider shall ensure that all royalties licence fees or similar expenses in respect of Intellectual Property Rights in materials used in connection with the Contract have been paid and are included in the Charges.
- 27.8 If the CC reimburses the Service Provider for the cost of any equipment, such equipment shall become the property of the CC and the Service Provider shall on request deliver such equipment to the CC. The Service Provider shall keep a proper inventory of such equipment and shall deliver that inventory to the CC on request and on completion of the Services.

28. Contract and Service Management

- 28.1 If formal progress reports are required these will be as defined in Section 2 of Schedule 3 Contract and Service Management. The Service Provider shall render such reports at such time and in such form as may be specified by the CC, or as otherwise agreed between the Parties.
- 28.2 The submission and acceptance of progress reports shall not prejudice any rights of the CC under the Contract.
- 28.3 When meetings are required these will be as defined in Section 3 of Schedule 3, Contract and Service Management.
- 28.4 The CC shall give Service Provider reasonable notice of required attendance. Such attendance shall be at the Service Providers expense.

29. Default

- 29.1 If the Service Provider shall default in carrying out any of his obligations under the Contract the CC may give the Service Provider notice specifying the default; and if the Service Provider continues in default at the end of such period as is specified in the notice, the CC shall be at liberty, without prejudice to any other remedy for breach of contract forthwith to terminate the Contract either wholly or to the extent of such default.
- 29.2 In the event of the Contract being terminated either wholly or in part under paragraph 29.1 all sums of money that were then due or accruing from the CC to the Service Provider in respect of the Contract shall cease to be due or accruing to the extent of the termination.
- 29.3 In the event of the Contract being terminated either wholly or in part under paragraph 29.1:

- 29.3.1 the CC may take such steps as appear to it to be necessary or expedient to secure alternative provision of services; and
- 29.3.2 the CC shall have the right to recover from the Service Provider all fees paid in respect of work rendered useless by reason of the termination. Any travel and subsistence expenses properly incurred by the Service Provider up to that date will not be recovered from him.
- 29.4 A termination under paragraph 29.1 shall not prejudice or affect any right of action or remedy which shall have accrued or shall accrue thereafter to the CC.

30. Termination

- 30.1 The Service Provider shall notify the CC in writing immediately upon the occurrence of any of the following events:
 - 30.1.1 where the Service Provider is an individual if a petition is presented for the Service Provider's bankruptcy or a criminal bankruptcy order is made against the Service Provider, or he makes any composition or arrangement with or for the benefit of creditors, or makes any conveyance or assignment for the benefit of creditors, or if an administrator is appointed to manage his affairs; or
 - 30.1.2 where the Service Provider is not an individual but is a firm or a number of persons acting together in any capacity, if any event in 30.1.1 or 30.1.3 of this Condition occurs in respect of any partner in the firm or any of those persons or a petition is presented for the Service Provider to be wound up as an unregistered company; or
 - 30.1.3 where the Service Provider is a company, if the company passes a resolution for winding-up or dissolution (otherwise than for the purposes of and followed by an amalgamation or reconstruction) or the court makes an administration order or a winding-up order, or the company makes a composition or arrangement with its creditors, or an administrative receiver, receiver or manager is appointed by a creditor or by the court, or possession is taken of any of its property under the terms of a floating charge.
- 30.2 On the occurrence of any of the events described in Condition 30.1 or, if the Service Provider shall have committed a material breach of the Contract and (if such breach is capable of remedy) shall have failed to remedy such breach within 30 days of being required by the CC in writing to do so or, where the Service Provider is an individual, if he shall die or be adjudged incapable of managing his affairs within the meaning of Part VII of the Mental Health Act 1983, the CC shall be entitled to terminate the Contract by notice to the Service Provider with immediate effect.
- 30.3 Thereupon, without prejudice to any other rights, the CC may complete the Services or have them completed by a third party, using for that purpose (making a fair and proper allowance therefore in any payment subsequently made to the Service Provider) all materials, plant and equipment on the premises belonging to the Service Provider, and the CC shall not be liable to make any further payment to the Service Provider until the Services have been completed in accordance with the requirements of the Contract, and shall be entitled to recover from the Service Provider all fees paid to him prior to the occurrence of any of the events described in Condition 30.1.

- 30.4 All travel and subsistence expenses properly incurred by the Service Provider prior to the event in question shall not be recovered from him.
- 30.5 In addition to its rights of termination under Condition 30.2, the CC shall be entitled to terminate the Contract by giving to the Service Provider not less than 30 days' notice to that effect.
- 30.6 Termination under Conditions 30.2 or 30.3 shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereupon accrue to the CC and shall not affect the continued operation of Condition 20 (Secrecy and Confidentiality).

31. Assignment and Subcontracting

- 31.1 Unless otherwise agreed, the Service Provider shall not assign or subcontract any portion of the Contract without the prior written consent of the CC. Subcontracting any part of the Contract shall not relieve the Service Provider of any obligation or duty attributable to him under the Contract.
- 31.2 Where the Service Provider employs a subcontractor for the purpose of performing the Contract, he shall cause a term to be included in such subcontract which requires payment to be made to the subcontractor within a specified period not exceeding 30 days from receipt of a valid invoice as defined by the subcontract requirements.

32. Force Majeure

- 32.1 Neither party shall be liable for any breach of its obligations under this Contract resulting from causes beyond its reasonable control including, but not limited to, fires, strikes (excluding strikes by its own employees), insurrection or riots, embargoes or delays in transportation, inability to obtain supplies and raw materials requirements or regulations of any civil or military authority (Event of Force Majeure).
- 32.2 Each of the parties agrees to give notice forthwith to the other upon becoming aware of an Event of Force Majeure, the said notice to contain details of the circumstances giving rise to the Event of Force Majeure.
- 32.3 If the Event of Force Majeure shall continue for more than 30 days either party shall be entitled to terminate the Contract at any time thereafter without notice. Neither party shall have any liability to the other in respect of the termination of this Contract as a result of an Event of Force Majeure. Neither party will be under any obligation to the other in the event that Force Majeure applies and that this shall include any of the following circumstances: closure of part, or all, of the public transport systems or road network as a result of : Fire, Flood, other Natural Disaster, Accident, Terrorist Activity (whether real or hoax), Industrial Action (whether Official or not), Public Disorder, Civil Disobedience, War (including but not limited to actions of an enemy), Act of God or inclement weather. In addition Force Majeure may be held to apply in the event of a catastrophic or partial failure of any part of the telecommunications or power supply networks.

33. Notices

- 33.1 Any notice given under or pursuant to the Contract may be sent by hand or by post or by recorded delivery service or transmitted by email, facsimile transmission or other means of telecommunication resulting in the receipt of a written communication in permanent form and if so sent or transmitted to the address or the email or facsimile number shown in the Contract of the party on whom the notice is served, or to such

other address or email or facsimile number as that party may by notice in writing to the other have substituted therefore, shall be deemed effectively given on the day when, in the ordinary course of the means of transmission which are utilised, it would first be received by the addressee in normal business hours.

34. Dispute Resolution

- 34.1 The Parties' designated representatives shall use all reasonable endeavours to negotiate in good faith and settle amicably any disputes, differences or questions (the disputes) that arise during the continuance of the Contract.
- 34.2 In the event the Parties' designated representatives are unable to resolve the disputes raised, they shall be formally escalated to the Chief Executives of both the Parties for resolution.
- 34.3 If within 10 working days of such escalation the Chief Executives are unable to amicably resolve such disputes then the disputes shall be settled as far as reasonably practicable by mediation in accordance with the Centre for Effective Dispute Resolution (CEDR) Model Mediation Procedure.

35. Headings

- 35.1 The headings to Conditions shall not affect their interpretation.

36. Working Time Directive

- 36.1 The Service Provider shall ensure that the Working Time Directive Employment Regulations will be applied in the proper manner to all personnel supplied via this Contract.
- 36.2 The Service Provider shall ensure that commensurate with good employment practices and policies observed by the CC, that all employment legislation is applied appropriately to all workers employed in providing the Services.

37. Observance of Statutory Requirements

- 37.1 The Service Provider insofar as it is legally liable shall comply with all statutory requirements to be observed and performed in connection with the Contract and shall indemnify the CC against all actions, claims, demands, proceedings, damages, costs, charges and expenses whatsoever in respect of any breach of statutory obligations.

38. Equal Opportunities and Harassment

- 38.1 The Service Provider shall adopt a policy to comply with the requirements of the Race Relations Act 1976, the Race Relations (Amendment) Act 2000, the Employment Equality (Religion or Belief) Regulations 2003, the Sex Discrimination Act 1975 as amended, Equal Pay Act 1970, Employment Equality (Sexual Orientation) Regulations 2003, Sex Discrimination (Gender Reassignment) Regulations 1999, and the Disability Discrimination Act 1995 and the Disability Discrimination Act 2005, and accordingly, shall not treat one individual or group of people less favourably than others because of colour, race, nationality, ethnic origin, religion, gender, sexual orientation or disability and, further, shall seek to promote equality among its workers and generally. The Service Provider will note the CC's

current and future obligations under these Acts and under the Data Protection Act 1998, Freedom of Information Act 2000, Human Rights Act 1998, and any codes of practice and best practice guidance issued by the Government and the appropriate enforcement agencies.

- 38.2 The Service Provider will comply with the above legislation in so far as it places obligations upon the Service Provider in the performance of its obligations under this Contract. The Service Provider will facilitate the CC's compliance with the CC's obligations under these provisions and comply with any request from the CC for that purpose.
- 38.3 In the event of any finding of unlawful racial, disability or sexual discrimination being made against the Service Provider by any court or industrial tribunal, or of an adverse finding in any formal investigation by the Equality and Human Rights Commission the Service Provider shall take appropriate steps to prevent repetition of the unlawful discrimination and shall on request provide the CC with details of any steps taken.
- 38.4 The Service Provider shall set out its policies on race relations, sex discrimination and disability discrimination:
 - 38.4.1 in instructions to those concerned with recruitment, training and promotion;
 - 38.4.2 in documents available to its personnel, recognised trade unions or other representative groups of its personnel; and
 - 38.4.3 in recruitment advertisements and other literature.
- 38.5 The Service Provider shall, on request provide the CC with copies of its policies, examples of the instructions and other documents, recruitment advertisements and other literature.
- 38.6 The Service Provider shall provide such information as the CC may reasonably request for the purpose of assessing the Service Provider's compliance with this Condition 38.
- 38.7 The Service Provider shall take all reasonable steps to ensure that Service Provider's personnel engaged in the performance of the Contract do not act towards either CC staff or members of the public in a manner that could amount to harassment on any of the grounds mentioned in 38.1. In the event of any finding of unlawful discrimination being made against the Service Provider by any court or tribunal, or of any adverse finding in any formal investigation, the Service Provider shall take appropriate steps to prevent repetition of the unlawful discrimination and shall, on request, provide the CC with details of any steps taken.

39. Invalidity and Severability

- 39.1 If any provision of this Contract shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Contract and all provisions not affected by such invalidity shall remain in full force and effect.

40. Rights of Third Parties

- 40.1 Except where it is expressly provided elsewhere, no person who is not a party to the Contract shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Contract.

41. Right of Set-Off

- 41.1 Wherever under this Contract any sum of money shall be recoverable from or payable by the Service Provider to the CC, the same may be deducted from any sum then due or which at any time thereafter may become due to the Service Provider under this Contract.

42. Variations and Cancellation

- 42.1 The Service Provider shall not vary any of the Services as detailed in Schedule 1 Scope Of Services And Service Level Agreement, except as directed in writing by the CC. The Service Provider shall carry out any such variations and be bound by the same conditions, so far as applicable, as though the said variations were stated in the original Contract.
- 42.2 Where the Service Provider receives any such direction from the CC pursuant to Condition 42.1 which would require an amendment to the price for the Services or which would prevent the Service Provider from fulfilling any of its obligations under the Contract, the Service Provider shall promptly notify the CC in writing to that effect. The CC shall confirm in writing any amendments to the price for the Services or any modifications to the Service Provider obligations to which it agrees.
- 42.3 In respect of Services, if the CC shall not agree to any such amendments or modifications, the CC may at its sole discretion either elect to continue with the Contract without such variations or to terminate the Contract on 30 days' notice (in which event the CC will pay a reasonable price for all work carried out up to the date of termination but will not be liable for any other direct or indirect costs, damages or expenses of the Supplier).

43. Survival of the Contract

- 43.1 Insofar as any of the rights and obligations of the parties in this Contract shall or may be exercised after expiry or termination of the Contract, the provisions of the Contract conferring such rights and powers shall survive and remain in full force and effect notwithstanding such termination or expiry or any other contract with the CC.

44. Non-Solicitation

- 44.1 For the duration of this Contract and for a period of six months thereafter, the Service Provider shall not directly or indirectly employ, engage or enter into any contract for works or services with any employee of the CC with whom the Service Provider has had contact during this Contract without the prior written consent of the CC.
- 44.2 The Service Provider acknowledges that breach of Condition 44.1 shall give rise to considerable cost being incurred by the CC. In the event of any such breach (and for the avoidance of doubt and without limitation), the Service Provider agrees to make the following payments to the CC:

- 44.2.1 the full recruitment costs associated with the recruitment of a replacement for the CC employee including but not limited to advertising, agency fees and reasonable internal management time;
 - 44.2.2 any additional costs incurred by the CC in the employment of temporary staff to provide cover in whole or in part for the said employee during any recruitment period; and
 - 44.2.3 where in the reasonable opinion of the CC the employee has received special training funded by the CC, the Service Provider shall pay the reasonable costs associated with providing additional training to any new employee.
- 44.3 If the CC gives its consent to the employment of any of its employees by the Service Provider such consent shall not vary or amend the duties of confidentiality owed by the said employee to the CC or the Service Provider obligations under this Contract. The CC may at its reasonable discretion make such consent conditional on the receipt by the CC of the payments described in Condition 44.2 above.

45. Governing Law

- 45.1 The contract shall be considered as a contract made in England and shall be governed by, and construed in accordance with, the provisions of English Law and the Service Provider hereby irrevocably submits to the jurisdiction of the English Courts. Submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of the CC to take proceedings against the Service Provider in any other Court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

Schedule 1

Scope of Services and Service Level Agreement

(Part A) Title and description of Services.

The provision of Land Valuation Services to the CC in connection with the CC's Private Healthcare Market Investigation as set out in the CC's specification entitled "Provision of Land Valuation Services to the Competition Commission" which is Annex C as amended in the email from Susannah Meeke on behalf of the CC to Derek Nesbitt on behalf of the Service Provider dated 18 October 2012.

The land valuations will be provided for approximately 80 to 90 plots of land across the UK including some in London.

The services are to be provided in accordance with

Annex C – the CC's specification entitled "Provision of Land Valuation Services to the Competition Commission" as amended in the email from Susannah Meeke on behalf of the CC to Derek Nesbitt on behalf of the Service Provider dated 18 October 2012; and

The Tender Proposal

(Part B) Service Level Agreement

- Quality assurance in accordance with the Tender Proposal.
- Performance and inspection in accordance with the Tender Proposal.

Schedule 2

Contract Price

The total price for the Services shall be **£23,500** exclusive of VAT and disbursements.

Schedule 3

Contract and Service Management

Introduction

1. This Schedule specifies the requirements in respect of Contract and service management issues.

Review meetings

2. When requested by the CC, the CC's representative and Service Provider's representative shall meet to review the provision of the Services.

Confidentiality and security requirements

1. The secrecy and security aspects of the Competition Commission's work are governed by section 5 of the Official Secrets Act 1989, section 101 of the Telecommunications Act 1984, section 206 of the Water Industry Act 1991, section 74 of the Airports Act 1986, section 197 of the Broadcasting Act 1990, section 145 of the Railways Act 1993, Article 49 of the Airports (Northern Ireland) Order 1994, sections 348, 350(5) and 352 of the Financial Services and Markets Act 2000, Schedule 7 of the Postal Services Act 2000, section 105 of the Utilities Act 2000, Schedule 9 of the Transport Act 2000, section 245 of the Enterprise Act 2002, Article 63 of the Energy (Northern Ireland) Order 2003, section 393 of the Communications Act 2003 and Article 265 of The Water and Sewerage Services (Northern Ireland) Order 2006 (the Acts). Service providers will be bound by the provisions of the Acts. Service providers should ensure that they fully understand the serious consequences that which may follow from a breach of any of these confidentiality requirements.
2. The confidentiality provisions of the Acts constitute a set of general restrictions on the disclosure of information obtained under the Acts in respect of particular businesses except when this is necessary for the purposes of the Act or for certain other prescribed purposes. Criminal prosecution is possible where unauthorised disclosure takes place. Most of the documents handled by the Commission fall within the scope of these statutory restrictions on disclosure and as 'sensitive documents' require the protection of effective security control and of strict observance of security rules. Service providers will be expected to follow the Commission's security rules and these will be discussed fully with them prior to commencement of the service.
3. Part V of the Criminal Justice Act 1993 also applies to information obtained in the course of Commission inquiries. It is a criminal offence under that legislation for members of a service provider's staff to deal, or to encourage others to deal, in securities about which they hold inside information (ie unpublished price sensitive information relating to particular securities), obtained by virtue of their work for the Commission, or to disclose such information otherwise than in the proper performance of their work.
4. Service providers will be responsible for ensuring that all staff employed in connection with any aspect of the service do not divulge any information obtained in, or as a result of, their work for the Commission, except in the course of duty. The requirement not to divulge information includes not divulging information to other members of the service providers' staff. Service providers will also be responsible for ensuring that members of their staff are aware of and abide by the confidentiality provisions of the Acts and sign a witnessed declaration of the form set out on the following page. This requirement will include all support staff who may be involved in system administration or other duties which require them to be given access to any part of the Commission network. A copy of each of these signed declarations will be sent to the Contract Manager.

Confidentiality undertaking

COMPETITION COMMISSION

I understand that in any work for 'the Commission' which I perform I shall be in possession of information which is held in confidence and which must not be disclosed without lawful authority. I am aware that the legislation referred to below provides for criminal prosecution where unauthorised disclosure takes place, and that on conviction a person may be fined or imprisoned. I am also aware that, in law, I owe duties of confidentiality to the Commission.

I accept that I must not communicate, orally or in writing, any information gained by me as a result of my work for the Commission to any person other than a person to whom it is my duty to communicate it without the consent of the Chief Executive of the Competition Commission (or an authorised member of his staff). In the case of information with respect to any particular trade or business, I accept that the consent of the person carrying on that trade or business is required also. I accept that articles of any description prepared for publication or discussion in any written form or for broadcasting are covered by these conditions.

I also acknowledge that Part V of the Criminal Justice Act 1993 applies to me and that it is a criminal offence to deal, or to procure others to deal, in securities about which I hold unpublished price sensitive information when engaged in work for or on behalf of the Competition Commission.

Signed: Date:

Name:..... Witness:.....

Contract reference:.....CC 1129.....

While the contractor is working at the Commission's offices, the following people are to be contacted in case of an emergency:

Office/Agency:..... Phone:.....

Next of Kin:..... Phone:.....

Official Secrets Act 1989, section 5
 Telecommunications Act 1984, section 101
 Water Industry Act 1991, section 206
 Airports Act 1986, section 74
 Broadcasting Act 1990, section 197
 Railways Act 1993, section 145
 Airports (Northern Ireland) Order 1994, Article 49
 Financial Services and Markets Act 2000, sections 348, 350(5) and 352
 Postal Services Act 2000, Schedule 7
 Utilities Act 2000, section 105
 Transport Act 2000, Schedule 9
 Enterprise Act 2002, section 245
 The Energy (Northern Ireland) Order 2003, Article 63
 Communications Act 2003, section 393
 The Water and Sewerage Services (Northern Ireland) Order 2006, Article 265.

PROVISION OF LAND VALUATION SERVICES TO THE COMPETITION COMMISSION

INTRODUCTION

Introduction to the CC

1. The Competition Commission (CC) is an independent public body which conducts in-depth inquiries into mergers and markets, and also has certain functions with regard to the major regulated industries.
2. The CC does not initiate inquiries independently. All its main activities are undertaken following a reference or appeal to it by or from the decisions of another authority.

BACKGROUND TO THE REQUIREMENT

Scope

3. The core service is the provision of a property (land) valuation service as an input to analysis being undertaken as part of a CC inquiry into the Private Healthcare market in the UK. The contract will be for a one-off valuation of approximately 150 plots of land in the UK.

The contract would start on 1 October 2012 and it is expected that the provider will deliver a draft report by 31 October 2012, with a final report completed by 15 November.

4. The valuation should be provided for the plots of land on the basis that they are vacant, with planning permission for a healthcare facility, and of a size and location specified by the CC. The valuations should be made on the basis of "normal" or "average" market conditions, where there is both a willing buyer and willing seller of the land.

CONTRACT AND SERVICE MANAGEMENT REQUIREMENTS

- The contract will be under the CC's Standard Terms and Conditions of Contract for Services
- The contract will be managed by the Susannah Meeke, Financial & Business Adviser (020 7212 0224). The reserve contact is Christiane Kent, Inquiry Manager (020 7212 0250).
- The initial point of contact in the CC for all matters should be the contract manager, who will liaise with local managers on issues such as timing, scope of work, clearing draft / final reports for the valuation assignment.

PROCUREMENT PROCEDURES

Procurement Timetable

Tenders should be submitted electronically by **12 noon Friday 7 September 2012** to julie.bryant@cc.gsi.gov.uk.

Tenders will be evaluated during the following two weeks, with a contract expected to be awarded during the week commencing 24 September 2012.

TENDER EVALUATION CRITERIA

The decision on who ultimately wins the tender will be based on how you can demonstrate that you would meet the following criteria, not necessarily in order of importance:

- Professionalism and competence, not only of the firm but the individuals in the proposed team
- The methodology you would propose using to carry out the relevant valuations
- Ability to produce the report promptly
- Price and value for money
- Quality of references obtained
- Quality of the ideas of your draft proposal.
- Availability to start the contract in October 2012

INFORMATION REQUIRED WITH THE TENDER

The proposal should include the following:

- Details of the firm and its organisation
- Service methodology and approach
- Quality Assurance and security/confidentiality of data processes
- The proposed service team - including qualifications and relevant experience
- Fees – details of proposed total fee for the valuation report detailed above
- Relevant experience – past and current clients, two of whom can be approached for references
- Sample service proposal (with confidential material deleted as appropriate)

KEY CC DOCUMENTS

The following document and other information on the CC are available on the CC website: <http://www.competition-commission.org.uk>

Competition Commission reserve the right NOT to award a contract following due evaluation of the proposals.

AUGUST 2012



Bringing You the Power of One™

Provision of Land Valuation Services

to the

Competition Commission



October 2012

DTZ
No. 1 Marsden Street
Manchester
M2 1HW

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www.dtz.com



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1.0 Introduction

1.1 Thank you for your invitation for DTZ to submit a proposal to provide land valuation services to assist the Competition Commission in the analysis to be undertaken as part of an inquiry into the Private Healthcare Market in the United Kingdom.

Our Company and Expertise

1.2 DTZ has been providing real estate advice for over two centuries, being formed from the merger of Cheshire Gibson, founded in Birmingham in 1784, and Debenham and Tewson founded in London in 1853. Since then the business and brand have grown internationally both organically and through acquisition.

1.3 DTZ was acquired by UGL Limited in December 2011, creating one of the largest property services companies in the world. With the support of UGL's strong balance sheet we are committed to investment in growth to assure our long term position as the leading global property services firm.

1.4 DTZ, as part of the UGL Group is a global property business that provides property, investment and development solutions for public and private sector clients world-wide. As part of our core business, we have a dedicated development team that is set up to work with Local Authorities, Government agencies and developers to provide planning and development advice. The team is made up of experts from the fields of surveying, planning, regeneration, residential development, valuation and economics and advises on all aspects of the development process from planning and policy development through to the marketing and disposal of sites.

1.5 The team is also involved in providing property and valuation advice on key regeneration projects in the region for a range of clients including The Homes and Communities Agency, NHS Trusts and a range of public sector bodies.

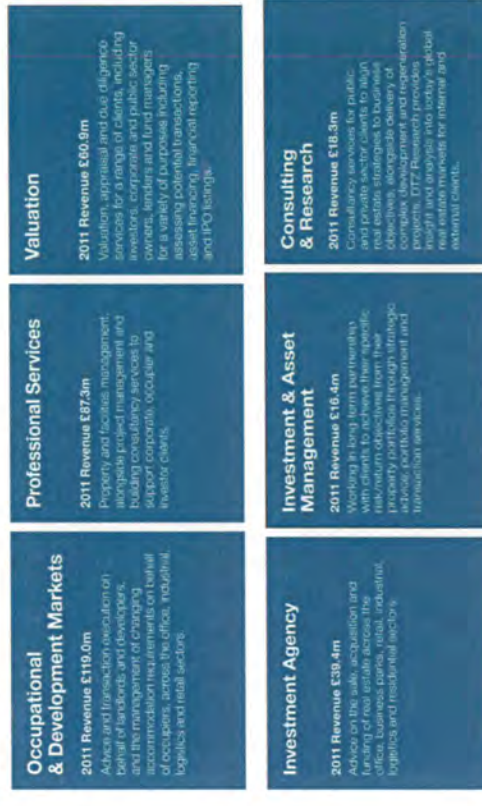
1.6 We are a global firm but we recognise that our clients' needs are tied to the local markets in which they invest, develop and operate. Deep knowledge of local markets has always been a cornerstone of DTZ across its offices worldwide. In fact we go one step further – actively sharing our knowledge to bring the best of our global expertise to each and every client assignment.

1.7 In summary, our global team is united by a single focus – to deliver our clients exceptional service, rooted in a deep understanding of their needs and a commitment to long-term success.

Our Global Team



Our Services



- 1.8 This commission would be managed and delivered by our Valuation and Development Consulting Team in Manchester, supported as required by the Residential and Commercial Valuation Teams throughout the UK including London; Birmingham; Nottingham; Bristol; Cardiff; Leeds; Newcastle; Edinburgh and Glasgow.
- 1.9 Key services that the combined teams offer include:
- Site Valuation and Appraisal
 - Housing and Employment Land Assessments
 - Housing Market Assessments
 - Feasibility Studies and Development Appraisals
 - Economic Viability Appraisal
 - Development Advice and Valuation
 - Sustainability strategies and best practice

Understanding Your Requirements

- 1.10 We understand from your specification that you require a one off desktop based land valuation of in the region of 80 to 90 sites throughout the United Kingdom including some in Central London in order to feed into your analysis of the Private Healthcare Market as part of your in depth inquiry.
- 1.11 DTZ have significant experience in the appraisal of land and are well versed in providing valuation and other advice to local authorities and other key public sector organisations such as the Education Funding Agency (EFA), Health Authority Trusts, Registered Providers and the Homes and Communities Agency (HCA).
- 1.12 DTZ has a dedicated valuation team based in Manchester led by Director, Derek Nesbitt MRICS, who previously sat on the Manchester and Salford Pathfinder Board and is currently the Vice Chair of the Manchester and Salford Partnership Steering Group, and is appointed as advisor for the AGMA Housing and Planning Commission.
- 1.13 The Manchester residential and commercial teams have been working recently on land valuation and appraisals for the Bolton At Home project in association with the HCA; the preparation of land valuation advice to Salford City Council over the Pendleton PFI initiative; and the Academy land and additional property valuations for in the region of 800 sites throughout the UK on behalf of the EFA.
- 1.14 To meet your requirements however, we have also assembled a team of additional staff in our regional offices to undertake the appropriate due diligence work to deliver the project.

- 1.15 We appreciate the need for this work to be thorough, auditable and transparent and your potential requirement for subsequent advice during the appraisal process.

Our Proposal

- 1.16 We set out within this proposal our response to the information requested you brief, more specifically:
- Our proposed methodology
 - Our team – including qualifications and relevant experience
 - Quality assurance
 - Fee proposal and timetable
 - References and details our recent experience in work of this type
 - Sample service proposal

- 1.17 Once you have had the opportunity to consider our approach, team and costs outlined here, should you require any further information, advice or clarification of our proposed approach, please do not hesitate to contact our Director, Derek Nesbitt or Director, Richard Shield:

Contact Details:

Email: derek.nesbitt@dtz.com	Email: richard.shield@dtz.com
Telephone: 0161 455 3790	Telephone: 0191 223 5770
Mobile: 07747 008 426	Mobile: 07747 008 455

2.0 Methodology

- 2.1 The following section outlines our proposed approach to completing the desktop land valuation appraisals in line with the requirements set out in your specification.
- 2.2 The appraisals will be undertaken by Registered Valuers of the Royal Institution of Chartered Surveyors (RICS) and the land appraisals will be prepared in accordance with the appropriate sections of the Valuation Standards (VS) and United Kingdom Valuation Standards (UKVS) contained within the RICS Valuation Standards (The Red Book).
- 2.3 The appraisals would be undertaken by DTZ acting as an external valuer, qualified for the purposes of the valuation.
- 2.4 The appraisals will follow the approach set out within Section 7 of Guidance Note 6 of the RICS Valuation – Professional Standards (March 2012) relating to the Site Value of a Specialised Property.
- 2.5 We will estimate the cost of an alternative site suitable for a modern hospital facility. This is likely to be of a similar size and in a similar location to the existing sites, but will represent the least expensive site with the appropriate characteristics for the proposed use. We have agreed with the Competition Commission that they will provide the size (built area and plot size) of the hospitals and their current location. As such, the exercise will be to estimate what these plots (or a similar alternative) would be worth as building plots for hospitals, i.e. empty plots with planning permission for a hospital
- 2.6 We will assume that the sites are vacant and able to achieve planning permission for a healthcare facility (Use Class Order 2010 - C2). We will also assume reasonable market conditions and that there is a both a willing buyer and seller of the land.
- 2.7 Further factors to consider include:
- Is the property being valued in a location now considered to be unnecessarily expensive? For example a city centre hospital which would now be more easily accessed and would better serve its catchment population from a suburban location
 - Is the location no longer considered appropriate?
 - Could the modern equivalent facility be delivered on a smaller site?
 - Are there any physical or practical considerations which may dictate the location of the modern equivalent facility? For example, the need for the health facility to serve a particular geographic locality
 - Is there a need for additional vacant land? This may be for expansion, safety or simply surplus purposes

- 2.8 The fundamental principle in the consideration will be the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would be suitable and appropriate for its proposed operations.
- 2.9 Following the identification of the likely modern equivalent site and location, we would estimate the cost of acquiring that site for the use of a health facility in the current market and look to appropriate sales comparisons to inform our appraisal. Sites are not usually put to market as health care sites unless there is a planning obligation. Therefore alternative uses for the sites such as offices and industrial will be investigated to determine if they will be suitable for relocation.
- 2.10 Where a health centre is required within a particular location, this may mean competing against other uses. However, the overriding objective is to establish the lowest amount that a hypothetical prudent purchaser would pay to acquire a site for an equivalent development in a relevant location at the date of valuation.

Stage 1 – Mapping and Grading of Sites

- 2.11 We understand that there are approximately 80 to 90 plots of land across the UK including some in London which require the provision of a land valuation on the basis that they are vacant, with planning permission for a healthcare facility. We understand the sites may range in size, and in essence when we have a better understanding of the nature of the sites they may fall into three or four groups, namely:
- Sites in urban / city locations
 - Sites in suburban locations
 - Sites in rural locations
- 2.12 Whilst we have not been provided with a breakdown of the sites and their locations within the specification, these will be provided by the Competition Commission in due course if instructed, our valuation approach must clearly be based upon a reasonable catchment area of the location of each site. The specification indicates that the sites will be of a 'size and location' specified by the Competition Commission, for which we would need to be provided with the full postcode and plot size of each site.
- 2.13 We would propose using a grading system to review the quality of each location and their surrounding areas in order to identify the sites and the likely most suitable for a modern equivalent facility. We would use a combination of map research tools such as Google Maps to determine the quality of each site and its surrounding area.

Stage 2 – Market Research and Analysis for the Appropriate Equivalent Alternative Site

- 2.14 We will research EGI, action results, and local agents for available sites as appropriate for each of the locations to determine the strength of the appropriate land market whether residential, commercial or industrial.
- 2.15 We take a market facing approach to the alternative sites, taking into consideration likely disposal timescales, development costs, development risk and the appropriateness of achieving planning permission for the use as a private hospital.
- 2.16 We will review historic comparable land data and current market deals for land, to support the land value parameters as the majority of the available land will be for alternative uses and not for healthcare use.

Stage 3 – Desktop Valuation

- 2.17 We would bring together the information gleaned from the local market analysis to inform the desktop land value of each site.
- 2.18 We will develop and agree with you a set of development parameters and assumptions to enable a common basis for valuation assessment across the sites. Key considerations applicable to the residual valuations include:
- Similar plot sizes
 - Location parameters
 - Tenure – Freehold/Leasehold
 - Catchment area
 - Land availability / Land use category for alternative sites

- 2.19 The Competition Commission have confirmed that the assumption is that the sites have planning permission for a healthcare facility. As such, in order to ensure we undertake the necessary due diligence in determining planning risk, DTZ's in house planning team may be asked to undertake a general planning commentary for the ability of the sites to achieve a C2 Residential Institution Consent.

Planning

- 2.20 You have asked us to provide information and responses relating to the following questions, we will provide this information within the quoted fee:

- 1) National framework for planning & how this has changed / is changing over time;
- 2) Extent to which local authorities can set alternative priorities and/or conditions for planning;
- 3) Planning processes:
 - a. What is the basic process for applying for planning?
 - b. What conditions would an applicant need to show he met? For example, would an applicant need to demonstrate local "need" for the hospital?
 - c. Who can object and on what grounds?
 - d. What is the appeals procedure?
 - e. How long does a planning application take?
- 4) Are there any areas, for example, central London, where planning is particularly problematic for hospitals?

Reporting

- 2.21 We propose reporting to you in a single overall report, with analysis for each site as follows:
- Excel spreadsheet which would provide a location (postcode); assumed site size; site specific description; market commentary; and valuation considerations
 - Short form comments / valuation considerations
 - Indicative desktop value for the alternative sites - on the assumption of achieving Planning for Hospital use and that the hypothetical prudent purchaser would pay the lowest amount for an equivalent development in a relevant catchment area of the existing hospital
- 2.22 As noted above, the land value assessment would be supported by an overarching market commentary, providing analysis of the local markets and land transactions in the local and wider areas.
- 2.23 It is important to note that this commission would be a "desktop" basis and will therefore include the following caveats:
- *1. This is a "desktop" overview provided on a restricted fee basis and for guidance only. It is not intended to be and must not be relied upon as a substitute for the valuation conclusions that would be reached by DTZ following a valuation commissioned and carried out on DTZ's standard terms and conditions on a fee basis. Such conclusions may well be materially different.*

2. We have not inspected the property nor have we undertaken full verification or research. The opinions detailed above are totally dependent on the adequacy and accuracy of the information supplied and the assumptions made. It should be noted that should these prove to be incorrect, the accuracy of this opinion will be affected.
3. The contents of this letter are confidential to the addressee for the specific purpose to which they refer and are for their use only. Neither this letter nor any part thereof may be reproduced or referred to in any document, circular or statement, nor may its contents, or part thereof be disclosed orally or otherwise to a third party.
4. We have not been advised of the purchase price of the property. If instructed to undertake a valuation of the property we will be required to investigate any recent marketing of the property. Any recent marketing is likely to provide the best evidence as to the current Market Value of the asset and therefore our findings following such an investigation may have a material impact on the Market Value reported. If a purchase price has been agreed we recommend that we are advised of it as soon as possible so we can reconsider our desk top opinion.
5. If any circumstances surrounding this property change between the issue of this desktop opinion of value and the completion of a formal valuation report (such as a change in the purchase price) we must be advised of such a change as soon as possible so we can reconsider our desktop opinion."

- 2.24 We do not envisage that it would be necessary for the firm to employ sub consultants during the term of this contract. DTZ have specialists in all the fields which are likely to be required during the contract term in house.

3.0 Core Project Team

- 3.1 The team proposed for this commission has extensive experience of undertaking land appraisal valuations for a range of public and private sector clients across all the main sectors. The team also has significant experience in dealing with PFI and Healthcare evaluation schemes, and would be pleased to provide additional background information if required.
- 3.2 Throughout the project DTZ would be able to use its in-house specialist's, such as commercial and residential consultancy teams, to determine market facing inputs, together with DTZs in depth knowledge of the wider markets. Our Consultancy arm is a regular provider of valuation advice to Housing Associations, HCA, Health Authorities and we can draw on this knowledge to determine land valuations throughout the UK.
- 3.3 The team would be lead by Derek Nesbitt and Richard Shield. Pen portraits for the core team members are provided here and a copy of their CV's are attached at Appendix D.



Derek Nesbitt MRICS is a Director and head of our Valuation Team, based in our Manchester office. He has a broad range of experience including land agency, valuation, new homes, investment, expert witness and development advice. Derek's clients include national house builders, major land owners, funders and investors. Some examples of Derek's recent residential work include; development and marketing advice including appraisal modelling to HCA (Formerly English partnerships) for major schemes in Chester and Whittingham, and providing strategic development and disposal advice to St Modwen on a number of strategic sites across the North West.

Derek's wealth of knowledge and experience with the private sector ensures that the valuations undertaken include inputs which are market facing ensuring that the results are credible and robust and will stand up to public scrutiny. His relationship with private sector developers gives all parties a confidence that the work is being undertaken in an independent manner following a methodology which is tried and tested and has been supported by both private and public sector clients during Examinations in Public. Derek will be the Project Director for this commission, responsible for client management and the provision of the advice required.



Richard Shield MRICS is the Director heading the Newcastle Development Consultancy Team, leading on the provision of advice to a range of clients on development opportunities. Core areas of expertise include residential and mixed-use valuation and viability advice, consultancy on development opportunities, residential investments, land sales and acquisitions, and consultancy on housing market renewal led regeneration.

Richard also has significant experience of advising Primary Care, Acute and Mental Health NHS and Foundation Trusts. Richard's experience includes advising on the implementation of rationalisation programmes, advice on the location of new facilities together with necessary acquisitions, promoting revenue generation opportunities and asset valuations to assist in capital planning.

Richard has developed a wide range of clients whilst at DTZ and advises Central Government Departments and Local Government, NHS and Foundation Trusts, corporate landowners, developers and banks.



Michal Skotny MRICS specialises in development and site valuation and has been involved in a wide range of development types, including high rise tower schemes, city centre conversions, flatbed and two storey dwellings schemes and barn conversions, in a variety of areas in the North West ranging from city centre living in Manchester, Salford and Liverpool to new build developments in Merseyside, Wales, Shropshire and Staffordshire. Other property types Michal has provided consultancy and valuation advice on include Healthcare/Doctors' Surgeries and Student Accommodation.

Michal has also supplied advice to Local Planning Authorities and developers regarding Housing Market Economic Viability Studies. The scope of the work has involved reviewing inputs and assumptions presented by developers to test whether they are reasonable, undertaking appraisals and cashflows and providing direct assistance in negotiations for both Local Authorities and Developers on affordable housing provision and Section 106 sums for new development sites.



Stephen Smith MRICS specialises in development and site valuation and has been involved in a wide range of development types, including high rise tower schemes, city centre conversions, flatlets and two storey dwellings schemes; in a variety of areas in the North West ranging from city centre living in Manchester to new build developments in Cheshire, Lancashire, Wales and Staffordshire. Other property types James has provided consultancy and valuation advice on include healthcare related Key-Worker accommodation and student accommodation.

James has also supplied advice to Local Planning Authorities and developers regarding Housing Market Economic Viability Studies. The scope of the work has involved reviewing inputs and assumptions presented by developers to test whether they are reasonable, undertaking appraisals and cashflows and providing direct assistance in negotiations for both Local Authorities and Developers on affordable housing provision and Section 106 sums for new development sites.



Hamish Robertshaw MRTPI is an Associate Director with experience of a broad range of Planning Consultancy projects, including those relating to planning appraisals, negotiations, planning applications, appeals, development plan and policy representations, environmental impact assessment (EIA), third party representations and project co-ordination. Hamish's key skills include all aspects of town planning and related property development matters, comprising Planning Appraisals; Planning Applications; Consultation and negotiation; Environmental Impact Assessment; Planning Appeals; Development Plan Representations; Project Co-ordination.



Heather McDonald BA(Hons) MSc is a Consultant within Manchester's Development Consultancy Team. She holds a Masters Degree in Local and Regional Economic Development and has seven years experience of housing related projects including housing affordability and market overview reports for a number of house builders; an investigation of the social infrastructure requirements of a residential led Growth Point development in Lancashire; research into the strategic case for growth of the private rented sector for Manchester Salford Pathfinder; and review of submitted developer appraisals within Liverpool's HMR areas. Heather is currently advising Alder Hey Children's NHS Foundation Trust on potential redevelopment options for their surplus land.

- 3.4 To undertake this assessment we will be relying on the local market advice of our Valuation Teams across our regional offices. These include:

- **Newcastle** – Richard Shield MRICS, Director
- **Leeds** – Phil Roebuck MRICS, Director
- **Birmingham** – Iain McArthur MRICS, Associate Director
- **Nottingham** – Phil Glenn MRICS, Director
- **Bristol** – Richard Clarke MRICS, Associate Director
- **Cardiff** – Jonathan Smart MRICS, Associate Director
- **London** – Nick Jacks FRICS, Director
- **Edinburgh / Glasgow** – Craig Fulton FRICS, Director / John Brown FRICS, Director

4.0 Quality of Work

- 4.1 DTZ operate a quality and skills management system to ensure that consistently high service is delivered throughout the firm. This is adhered to by all members of staff at all levels. DTZ also have ISO 9001 accreditation.
- 4.2 Staff within the firm are used to working to tight timescales and under pressure from clients demanding the highest levels of service delivery and quality. DTZ would appoint a single point of contact for delivery of the service, who would be responsible for quality control. This would be a senior member of the valuation team, and we would propose Derek Nesbitt to undertake this role.
- 4.3 For important instructions such as this, DTZ provide access to an Audit Director who would be available to discuss any concerns which the Competition Commission may have with regards to quality. The Audit Director is a Director within the business and we would propose Richard Shield.
- 4.4 DTZ are committed to working in partnership with our clients to ensure that the outputs meet and exceed their expectations. This collaborative approach ensures that any issues are resolved early on within a commission.
- 4.5 We know it is important to get it right, particularly when it comes to drawing out policy implications, hence the investment of senior and experienced staff with a vast amount of knowledge and experience in the appraisal of land values is essential.
- 4.6 We have significant experience in this field and a tight knit team who have worked extensively on Health Care and commercial valuations, viability assessments, and housing market forecasts. As a result we are confident we can deliver the project in these difficult and changing market circumstances to the quality you expect.

Security and Confidentiality

- 4.7 Client confidentiality is of prime importance to DTZ. By contractual agreement, there are occasions when our clients ask us to treat our relationship and/or sensitive information acquired on studies with them in confidence. In such instances, the agreement is rigorously enforced. This is important to our ongoing relationship, as well as our reputation as a professional services firm.
- 4.8 In recent years, we have handled data on young offenders, hospital patients, criminal records and drug users without any difficulties. Data is coded on a system with personal information destroyed. We will agree with the client on a suitable time period for destroying data collected from studies.
- 4.9 DTZ agrees with clients in advance on studies what information can be held in the public domain as well as that which must remain confidential. No results from studies are produced without express client approval and then only when DTZ and the client have agreed the type of dissemination. Data is also handed over to clients at the end of studies.
- 4.10 DTZ has implemented IT security solutions via the most versatile security appliances available in the market today. IT security appliances and systems have received the stringent Common Criteria and ICASA Firewall certifications to verify that products effectively satisfy the security requirements of today's networks. The DTZ IT environment is subject to regular independent audit by Deloitte and is registered under the Data Protection Act (registration number is Z7642500).
- 4.11 DTZ's governance process, risk-management approach, implementation plan and policy structures are all fully aligned to the best-practice standard of ISO27001. DTZ is confident that our information security is at least on a par with the best in our industry, and based on our benchmarking, we regard ourselves as the front-runner in this area. A policy statement and strategy for information security are available on request.

5.0 Proposed Timeline

- 5.1 We will agree the timetable with you at the Inception Meeting. We anticipate that the desk based analysis will take in the order of 4 weeks.
- 5.2 We can confirm that should we be awarded the contract, we have the team available to start this commission in November 2012 and are able to complete the work in line with an agreed deadline.

6.0 Breakdown of Costs

- 6.1 We would propose undertaking the work on the fixed fee basis of **£23,500 exclusive of VAT and disbursements** such as travel. If the Competition Commission requires Ordnance Survey Plans to be prepared for any of the sites, these costs will be added as disbursements.
- 6.2 The above fee would include for the provision of three hard copies of the appraisal report.

7.0 References

- 7.1 We have provided below contact details to obtain references for two similar jobs we have undertaken. Further details of these commissions can be seen in within Appendix A.

Richard Elliot Policy & Strategy Manager Manchester City Council Room 308 Town Hall Manchester M60 2LA Direct Dial: 0161 219 6494 Email: r.elliott@manchester.gov.uk	Alex Maynard Project Officer Rochdale MBC Floor 4, Municipal Offices, Smith Street Rochdale OL16 1XU Direct Dial: 01706 92 4366 E-Mail: alex.maynard@rochdale.gov.uk	Robert Woolgar Head of Property (Free Schools UTCs and Studio Schools) Education Funding Agency 33 Greycoat Street London SW1P 2QF Email: Robert.woolgar@education.gsi.gov.uk
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8.0 Our Experience

- 8.1 In this section we provide details of our capabilities and a selection of examples reflecting the breadth of experience in areas and disciplines that are relevant to this commission. We are confident that our proposed team provides the right balance of skills and experience which combines members from our valuation, land agency and development consulting teams.
- 8.2 DTZ's Residential and Commercial Valuation Teams have extensive experience in and a depth of understanding of housing and the commercial property markets throughout the UK. Several of the studies which we have recently undertaken looked closely at local markets, included soft market testing with estate and lettings agents and developers and indicative valuation advice. Specifically, these have included:

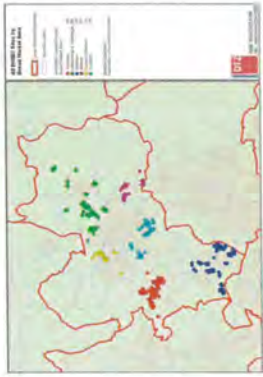
- General valuations of residential and commercial land for local authorities across the UK
 - Valuations on behalf of DEFRA, NHS Trusts and for the Homes and Communities Agency (formerly English Partnerships)
 - Site disposals on behalf of Local and County Councils, DEFRA and NHS trusts across the UK
 - Land valuation and appraisals for the Bolton At Home project in association with the Homes and Communities Agency
 - Viability Appraisals and development advice for a proposed new community and neighbourhood centre in Mollram and Hattersley on behalf of the Homes and Communities Agency
- 8.3 DTZ through the commercial valuation teams have extensive experience in the valuation and asset life assessment of NHS property assets. We have delivered a more than thirty asset life assessment commissions for NHS Trusts across the UK including Blackpool, Fylde and Wyre NHS Foundation Trust; Doncaster and Bassetlaw; Northumbria; United Lincolnshire; and Sunderland City Hospitals. Details of this experience together with a sample valuation report for the NHS is provided at Appendix B and C respectively.
- 8.4 DTZ have recently been commissioned by the Education Funding Authority (EFA) to undertake the valuation of Academy land and buildings. The instruction involves the valuation of c.800 sites across the UK, with land valuations being undertaken by the team in Manchester being led by Derek Nesbitt. DTZ have coordinated the regional valuation teams to undertake these land assessments looking at the cost to acquire suitable alternative school sites, the fundamental principle being the hypothetical buyer for a modern equivalent would purchase the least expensive site. We include below a sample from the emerging output of this piece of work.
- 8.5 A selection of case studies demonstrating our experience and expertise in relation to this commission are provided in Appendix A.

Sample of EFA Valuation of Academy Land and Buildings

DTZ No.	LEA Academy Name	Academy Name	Date Opened	LA Name	Pupil num - Autumn 2011 total COUNT	Post code	Curtilage value per acre (£)	Curtilage value per acre (£)	Field value per acre (£)	Land Value Comments
6	X	XX Middle School and College	Feb-11	Bedford	371	X	200,000	494,200	24,710	Limited employment land. Likely will be agricultural land. May have to be used for small chance could get agri use.
7	X	XX Lower School	Apr-11	Bedford	477	X	400,000	1,111,800	24,710	Could be agri. Remains.
12	X	XX Primary School	Apr-11	Cambridgeshire	547	X	175,000	432,425	24,710	Small rural village. Assume agri use.
15	X	XX Primary School	Nov-11	Cambridgeshire	186	X	275,000	679,525	24,710	Small rural village. Assume agri use.
16	X	XX CofE Primary School	Nov-11	Cambridgeshire	252	X	259,000	617,750	24,710	Small rural village. Assume agri use.
23	X	XX Infant School	Oct-10	Cambridgeshire	437	X	290,000	617,750	24,710	Small rural village. Assume agri use.
24	X	XX Junior School	Oct-10	Cambridgeshire	459	X	250,000	617,750	24,710	Small rural village. Assume agri use.
25	X	XX Village College	Feb-12	Cambridgeshire	1358	X	250,000	617,750	24,710	Employment land to west but could be agri with premium.
29	X	XX Community Primary School	Apr-11	Cambridgeshire	194	X	250,000	617,750	24,710	Employment land to west but could be agri with premium.
46	X	XX Academy	Apr-11	Central Bedfordshire	126	X	250,000	617,750	24,710	Agri land available as small village.
50	X	XX Lower School	Oct-11	Central Bedfordshire	73	X	300,000	741,300	24,710	Agri land available as small village.
53	X	XX Lower School	Aug-11	Central Bedfordshire	127	X	250,000	617,750	24,710	Employment land to west. Reasonable proximity to railway.
57	X	XX Lower School	Oct-10	Central Bedfordshire	202	X	700,000	1,720,700	24,710	Limited land. May have to be residential.
59	X	XX Lower School	Aug-11	Central Bedfordshire	53	X	275,000	679,525	24,710	Limited land. May have to be residential.
80	X	XX School	Sep-11	Essex	197	X	250,000	617,750	24,710	Agri land available as small village.
95	X	XX Comprehensive School	Dec-11	Essex	1133	X	275,000	679,525	24,710	Employment land to north.

Appendix A Experience Case Studies

Rochdale Metropolitan Borough Council - Valuation



The client's challenge

Rochdale Metropolitan Borough Council required a valuation of their land holdings prior to transfer to Rochdale Borough Wide Housing, in order to generate additional funding for the Council. They required:

- Valuations of 500 sites within tight timescale
- Client unable to provide planning input as to whether any of the sites were developable
- Diverse site locations throughout the Borough
- Sites types ranged from open land in excess of 1 acre to small verges and sites with abnormal topography

The DTZ approach

- Following geographical analysis the sites were grouped into 6 broad locations.
- Further analysis of the size and variety in the sites resulted in 6 site groups identified, with each group engaging a different purchaser market.
- DTZ identified sites where there was most development potential and advised the client that more due diligence is carried out for these sites.
- DTZ planning team undertook a review of the 13 largest sites and provided advice as to prospects for planning together with likely s106, affordable housing requirements.

Results achieved

- Valuation report delivered within timescale which provided the client with a clear summary of individual site values together with valuation approach.
- Potential constraints to maximising value identified.
- Site values which assumed planning consent provided for the largest sites to assist the client in future decision making and strategy.

Contact

Name: Derek Nesbitt
Direct tel: 0161 455 3790
Email: Derek.nesbitt@dtz.com

Education Funding Agency



Education Funding Agency

Since autumn 2010 DTZ has been providing a range of property services to the Education Funding Agency (formerly Partnerships for Schools) in support of the Government's flagship Free Schools programme. The EFA is the organisation responsible for delivering the premises solutions for Free Schools on behalf of the Department for Education.

The Client's Challenge

Free Schools are all ability, state funded schools, set up in response to parental demand. DTZ's main focus is on finding and acquiring suitable buildings or land to develop as new schools. We also advise in relation to Studio Schools, University Technical Colleges (UTCs), Academies and Alternative Provision schools.

The Solution

From a standing start DTZ helped 24 out of 40 Free Schools open in September 2011 (Wave 1), and the latest estimate is that around 50 out of 61 will open in September 2012 (Wave 2). Some are open in temporary premises whilst the permanent site is prepared for occupation.

The programme continues to expand with over 100 new Free School projects approved for delivery in 'Wave 3' with a September 2013 opening.

This is a national contract led by CREC Manchester working closely with Development Consulting and supported by colleagues in our agency, valuation, building, residential, planning and FM teams.



Contact

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The Homes and Community Agency (HCA)

DTZ has been commissioned by the HCA to undertake a study of the implications of the current housing market conditions on the delivery of affordable housing through Section 106 agreements.

The Client's Challenge

The context for this study is that Section 106 agreements have become an important mechanism in securing affordable housing provision over the past decade and are now a vital component in the mechanism for delivery of the National Affordable Housing Programme (NAHP).

The level of affordable housing provision associated with Section 106 agreements, however, is certain to fall over the next three years given the deterioration in the conditions in the housing market and the lack of development coming forward.

Study Objectives

The study analyses the potential future economic environment in a representative range of residential land markets across England and the associated variability of affordable housing contributions.

A core part of the work is to model and predict the range of impacts that the market downturn might have on the level of affordable housing planning obligations delivered once the market commences recovery, both in the medium (possibly 2010-2011) and longer term (indicatively 2012-2013).

Results Achieved

DTZ has developed a viability model for the study which:

- Is regionally and sub-regionally sensitive,
- Takes into account a range of potential future housing market scenarios, and
- Is robust so to inform the future Homes and Communities Agency's inherited investment programmes (the National Affordable Housing Programme 2008 - 2011)

The study has also been informed by an understanding of housebuilder behaviour in the changing economic environment. This has focussed on housebuilder behaviour in relation to affordable housing planning obligations in existing planning consents and section 106 negotiations on new development.

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Bolton at Home, English Partnerships

The client's challenge

Bolton at Home was created in 2002 as the Council's Arms Length Management Organisation (ALMO) to manage the Borough's housing stock, bring the public housing stock up to Decent Homes standards, oversee maintenance requirements, and carry out environmental improvements on its estates.

As part of their strategy for achieving this a 'Transforming Estates' agenda was set-up which included an environmental asset audit which scored the quality of the environment on all estates in Bolton from 1-5, and also identified potential land for development in and around estates to further regenerate these communities.

The audit identified significant parcels of surplus land together with small scale demolition opportunities, that have the potential to accommodate up to 6,000 new dwellings (of which approximately 50% will be affordable) over the next 10 years. The majority of this land is within the Council's ownership. Bolton at Home plan to develop the sites to create desirable, mixed tenure estates and improve the environmental quality of existing development.

The solution

DTZ were commissioned by English Partnerships to provide residential market and valuation advice in Bolton for Bolton at Home. This advice will underpin an economic appraisal of a series of options for the delivery of approximately 6,000 new build properties on surplus public sector brownfield land identified in the audit.

The report was used to provide general market commentary, and was used as an input to guide the valuation exercise.

Results achieved

The research report achieved the following results:

- Provided general market commentary
- Advised on appropriate rates of return
- Advised on the value of affordable housing
- Recommended appropriate development mix
- Provided financial appraisals

Contact

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City of Wakefield Metropolitan District Council Economic Viability Modeling

The Client's Challenge

To carry out a robust financial viability assessment in line with PPS3 on the proposed levels of affordable housing identified through Wakefield Council's Strategic Housing Market Assessment. The work also needed to be brought together with an audit of existing evidence on affordable housing need and the size of the local housing market. The outputs were to be presented to the Planning Inspectorate as part of Wakefield's Examination in Public of their Core Strategy.

The Solution

DTZ used their bespoke viability modeling tool and developed a core set of assumptions and key variables to understand and develop a number of market scenarios and housing mix variations. We also consulted widely with the public and private sectors on the assumptions and scenarios to be tested to ensure early buy in and mitigate the risk of challenge through the public examination process.

Results Achieved

The results of the consultation and viability testing assessed the delivery of different levels of affordable housing in various market scenarios to inform further development of the affordable housing policy in the Core Strategy. The results were then rigorously tested through the examination process, where DTZ appeared as expert witness on behalf of the Local Authority.

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Appendix B

NHS Product Sheets and Experience



Bringing You the Power of One™

Health Modern Equivalent Valuations

DTZ undertake Modern Equivalent Valuations (MEVs) in accordance with the RICS Appraisal and Valuation Standards 6th Edition Practice Statement 3.3 and in particular Valuation Information Paper 10, the depreciated replacement cost method of valuation for financial reporting. The valuation is therefore compliant with IFRS and IAS 16.

Provision should, in accordance with the standards, be made in the valuation for the level of external and functional obsolescence to the assets. This can impact significantly on value and often is not taken into consideration by valuers.

Case study example:

DTZ have completed MEV of the property assets of over 20 NHS and foundation trusts, making DTZ market leaders in this specialist field.

In advance of a development or refurbishment scheme a valuation will enable you to accurately budget for the impairment.



Key points

- DTZs extensive experience makes us market leaders
- Our valuations are compliant with IFRS and IAS 16
- In conjunction with DTZs methodology for assessing the remaining useful life of an asset, substantial reductions in annual depreciation can be realised.



Bringing You the Power of One™

Health Asset life assessments

Asset life assessments

The conventional method of assessing the remaining useful life of a property asset does not take into account that certain elements which make up a building, such as the service installations, will be renewed one or more times over its life. This results in an unrealistically low residual life and therefore an inflated annual depreciation charge.

Our methodology takes into account that such elements are replaced over a building's life and consequently gives a markedly different view of the remaining useful life.

Case study example:

DTZ has successfully completed the exercise for over 30 trusts, from which we would anticipate that the exercise will achieve a 50%-60% saving in the annual depreciation charge.

Our methodology has been ratified at audit as being compliant with IAS 16 and IFRS.

DTZ can be appointed under the Buying Solutions Contract Framework Agreement for Estates Professional Services.



Key points

- Assets cannot be given their full remaining useful life using the conventional averaging method
- The DTZ method complies with IAS 16, the NHS Capital Accounting Manual and IFRS
- A free desk top pilot study will give a good estimate of the saving which will be achieved.

NHS Our Experience

Representative List of DTZ's NHS Trust Clients:

- Alder Hey Children's NHS Foundation Trust
- Barking, Havering & Redbridge NHS Trust
- Barnsley Health NHS Trust
- Birmingham & Solihull Mental Health NHS Trust
- Blackpool Wyre & Fylde NHS Foundation Trust
- Cardiff & Vale NHS Trust
- Central Manchester & Manchester Children's NHS Trust
- Chester & Wirral Partnership NHS Foundation Trust
- City Hospitals Sunderland NHS Foundation Trust
- Clatterbridge Centre of Oncology NHS Foundation Trust
- County Durham Primary Care Trust
- Countryside of Chester Hospital NHS Foundation Trust
- County Durham & Darlington Acute Hospitals NHS Foundation Trust
- Cumbria Partnership NHS Foundation Trust
- Cumbria Primary Care Trust
- Darlington Primary Care Trust
- East & North Hertfordshire NHS Trust
- Gateshead Health NHS Foundation Trust
- Harrogate NHS Trust
- Hartlepool Primary Care Trust
- Hull & East Yorkshire Hospitals NHS Trust
- Leeds Teaching Hospitals NHS Trust
- Liverpool Women's NHS Foundation Trust
- Mid Cheshire Hospitals NHS Foundation Trust
- Middlesbrough Primary Care Trust
- Newcastle upon Tyne Hospitals NHS Foundation Trust
- NHS North of Tyne Primary Care NHS Trust
- North Cheshire Hospitals NHS Trust
- North Cumbria Acute Hospitals NHS Trust
- North Tees & Hartlepool NHS Foundation Trust
- North Tees Primary Care Trust
- Northumberland, Tyne & Wear NHS Trust
- Northumbria Healthcare NHS Foundation Trust
- Pedcar & Cleveland Primary Care Trust
- Scarborough & North East Yorkshire NHS Trust
- South of Tyne & Wear Primary Care Trust
- South Tees Hospitals NHS Trust
- South Tyneside Healthcare NHS Foundation Trust
- Southport & Ormskirk NHS Trust
- St Barts & London NHS Foundation Trust
- St Helens & Knowsley Teaching Hospitals NHS Trust
- Suffolk Mental Health Partnership NHS Trust
- Tees, Esk & Wear Valleys NHS Trust
- The Mid Yorkshire Hospitals NHS Trust
- Trafford Healthcare NHS Trust
- United Lincolnshire Hospitals NHS Trust
- Wirral Primary Care Trust
- Wirral University Teaching Hospitals NHS Foundation Trust
- Wrightington, Wigan and Leigh NHS Foundation Trust
- Yorkshire & the Humber NHS Trust





Appendix C Sample Report

Heart of England NHS Foundation Trust

Existing Use Valuation and Remaining Useful Life Assessment As at 31 March 2013

August 2012

Private and Confidential

DTZ
Project & Building Consultancy
1 Colmore Square
Birmingham
B4 6AJ



Email:
Direct tel:
Direct fax:

Your ref:
Our ref:

Date:

Dear Sirs

Heart of England NHS Foundation Trust

1. Terms of instruction, confidentiality and disclosure

1.1 Our appointment

In accordance with our fee proposal, dated (Appendix A), we have valued the freehold interest in the above property, as at 31 March 2013.

1.2 Inspections

The properties were inspected internally and externally by on ("the surveyors").

1.3 Compliance with appraisal and valuation standards

We confirm that the valuations have been prepared in accordance with the appropriate sections of the Valuation Statements ("VS") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation – Professional Standards, (the "Red Book").

1.4 Status of valuer and conflicts of interest

We confirm that we have the knowledge, skills and understanding to undertake the valuations competently and that we have undertaken the valuations as an External Valuer, qualified for the purpose of the valuation.

We further confirm that we have had no current, anticipated or previous recent involvement with the property and do not therefore consider that any conflict arises in preparing the advice requested.

1.5 Purpose of valuation

The purpose of the valuation is for inclusion in the Client's financial statements, prepared in accordance with the UK Generally Accepted Accounting Principles (UKGAAP). Under VS 1.9 and UKVS 4.3 of the RICS Valuation – Professional Standards, this valuation constitutes a Regulated Purpose Valuation and therefore the following disclosures are required:

- David Wilson and Jonathan Crawford have not previously been the signatory of valuations provided to the Client for the same purpose as this Valuation Report. DTZ has been carrying out valuation instruction for the Client for years
- DTZ have been advisors to the Client for years.
- In the financial year 2011/2012 fees earned by DTZ from the Client were less than 5% of the total fee income.
- Since the end of the last financial year, it is not anticipated that there will be a material increase in the proportion of fees payable, or likely to be by the client, such that they will exceed 5% of the total annual fee income.

1.6 Basis of valuation

Our opinion of the Existing Use Value of the property has been primarily derived using the Depreciated Replacement Cost Method of Valuation (DRC) because the specialised nature of the asset means that there are no market transactions of this type of asset except as part of the entity.

In certain circumstances, the Existing Use Value has been derived from comparable recent market transactions on arm's length terms. This has been in respect of non specialist properties.

Existing Use Value is defined in UKVS 1.3 of the Red Book and in undertaking our valuation we have applied the conceptual framework of Market Value, which is detailed in VS 3.2 together with the supplementary commentary which is included in Items 2-5 of UKVS 1.3. Under the UKVS 1.3 the term "Existing Use Value" is defined as follows:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after a proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost."

1.7 Valuation approach

A certain number of the properties have been valued primarily by using the Depreciated Replacement Cost (DRC) approach. In accordance with VS6.6, the DRC will be subject to the prospect and viability of the continued occupation and use by the Client. Under VS6.7 we would confirm that the Market Value for readily identifiable alternative uses would not be higher than the Existing Use Value reported herein. Upon cessation of the existing use by the Client the Market Value would be materially lower.

The DRC approach assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset. The modern equivalent may well be smaller than the existing asset, for example due to technological advances in plant and machinery.

The ultimate objective of the valuation is to place a value upon the asset, and in this the value of the land in providing a modern equivalent facility must be considered. The modern equivalent asset may be located on a new site out of town, or be on a smaller site due to changes in the way services are provided. The site is valued based on the size of the modern equivalent, and not the actual site area occupied at current.

Valuation Guidance Note 6 – The Depreciated Replacement Cost Method of Valuation for Financial Reporting, details as follows:-

"The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would be suitable and appropriate for its proposed operations."

Any land that is not to be used needs to be given consideration to determine whether it is included within the valuation. Any land that is surplus should be reported separately and the Market Value assessed in accordance with VS 3.2 of the Red Book.

1.8 Taxation and costs

No adjustment has been made to reflect any liability to taxation that may arise on disposal nor for any costs associated with the disposal incurred by the owner. Furthermore, no allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation for each property is that receivable by the willing seller excluding VAT if applicable.

The Existing Use Value which we have attributed to the properties is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value.

Where appropriate, we have made an allowance in respect of stamp duty and purchaser's costs.

1.9 Valuations

Existing Use Value

We are of the opinion that the aggregate of the Existing Use Values of the freehold interests in the properties described in detail in the following report sections, as at 31 March 2013 subject to the Assumptions and comments in this Valuation Report and the Appendices is:-

£.....

(Amount in words)

Asset	ELV 31/3/2013	Residual Years
Heartlands Hospital		
Bordesley House		
Oncology Office		
Etc		
Sub total		
Good Hope Hospital		
Dining Room/Kitchen		
Etc		
Sub total		
Solihull Hospital		
Ullswater Block 7		
Etc		
Sub total		
Yardley Green Site		
Former Audiology Unit		
Etc		
Sub total		
Great Charles Street		
Sub total		
Balsall Heath Renal Unit		
Sub total		
Boots Solihull		
Sub total		
Castle Vale Renal Unit		
Sub total		
Lyndon Place		
Sub total		
BUILDINGS TOTAL		
Land Heartlands Hospital		
Etc		



LAND TOTAL				
TOTAL				
Market Valuations				
1-3 Bedford Road				
Etc				
BUILDINGS TOTAL				
TOTAL				

Surplus Land

VALUATION TOTAL				

2.0 Assumptions and definitions

2.1 Valuation conditions and assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation Standards (Red Book), have treated as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation will need to be reviewed.

2.1.1 Basis of valuation

Each of the properties has been valued on the basis set out in Section 1.6 of this Valuation Report and defined below under "Definitions and bases of valuations".

2.1.2 Title

We have not had access to the title deeds of the properties. Unless specifically advised to the contrary by you or your legal adviser, we have made the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also made the Assumption that the properties are free from mortgages, charges or other encumbrances.

Where a Certificate of Title has been made available, we have reflected its contents in our valuation. Save as disclosed either in any such Certificate of Title or as referred to in our Valuation Report, we have made the Assumption that there is good and marketable title and that each property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also made the Assumption that each property is free from mortgages, charges or other encumbrances.

Where a Valuation Report contains site plans these are based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required the matter must be referred by you to your solicitors.

2.1.3 Condition of structure and services, deleterious materials

It is a condition of DTZ or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

Our valuations have taken account of the general condition of each of the properties as observed from the valuation inspections. Where separate condition or structural surveys have been undertaken and made available to us, we have reflected the contents of the survey reports in our valuations, and we may have discussed each report with the originating surveyor.

Due regard has been paid to the apparent state of repair and condition of each of the properties, but condition surveys have not been undertaken, nor have woodwork or other parts of the structures which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the properties are structurally sound or free from any defects. We have made an Assumption that each property is free from any rot, infestation, adverse toxic

chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the construction or any alterations in respect of any of the properties, and therefore we cannot confirm that the properties are free from risk in this regard. For the purposes of our valuations, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection in respect of any of the properties and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of Asbestos at Work Regulations 2002. In respect of each of the properties, we have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations have been undertaken to certify that each of the sites are free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the sites of each of the properties are sufficient to support the buildings constructed, or to be constructed thereon. We have also made an Assumption that there are no services on, or crossing any of the sites in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, we have made an Assumption in respect of each property that all services, including gas, water, electricity and sewerage are provided and are functioning satisfactorily.

2.1.4 Plant and machinery

In respect of each of the properties no allowance has been made for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

2.1.5 Goodwill

No account has been taken in our valuations of any business goodwill that may arise from the present occupation of any of the properties.

2.1.6 Floor areas and inspections

We were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Client. We have made an Assumption that these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

2.1.7

Environmental matters and flooding

We have made enquiries of the Client, their professional advisers and the relevant Local Authority or its website in order, so far as reasonably possible, to establish the risk of flooding and the potential existence of contamination arising out of previous or present uses of each of the sites and any adjoining sites.

Where our enquiries and inspections have provided no evidence that there is a significant risk of contamination in respect of any of the properties, we have made the Assumption that no contamination or other adverse environmental matters exist in relation to the properties sufficient to affect value. Other than as referred to above, we have not made any investigations to establish whether there is any contamination or potential for contamination to the subject properties. A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the any of properties or on any neighbouring land, or that any of the premises have been or are being put to any contaminative use, then this might reduce the values now reported.

You are advised to ensure your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination, before entering into a financial commitment concerning the properties.

2.1.8

Statutory requirements and planning

We have made verbal or written enquiries, or an inspection of the website, of the relevant planning authorities as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. We have also sought to ascertain whether any outstanding planning applications exist which may affect any of the properties, and whether they are listed or included in a Conservation Area. We have also attempted to verify the existing permitted use of each of the properties, and endeavoured to have sight of any copies of planning permissions.

Save as disclosed in a Certificate of Title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that each of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made the Assumption that each of the properties are not subject to any outstanding statutory notices as to construction, use or occupation and that the existing uses of the properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made the Assumption that each of the properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the subject properties which are not exempt from the requirements of this Directive, we have made an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

2.1.9 Defective Premises Act 1972

No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

2.1.10 Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

Information

We have made the Assumption that the information provided by the Client and its professional advisers in respect of each of the properties we have valued is both full and correct. We have made the Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

Taxation

No adjustment has been made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each property is that receivable by the willing seller excluding VAT, if applicable.

2.2 Definitions of bases of valuations

2.2.1 Market value

Market Value as defined in Valuation Standard 3.2 of the RICS Valuation Standards – Global and UK 7th Edition ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Committee (IVSC). Under VS 3.2, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The conceptual framework settled by the IVSC is included in VS 3.2 and is reproduced below:-

"3.2 The term property is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term Asset may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

3.2.1 **The estimated amount ...** 'Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. Market Value is measured as the most probable price reasonably obtainable in the market at the date of

valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value.

3.2.2... **a property should exchange ...** 'Refers to the fact that the value of an asset is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

3.2.3... **on the date of valuation ...** 'Requires that the estimated Market Value is time-specific as of a given date. As markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

3.2.4 **'... between a willing buyer ...** 'Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

3.2.5 **'... a willing seller ...** 'Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.

3.2.6... **in an arm's-length transaction ...** 'Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value, (defined in IVSC Standard 2, para. 3.11). The Market Value transaction is presumed to be between unrelated parties each acting independently.

3.2.7... **after proper marketing ...** 'Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

3.2.8... **wherein the parties had each acted knowledgeably, prudently ...** 'Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

3.2.9 "... *and without compulsion*" Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

3.3 **Market Value** is understood as the value of a property estimated without regard to costs of sale or purchase and without offset of any associated taxes."

2.2 Existing Use Value

Existing Use Value as defined in UK Valuation Standard 1.3 of the Red Book and applying the conceptual framework of Market Value which is reproduced above together with the supplementary commentary which is included in items 2 – 5 of UK VS 1.3. Under UK VS 1.3, the term "Existing Use Value" is defined as follows:-

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost".

3.0 Disclosure and confidentiality

The contents of this Report and Appendices are confidential to the party to whom they are addressed for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the Valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Report are combined with others.

Yours faithfully

David M Wilson BSc (Hons) MRICS	Jonathan Crawford BA (Hons) MRICS
Director	Director
RICS Registered Valuer	RICS Registered Valuer
For and on behalf of	For and on behalf of
DTZ Debenham Tie Leung Limited	DTZ Debenham Tie Leung Limited

Appendix D Curriculum Vitae of Core Project Team

Director Residential Department



Expertise & Experience

Residential Consultancy including Valuation of all types of Residential Property including Residential Development and Appraisal, Land Acquisition and Disposal Advice, Individual High Value Properties, Investment Appraisals, Housing Associations, Student Halls of Residence and Expert Witness.

Qualifications

MRICS; Dip Land Valuation & Estate Management

Career History

1988 - Present: Director, Head of Residential - North West Region
1987 - 1988: Berry & Grey
1976 - 1987: Head of Survey and Valuation, Michael A Osborne Chartered Surveyors

Recent Project Experience

HCA (formerly English Partnerships) - Whittingham Hospital, Goosnargh, Preston
18.9 hectares (46.7 acres), 600 residential units, mixed use residential and commercial development opportunity, developer selection, marketing and disposal.

HCA (formerly English Partnerships) / Western Cheshire Primary Care Trust Cheshire & Wirral Partnership NHS Trust - Surplus Land at Countess of Chester Health Park
10.6 hectares (26 acres), 200 residential units, mixed use residential and commercial development opportunity, developer selection, marketing and disposal.

HCA - Former Police Training Centre

Site acquisition and development appraisal with market disposal.

HCA - Bolton at Home

Acting with HCA to check viability for 6,000 new homes.

Wrightington, Wigan & Leigh NHS Trust - Billingeh Hospital, Billingeh

6.37 hectares (15.74 acres), 240 residential units, residential development opportunity.

Site Specific Viability Assessments for Planning and Public Inquiry

Provision of consultancy advice / viability assessments in respect of various sites within the North West on behalf of several national housebuilders including Morris Homes and St Modwen.

Key Clients

Funders

The Royal Bank of Scotland plc
National Westminster Bank plc
Anglo Irish Bank Corporation plc

HSBC Bank
Lloyds TSB
Barclays
Santander

Government Bodies

HCA (formerly English Partnerships)
Halton Borough Council
Eden District Council
Salford City Council
University of Leeds

Housebuilders/Funds

Taylor Wimpey Developments (Bryant Homes & George Wimpey)
Barratt Homes
Bellway Homes
Morris Homes
Grosvenor
Grainger

The Geographical Area covered includes:

Greater Manchester
Liverpool
Merseyside
Cheshire
North Wales
Staffordshire

Vice Chair of Partnership Steering Group (formerly Manchester & Salford Pathfinder)

External
Professional
Activities

Director**Residential Department****Expertise & Experience**

Richard heads the Newcastle Development Consultancy Team, leading on the provision of advice to a range of clients on development opportunities across the North East. Core areas of expertise include residential and mixed-use valuation and viability advice, consultancy on development opportunities, residential investments, land sales and acquisitions, and consultancy on housing market renewal led regeneration.

Richard also has significant experience of advising Primary Care, Acute and Mental Health NHS and Foundation Trusts. Richard's experience includes advising on the implementation of rationalisation programmes, advice on the location of new facilities together with necessary acquisitions, promoting revenue generation opportunities and asset valuations to assist in capital planning.

Richard has developed a wide range of clients whilst at DTZ and advises Central Government Departments and Local Government, NHS and Foundation Trusts, corporate landowners, developers and banks.

Qualifications**Career History**

MRICS
2006 - Director, DTZ
2004 - 2006 - Associate Director, DTZ Residential
2001 - 2004 - Head of Residential Northumberland, Smiths Gore, Corbridge
1997 - 2001 - Surveyor, Smiths Gore, Darlington

Recent Project Experience

National Savings & Investments
Advising upon the redevelopment options for Milburngate House, Durham including modelling of potential receipt through the preparation of a design and development brief and capacity study.

DEFRA
Advising on the optimum development option to inform the application for residential development of surplus land in Longbenton prior to disposal.

Department for Education

Advice on marketing and disposal strategy for a site in Darlington, including a Grade II Listed building.

Ministry of Justice

Advice on surplus property and subsequent disposal.

Homes & Communities Agency

Annual valuation of North East portfolio 2011
Disposal of the former Tindale Crescent Hospital
Due diligence for the Kickstart programme
Disposal of the former Homelands Hospital

English Heritage

Expert witness at Public Inquiry regarding demolition of Listed buildings in Easington
Advice on redevelopment options for Berwick Barracks
Advice on feasible and viable uses for Ford Castle
Review of enabling development application at Axwell Hall

Northumberland County Council

Disposal and viability advice on South West Sector, Cramlington
Disposals of The Mount, Morpeth and the former County Records Office, Gosforth
Newcastle City Council

Valuation advice on residential developments in the east and west ends of the City
Forth Yard Masterplan

Assessment of potential sites for Local Housing Company
Review of redevelopment of Cruddas Park, now branded Riverside Dene

Redcar & Cleveland Council

Affordable Housing Viability Assessment
Specific valuation modelling for Low Grange Farm and Greater Eston

Darlington Borough Council

Advice on developer contributions and s.106 Agreement for Lingfield Point

Gateshead Borough Council

Advice upon Town Centre redevelopment options
Review of approach to Affordable Housing Viability Assessment

Northumbria Healthcare NHS Foundation Trust

Retained property advisor providing valuation, planning, acquisition, disposal and consultancy services
Site identification and subsequent negotiation to secure a site for a proposed new specialist Emergency Care Centre, Cramlington
Disposal of surplus land at Hexham and Morpeth
Sale and leaseback advice on staff residences and cottage hospital
Advice on optimum development mix for surplus land at Aslington and North Shields and negotiation over s.106 contributions
Disposal advice in respect of pharmacy premises at Hexham
Consultancy on revenue generation opportunities across surplus accommodation
Site identification for proposed new hospital at Berwick

Northumberland Tyne & Wear NHS Foundation Trust

Retained property advisor for Trust's Asset Realisation Programme
Disposal of surplus property at Prudhoe, Denton Burn and Jesmond
Valuation advice on the Trust's Long Term Financial Plan during conversion to Foundation status
Asset valuations
Consultancy advice on development proposals for Northgate Hospital including enabling development reports and negotiations with the local authority
Advice on portfolio of LD homes

Gateshead Health NHS Foundation Trust

Advice on redevelopment options for Dunston Hill Hospital

County Durham & Darlington Foundation Trust

Retained property advisor for Estates Rationalisation Programme
Asset valuations
Development consultancy advice on surplus sites in Darlington, Bishop Auckland and Durham
Disposal of sites in Durham, Chester-le-Street, Stanley and Bishop Auckland
Sale of portfolio of staff residences
Advice on planning services for redevelopment of former South Moor Hospital

North Tees & Hartlepool Foundation Trust

Retained property advisor
Site identification and acquisition for proposed new district general hospital at Wynyard
Support to statutory consultation on changes to service provision including reporting to Overview & Scrutiny Committees
Strategic advice in respect of long term redevelopment options
Valuation advice



Commercial advice on potential revenue generation opportunities and possible joint ventures
Disposal advice on surplus property
Modelling of occupational costs to inform option appraisals

Tees Esk and Wear Valleys NHS Foundation Trust
Valuation and consultancy advice on surplus property

NHS South of Tyne & Wear
Disposal advice on former clinic premises

Newcastle Primary Care Trust
Disposal of Hunters Moor Hospital

Amec
Disposal of former shipyards in Wallsend
Consultancy advice and financial modelling of continued occupation against potential disposal of property in Darlington

Electrolux
Strategic advisor on redevelopment opportunities for former factory premises, Spennymoor, Co Durham

Barnard Castle School
Advisor to the school on estate development plan defining future investment requirements
Advice on development opportunities and strategic planning to realise capital receipts over the medium term

Barratt Homes
Advice on potential acquisitions, including bespoke market reports, for sites in Gateshead, Newcastle and Chester-le-Street
Expert Witness advice in preparation for public inquiry

Yulll Homes
Advice on acquisitions of outdated industrial estate, Peterlee
Advice on partnership proposal for major West End regeneration, Newcastle
Advice on values and market for Ouseburn

UK Coal
Advice on surplus estate in the North East
Specific viability and disposal advice on land at Ellington & Lynmouth
Disposal of land at Blyth

Washington Developments Limited
Valuation advice
Strategic advice on re-development strategy for Woodham Golf & Country Club
Enabling development reporting to support development proposals for Woodham Golf & Country Club

Key Clients

Central Government Departments
Local Authorities
NHS
RBS
Yorkshire Bank
LBG
Shepherd Offshore
Amec
St Modwen
Electrolux
Barnard Castle School
Barratt Homes
Yulll Homes

Keepmoat
Muse
UK Coal
Washington Developments Ltd

Associate Director
Residential DepartmentExpertise &
Experience

Residential Valuation
Development Appraisal
Commercial Valuation

Qualifications

MRICS - December 2004
MSc Land Management - Reading University 2000/01
BSocSc Geography and Planning 2:1 - University of Birmingham 1996/99

Career History

2007 - Present: DTZ, Manchester - Associate Director, Residential Valuation and Consultancy
2004 - 2007: DTZ, Manchester - Surveyor, Residential Valuation and Consultancy
2003 - 2004: Sanderson Weatherall, Manchester - Landlord and Tenant (Graduate)
2003 - 2002: DTZ Debenham Tie Leung, London - Commercial Valuation (Graduate)

Project Experience

Michal specialises in development and site valuation / consultancy and has been involved in a wide range of development types, including high rise tower schemes, city centre conversions, flattened and two storey dwellings schemes and barn conversions, in a variety of areas in the North West ranging from city centre living in Manchester and Liverpool to new build developments in Merseyside, Wales, Shropshire and Staffordshire. Other property types Michal has provided consultancy and valuation advice on include Healthcare / Doctors Surgeries and Student Accommodation.

Michal has also provided a range consultancy advice to housebuilders and local authorities on the economics of housing delivery and development viability, providing an understanding how sales values and pace, abnormal delivery costs and affordable housing impact the ability of schemes to be delivered together with an understanding of the issues and constraints being currently experienced by developers.

Key Instructions include:

Eden District Council – Housing Economic Viability Assessment

Involved in preparation of the EVA to support Eden District Councils affordable housing requirements. Instruction involved presentation to the Local Authority on proposed methodology, stakeholder consultation and undertaking cashflows to determine which level of affordable housing would result in the highest level of sites coming forward for development.

Cheshire East Council

Review of site specific economic viability assessments prepared by consultants acting on behalf of planning applicants in determining the ability of site specific affordable housing delivery.

Salford City Council

Preparation of valuation and consultancy advice for Pendleton PFI area, comprising 1,550 new houses providing an indication of likely land receipts based on a range of affordable tenure types and different unit density options.

Liverpool City Council

Valuation and consultancy advice as to the likely achievable sales values and development option viability for Welsh Streets area.

Bolton at Home

Valuation of approximately 500 land sites providing 6,000 dwellings throughout Bolton and the surrounding area.

Places for People

Preparation of valuation and consultancy advice for development undertaken by the housing association at Blackburn Infirmary. Subsequent negotiation with surveyor acting on behalf of the Local Authority as to support the level of price Places for People should pay for the land.

Royal Bank of Scotland
National Westminster Bank

HSBC

Yorkshire Bank

Castlehead Homes

McInerney Homes

Unite Group

Modus Developments

Lloyds TSB

Brighthouse Group Holdings

Salford City Council

Cheshire East Council

Places for People

Key Clients



Stephen Smith

Curriculum Vitae

Senior Surveyor

Residential Department



Expertise & Experience

Residential development valuation and appraisal
Affordable housing valuation and development
Commercial agency

Qualifications

Member of the Royal Institution of Chartered Surveyors
Diploma in Valuation Surveying, Land and Property

Career History

2012-Present: DTZ - Senior Surveyor, Residential Valuation and Consultancy
2011-2012: Wrexham County Borough Council - Development Surveyor
2005-2010: Knight Frank - Associate, Residential Development Valuation
2004-2005: Drivers Jonas - Senior Surveyor, Affordable Housing Valuation
2000-2004: Quinton Scott - Associate Director, Commercial Agency
1993-2000: Watlons Chartered Surveyors - Surveyor, Commercial Agency

Recent Project Experience

Steve specialises in residential development and site valuations. He has dealt with schemes ranging from single unit sites to high rise towers in areas of central Manchester, Lancashire, Cumbria and North Wales.

Steve also specialises in providing advice to Local Planning Authorities and Developers regarding Housing Market Economic Viability Studies. The scope of work involves reviewing inputs and assumptions presented by developers to test whether they are reasonable, undertaking appraisals and cashflows and providing direct assistance in negotiations for both Local Authorities and Developers on affordable housing provision and Section 106 sums for new development sites.

Steve has significant experience in providing secured lending valuations for residential sites and portfolio valuations for the majority of major funders.

Key Clients

HCA
Barratt Homes
Peel Holdings



Hamish Robertson

Curriculum Vitae

Associate Director

Consulting



Expertise & Experience

Hamish has experience of a broad range of Planning Consultancy projects, including those relating to planning appraisals, negotiations, planning applications, appeals, development plan and policy representations, environmental impact assessment (EIA), third party representations and project co-ordination.

Qualifications

BA (Hons) Urban Studies and Planning
Diploma Town Planning
MRTPi

Career History

DTZ - 2001 to present

All aspects of town planning and related property development matters, including:

Key Skills

1. Planning Appraisals
2. Planning Applications
3. Consultation and negotiation
4. Environmental Impact Assessment
5. Planning Appeals
6. Development Plan Representations

Recent Experience

Hamish has experience of a broad range of Planning Consultancy projects, including those relating to planning appraisals, negotiations, planning applications, appeals, development plan and policy representations, environmental impact assessment (EIA), third party representations and project co-ordination.

Leeds Metropolitan University

Successfully negotiated hybrid (part full, part outline) planning permission and conservation area consent for the University's Rose Bowl campus building and mixed-use development in Leeds City Centre, including preparation of application documents, discharge of planning conditions and Section 106 agreement.

Gained planning permission for new campus building at Headingley Carnegie Stadium to include faculty accommodation, sporting and media facilities. Including submission of planning application, community involvement, negotiation of Section 106 Agreement and discharge of planning conditions.

Successfully negotiated planning consents for various University developments including change of use, listed building consent and advertisement consent.



Hamish Robertson Curriculum Vitae



Harworth Estates/UK Coal

Successfully negotiated a Core Strategy broad location for employment development of 80 hectares at Green Belt former mine site. Negotiated amendments to the site's restoration scheme. Detailed allocation work on-going.

Ardagh Glass, Barnsley

Successful negotiation of outline planning permission for 350 residential units on brownfield industrial land, including preparation of application documents, coordination of consultancy team and coordination of community consultation exhibition.

Achieved planning permission for 150,000 sq ft (approx.) of warehouse accommodation and infrastructure, following preparation of planning application, coordination of consultancy team and neighbour consultation.

Preparation and submission of representations to Barnsley Local Development Framework (LDF) seeking reallocation and removal of land from the Green Belt for future expansion.

Northumbria Healthcare NHS Trust, North Tyneside

Planning application and advice regarding the development potential of surplus land for housing.

Her Majesty's Courts Service

Planning representations and advice relating to court buildings.

TT Electronics Plc

Planning application and appeal heard at public inquiry regarding mixed-use redevelopment proposal of factory site in rural village, including preparation of application documents, analysis of housing trajectory, coordination of consultancy team and coordination of community consultation exhibition.

Pinewood Shepperton Studios Plc

Negotiated planning permission for large scale redevelopment and enhancement of facilities at Pinewood Studios and Shepperton Studios. Instruction involved the preparation and coordination of two environmental impact assessments, coordination of public exhibitions, implementation and renewal of existing planning permissions, and representations to emerging policy documents.

National Trust Headquarters, Swindon

Negotiated planning permission and conservation area consent for the new National Trust head office on an historic brownfield site. Role included co-ordinating work of sub-consultants and preparing the planning application.

JVC Business Park, Brent

Negotiated planning permission for JVC headquarters and distribution centre redevelopment. Negotiated favourable terms in Section 106 Agreement.

Various Shopping Centres and Retail Parks

Planning applications and representations.

Key Clients

Leeds Metropolitan University; Harworth Estates/UK Coal; Ardagh Glass; Her Majesty's Courts Service; Cumbria County Council; Northumbria Healthcare NHS Trust; Owens Corning Veli; PPG Land; GE Capital; Barclays Bank; CIT Group/Princes Quay Shopping Centre; Wildmoor/North Point Shopping Centre; Glenfarm Holdings; The Yorkshire County Cricket Club; Defra; Pizza Hut; Canada Life; Lathes Investments/Ladysmith Shopping Centre/Castlegate Shopping Centre; TT Electronics; The National Trust; Pinewood Shepperton Plc; Kajima Design Europe Ltd; Hermes and Prudential.



Bringing You the Power of One™



Key skills:

Recent experience:

Curriculum Vitae Heather Standidge Consultant

Urban Regeneration and Masterplanning, Community Consultation, Employment Land Studies, Property Market Analysis Reports, Evaluation of Public Sector Funding, Socio-economic Research and Analysis

Altrincham Town Centre Strategy and Action Plan - Trafford Council

Undertook an assessment of key property market sectors and a best practice review of initiatives undertaken in other town centres producing an evidence base to inform the Strategy and Action Plan to support the Town's transformation. Altrincham suffers from high voids and falling retail ranking despite a wealthy catchment and good leisure offer.

Housing Market Renewal Development Advice - Liverpool City Council

Undertaking consistent and comparable reviews of development appraisals submitted by the Council's selected HMR development partners prior to their commencement on site, on an interim basis and for the sign off of final appraisals. The approach allows swift identification of discrepancies or abnormal and has enabled the Council to negotiate from a position of strength, ensuring that public monies are spent effectively.

Ellesmere Port Strategic Regeneration Framework (SRF) - Ellesmere Port Development Board/Cheshire West and Chester Council

Working with a multidisciplinary team contributed to the review of Ellesmere Port's issues and opportunities, the development of a SRF and Implementation Plan intended to support residential growth, a new leisure offer and economic development.

Wylfa Nuclear New Build: Construction Workers Accommodation Study (Isle of Anglesey County Council)

Provided a review of strategic fit; socio-economic outlook; forecast housing supply and demand; and social infrastructure impacts to estimate the accommodation demand generated by an influx of 6,000 construction workers for the proposed Nuclear Power Station at Wylfa. The final Position Statement articulates the IACC's preferred position on meeting this demand and provides a negotiating tool with developers and investors.

Carlisle M6 Employment Land Study - Carlisle City Council

Undertook a qualitative assessment of employment sites and a quantitative analysis of supply and demand of employment land and premises to inform a gap analysis and options for future provision. An overview of the existing and forecast commercial property market ensured recommendations were grounded in commercial reality.

Leigh Town Centre Masterplan - Wigan Borough Council

Assisted in the development of a baseline, action plan, options appraisal and implementation strategy including a review of the policy, socio-economic and spatial context and the implications for Leigh. Contributed to stakeholder and community consultation and the development, scoring and implementation of the potential actions.

Maryport Harbour Reconfiguration Masterplan - West Lake Renaissance
Investigated the challenges and opportunities facing coastal towns and an analysed the UK coastal marina industry including research into existing and projected marina and berth provision within the Irish Sea to assess likely demand for expansion of Maryport's Marina. Helped facilitate stakeholder and community consultation to identify locally preferred development and impoundment options for the Harbour.

Bee Lane Social Infrastructure Study - Taylor Wimpey Ltd

Undertook a gap analysis of current supply, capacity and anticipated demand for social infrastructure provision to inform the type, scale and mix of education, health, community, retail and recreation facilities required to sustainably support this large residential led scheme in South Ribbles. The study reviewed planning policy, academic literature and good practice to inform the recommendations.

Parkway Green Environmental Improvements Programme: Funding Review - Parkway Green Housing Trust

Undertook a review of potential funding sources for the Parkway Green Environmental Improvements Programme in Wythenshawe, Manchester in order to maximise the benefits of the Trust's committed financial contribution. The review included an overview of the funding body, description and key criteria of the relevant fund(s), application process, and an analysis of the Programme element(s) potentially eligible for funding.

Past key projects include:

- Flint Masterplan - Flintshire County Council
- New Smithfield Market Future Growth Prospects - Manchester City Council
- Knowsley Industrial Park Masterplan and Draft SPD - Knowsley Borough Council
- The Strategic Case for Growth in the Private Rented Sector - Manchester Salford Pathfinder
- Residential Affordability and Market Reports - Various House Builders
- Crewe Open Space Study - Crewe and Nantwich Borough Council
- Blackburn Cathedral Quarter Developer Selection - Blackburn with Darwen Borough Council
- Evaluation of Barrow Call Centre - NWDA
- Evaluation of Liverpool Commercial District - Liverpool Vision
- South Keesteven Markets Study - South Keesteven District Council

Qualifications:

MSc Local and Regional Economic Development
BA (Hons) Geography and Management Studies

Career highlights:

Consultant, DTZ, 2009 to date
Consultant, King Sturge, 2008-2009
Assistant Surveyor, King Sturge, 2005-2008

Clients:

Flintshire County Council
Liverpool City Council
Trafford Council
Carlisle City Council
Wigan Borough Council
Manchester Salford Pathfinder
Taylor Wimpey Ltd

Appendix 2

Full Table of Properties

Appendix 3

Comparables

Comparables - Midlands

Egbaston

Hagley Mews, Edgbaston

The site extended to approximately 0.70 hectares (1.743 acres) and is accessed directly off Highfield Road. The site had a planning permission for the erection of 51 flats, 2 semi-detached dwellings and 4 terraced dwellings on the site known as 78-96 Hagley Road (land to the rear), Edgbaston, Birmingham.

The planning permission was subject to a Section 106 Agreement (dated 8th August 2008) relates to the provision of 6 units being made available for intermediate rental purposes. We understand that these units will have to be provided to the same specification as the open market dwellings. Intermediate rental units will be made available to qualifying persons at affordable rental levels which do not exceed 75% of the open market rent. We understand that these units are to be provided to an RSL on a 20 year lease arrangement for a period of 12 months. After a 12 month marketing period if no RSL's are interested in acquiring the intermediate rental units then there will be an agreement with the Chief Housing Officer that a commuted payment will be paid in lieu of the loss of these on-site affordable units.

We understand that Calthorpe Estates sold the land unconditionally to Taylor Wimpey in 2011 for circa £2 million which equates to approximately £1,150,000 per gross acre.

Birmingham

Great Park, Rubery, Birmingham

We have been advised that Redrow Homes have purchased a large site just off the Bristol Road in Great Park for a price equating to £900,000 per acre.

Dudley

Constitution Hill, Dudley

DTZ recently secured the sale of a 7.832 acre site on behalf of National Grid PLC to Taylor Wimpey. The site had obtained outline planning permission for up to 162 dwellings. DTZ successfully negotiated a reduction of on-site affordable housing prior to the disposal, reducing the percentage down from 25% to 0%, which enhanced the site's value significantly. There is in excess of £1.5 million of abnormal development costs. The site is under offer for £2,700,000 which equates to a gross land value of £344,739 per acre i.e. £550,000 per acre excluding the abnormal costs.

Solihull

Lode Lane, Solihull

Harper's purchased a 0.47 acre site with planning for 14 apartments in 2010 for £750,000.

Solihull residential land comparable – single plots (see below)

18 Beechnut Lane, Solihull - Sold July'12 £395,000

59 Blossomfield Rd - under offer £450,000

Blue Lake Rd, Dorridge - Sold Oct'12 £700,000

Frog Lane, Balsall Common - under offer £190,000

Land Meriden Road, Hampton in Arden – planning for 5 units – 0.26 acres – purchased by Elegant Homes for circa £250,000

The Crescent, Hampton In Arden - The plot of land (0.42 acres) has been marketed by Hunters with a guide price of £295,000. The site has full planning permission for the erection of a 5 bedroom house comprising 3,750 sq ft.

18 Beechnut Lane, Solihull - The plot is currently being marketed by John Shepherd with a guide price of £430,000. The plot has detailed planning permission for a 5 bedroom detached property. We understand offers have been made at around £390,000 but so far the property remains unsold.

114 Earlswood Road, Dorridge - A corner plot marketed by John Shepherd with the benefit of detailed planning permission for a four bedroom house was sold for approximately £180,000 earlier this year. We believe this site provides the most appropriate example of a single plot sale comparable with the proposed fifth plot on the subject site.

Land at 21 Belle Vue Terrace, Hampton In Arden. A single plot with the benefit of detailed planning permission for a four bedroom detached house. The developer was required to demolish an existing kitchen extension to the adjoining property and carry out refurbishment work on the property. The property sold in November 2011 for £210,000.

Derbyshire**Sharlston, Derbyshire – Gross Area 3.48 acres (Net Area 3.19 acres)**

We are aware of an offer from a national housebuilder for a site in Sharlston, Derbyshire which equates to a gross offer of £500,000 per net developable acre. The developer expects to provide a total of 10% affordable housing which nets down the above offer to £460,000 per net developable acre. We understand from the agents that the site is currently under offer and in legals.

South Normanton, Derbyshire – Gross Area 10.11 acres (Net Area 8.32 acres)

We also understand another site in Derbyshire is currently under offer to a national housebuilder. The housebuilder has offered a gross figure of £575,000 per net developable acre, however with the likelihood that 10% affordable housing would be required this will reduce the offer to £532,000 per net developable acre.

We understand from the marketing agents that the offer for the site comprises deferred payments, with one third of land value paid at completion, and two further instalments paid 12 and 24 months after completion. The marketing agents confirmed the site is under offer and in legals.

South Normanton, Derbyshire – Gross Area 4.66 acres (Net Area 3.90 acres)

Another site in South Normanton is currently under offer at a gross price after allowance for 10% affordable housing equating to approximately £600,000 per net developable acre. Again due to the size of the acquisition, the bidder has offered to pay one third of the land price at completion, with a two equal instalments of the balance in months 12 and 24 after completion.

The above comparables are in Derbyshire and demonstrate national housebuilders are offering gross figures after deduction of affordable housing of between £460,000 and £600,000 per net developable acre. The higher of this range is for sites which are considered to be higher quality and better located than the subject site.

Comparables – North West

North Wales

Residential

Hawarden

In terms of land sales we are aware of a 4 acre site in Hawarden purchased for a gross land value of £730,000 per acre. The site is situated in a high value location, supporting a rate of £188 per sq ft NSA, with the purchase by a national house builder.

Connahs Quay

We are also aware of another site purchase of an 11 acre site in Connah's Quay. The site is situated in an area with sales values in the order of £175 per sq ft achievable for 1,200 sq ft dwellings.

Commercial

A site on Regent Street, Wrexham was sold in 2013 to Premier Inn for £750,000. The overall site comprised 2.78 acres, with the sale to Premier Inn of 1.63 acres.

We understand from the vendor that along with the land payment, the purchaser agreed to undertake additional developments works which would be to the benefit of the land which was retained by the vendor. The works included highways, bus stop and traffic lights; storm and foul drainage, contamination and knotweed removal and sub-station construction. In total the vendor has estimated the cost of delivering these items would be in the order of £594,000.

When combined with the site sale price of £750,000, the Greenfield land price paid by Premier Inn equated to £1,344,000, which based on the 1.63 acres devalues to a price of £825,000 per acre.

Greater Manchester

We are aware that a former school site at Ings Lane, Rochdale which was for sale by Rochdale Metropolitan Borough Council sold for at circa £1,000,000. The property extends to approximately 2.26 acres and was offered for sale with the benefit of a Planning Statement prepared by the Local Authority supporting the principal of residential development, subject to planning permission. The sale price equates to approximately £442,000 per acre.

The former Booth Hall Children's Hospital, Blackley, Greater Manchester is understood to have a price agreed reportedly in the region of £4,500,000. The site totalled 13.14 net acres with the sale price equating to approximately £342,500 per net developable acre.

At Brook Lane, Pemberton a site comprising of 4.91 net acres was reportedly sold for circa £2,450,000 equating to approximately £500,000 per net developable acre.

A site at Sutherland Road, Heywood, OL10 3PL was available for sale in late 2011 at a quoting price of £2,475,000 on behalf of Rochdale Metropolitan Borough Council. The property comprises a cleared former school site extending to 8.10 acres. The vendor's particulars state that *"The use of the land is restricted to residential use only"* and we understand that a planning statement for the property is provided by Rochdale Metropolitan Borough Council stating that *"The site adjoins an established residential area at the western side of Heywood so that, subject to planning permission, residential development of the areas presently occupied by buildings would be acceptable. In addition, the southern (down to the railway) and western parts (a 25 metre strip from the western side of the buildings) which are within the protected recreational open space area could be considered acceptable for development by the Council as an exception to the Rochdale Unitary Development Plan policy G/3"*. The quoting price equates to £305,556 per acre which is without a residential planning permission.

More recently, we understand a 15 acre site closer to Dumers Lane, Radcliffe is currently under offer to two national house builders at a land price in the order of £490,000 per net developable acre, with the site being sold clean and remediated. We understand there is approximately £50,000 per acre abnormal costs (foundations), which increases the above land figure to in the order of £540,000 per net developable acre on a Greenfield basis.

Cumbria

In terms of land comparables, we are aware a site was acquired in 2011 comprising 2.46 acres at Biggins Road, Kirkby Lonsdale for a gross price in the order of £1,700,000, which devalues to a rate of £690,000 per acre. The site was being purchased on a subject to planning basis for a scheme comprising 34 dwellings, of which 12 are to be sold as affordable at capped prices.

The private sales dwellings are situated in an area which supports a sales rate of between £220 and £230 per sq ft NSA.

In essence the capped sales prices of the affordable dwellings create no land value once build and finance cost together with developers profit is taken into account.

Of the 34 dwellings, 35% comprise affordable. On this basis, of the 2.46 acres, approximately 65% or 1.6 acres comprises private sale dwellings. Given the affordable housing creates minimal land value, the £1,700,000 purchase price equates to a gross price of approximately £1,050,000 per acre when analysed against the 1.6 acres which create land value.

We are also aware of a site acquired Levens, Kendal in 2011 for approximately £720,000. The site was purchased subject to planning consent for 7 houses, with the purchase price equating to approximately £1,000,000 per acre.

Lancashire

In terms of sites in north Lancashire, on a confidential basis, we are also aware of a site comprising approximately 4 acres situated in Bamber Bridge which is currently being marketed. The site has received offers in late 2012 reflecting a gross land figure in the order of £700,000 to £800,000 per acre for a low density scheme comprising 10 units per acre. The site is located in an area where sales

values in the order of £200 per sq ft are achievable, which is moderately a lower figure than achievable sales values at the proposed scheme.

In terms of land comparables which are situated further afield, albeit in locations which comprise a similar achievable end value to the subject location, we understand that Bellway Homes, in 2010, acquired a site of approximately 2.25 acres, which benefitted from planning consent for 26 dwellings. The site was located on Norlands Lane, Cronton, Cheshire, which is an area which supports sales values of between £220 and £240 per sq ft NSA. The agent acting on behalf of Bellway Homes confirmed the housebuilder paid in late 2010 a greenfield figure in the order of £900,000 to £1,000,000 per acre for the site.

In addition we understand that a site comprising approximately 4 acres situated on Norlands Lane, Cronton was also acquired for approximately £900,000 per acre in early 2011 by another regional house builder. Again the site was situated in an area which supported sales values of between £220 and £240 per sq ft NSA.

Comparables - Scotland

Dundee

Former Parkview School, 309 Blackness Road – Former school, part B-listed stone building and part 1960 brick/rendered extension on a 3 acre site. Sold for £619,000 March 2012 (approx £200,000 per acre).

Development Site, Perth Road – Poorer location than Fernbrae, about 1 mile to the west of Fernbrae. Administration sale of 2.27 acre site with consent for 20 units (8 detached, 12 semi's). Sold £740,000 in December 2011 (£326,000 an acre).

Riverside Drive – Former Homebase site overlooking River Tay. Planning for high density flatted development (202 units on a 3.81 acre site). Sold £4,140,000 in Nov 2009 (£1,086,614 per acre).

Former Dundee College Campus, Graham Street – Poorer location to the north of city centre. Persimmon purchased for £1,350,000 in April 2012. 4 acre site with planning for 46 units (32 detached, 14 semi's). £337,500 per acre.

Edinburgh

Redhall House Drive, Craiglockhart – Miller Homes purchased for £3,475,000 in March 2012. 2.43 acre site (£1,430,000 per acre). Miller could be regarded as a special purchaser as they had already developed the adjacent land in 2 phases since circa 2006.

Corstorphine Campus, Clerwood Terrace – Cleared development site purchased by Cala from Persimmon for £3,237,803. 3.24 acres (£999,000 per acre).

Polwarth Terrace – 0.77 acre development site with consent for 11 high spec apartments in prime residential area. Purchased by Wemyss Property in March 2011 for £830,000 (£1,080,000 per acre).

Shawfair Park, Edinburgh

Hospital site – Sale of 3.0 acres to Spire Hospital in October 2008 for £2,400,000 (representing £800,000 per acre). The sale of additional 1.5 acres expansion land to Spire Hospital (adjacent to the main site) concluded in October 2012 at £600,000 (representing £400,000 per acre). Spire took an option over the land at the time of the original purchase with the price to be agreed based on the open market value of the site at the time that they exercised the option.

Licensed premises site – Sale of 1.2 acres of land to Marston's for the development of a restaurant and public house at £ 481,440 concluded in October 2012 (representing £400,000 per acre).

Hotel site – Currently offering a consented hotel site for sale and in negotiations with two parties – Hampton by Hilton and Holiday Inn. The site extends to 1.8 acres and discussions are taking place at a price of £900,000 (which would represent £500,000 per acre).

Glasgow

Linthouse Road – Thales sold 4.4 acre site on southern side of the Clyde (near to the Clyde Tunnel) to Scottish Exhibition Centre Ltd in Dec 2011 for £1,500,000 (£340,000 per acre). To be used as a new heliport intended to serve the City's emergency services.

Site 2, Cardowan, Stepps – cleared, oven ready development land(11.24 acres) on north eastern edge of city. Bellway purchased for circa £475,000 per acre in Oct 2011.

Aberdeen

Earlswells, Bieldside, Aberdeen – 2.1 acre site in west Aberdeen, planning for 9 large detached villas. Bought by Stewart Milne in Oct 2011 for £1.5m (£714,000 per acre).

Airychall Road, Aberdeen – 1.28 acre site (forms part of a larger development, entire site is approx 2.47 acres with consent for 20 units) in good resi area. Bought by Bancon Developments for £1,012,000 in Feb 2012 (£790,000 per acre).

Comparables - Yorkshire

At the peak of the market prime employment land values were at around £750,000 per acre for sites at St James Business Park, Knaresborough, North Yorkshire, although that reflected office rather than industrial uses. Since then there have been three sites sold over 2011 at St James Business Park with prices reflecting £300,000-£350,000 per acre for industrial uses. These are prime values for industrial sites with good access the Leeds and Bradford markets. The market is from owner occupiers for own use and to satisfy bespoke requirements as funding is not generally available for speculative development.

There is 3.92 ha (9.7 acres) of development land currently available at Flaxby Moor, another location that would be considered prime and 4.05 ha (10 acres) is available at Boroughbridge. Individual freehold plots may be offered at Boroughbridge but asking prices will be at £803,000 per ha (£325,000 per acre).

At Castlevale Park, Catterick, Brompton on Swale there have been three transactions in respect of serviced industrial land in 2010/2011. We were informed by the agent for the vendor that Chas Long Aggregates acquired a site of 1.39 ha (3.43 acres) in mid 2011, paying £645,000 reflecting £465,000 per ha (£188,047 per acre). The deal was agreed around 12 months previously. The Highways Agency acquired a site of 1.01 ha (2.5 acres) in late 2009 paying £580,000 per ha (£235,000 per acre). Another 0.40 ha (one acre) plot was sold in 2009 for £556,000 per ha (£225,000 per acre).

Next to the A1 at Leeming Bar a site of 7.69 ha (19 acres) was sold in 2009 to Andrew Cawthray for development of a soft drinks factory. We understand from the agent for the vendor that the price agreed reflected £568,000 per ha (£230,000 per acre).

Address	Details	Acres	Price (£)	Price per Acre (£)	Date
Druids Meadow Elderly Persons Home, 6 Manningford Road, Birmingham, West Midlands	Freehold, former care home, three floors, 60 bedrooms, unmodernised, 1.08 acres, 21,127 sq ft, parking space, garages, out buildings, vacant	1.08	500,000	462,000	February 2013
31A Westmorland Avenue, Kidsgrove, Stoke-on-Trent, Staffordshire, ST7 1AS	Former care home, 10 bedrooms	2.4	178,000	74,000	February 2013
Bryn Mel Manor, Allt Bryn Mel, Glyngarth, Menai Bridge, Gwynedd, LL59 5PF	Freehold, former care home, two floors, development potential subject to planning permission, vacant	1.05	650,000	619,000	2013
Borrowash House, Derby Road, Borrowash, Derby, Derbyshire, DE72 3HB	Freehold, former residential care home, garden, car park and agricultural land, 2.5 acres, development potential subject to planning permission, vacant	2.5	374,000	150,000	July 2012
Heathway, 70 Reddicap Heath Road, Sutton Coldfield, West Midlands, B75 7EW	Freehold, former care home, three floors, 30 bedrooms, double garage(s), 0.7 acres, vacant	0.7	750,000	1,071,000	June 2012
Heathside House, Heathside Lane, Stoke-on-Trent, Staffordshire, ST6 5QS	Substantial former care home	0.81	242,000	300,000	January 2012
Former Ramsey Primary School, Wix Road, Ramsey, Harwich, Essex, CO12 5HP	Freehold site, planning permission for care home, 45 bedrooms, garden, vacant	1.58	Unsold – last bid at 192,000 available at 200,000	120,000	December 2011
Westgate Court, 1 Linden Grove, Canterbury, Kent, CT2 8AB	Freehold, detached former care home arranged as 19 self-contained flats and ancillary accommodation flat, vacant	0.84	1,080,000	1,280,000	15 December 2011
Oxclose Lane, Mansfield Woodhouse, Mansfield, Nottinghamshire, NG19 8DF	Freehold, development site, 1.11 acres, planning permission for care home, 40 bedrooms, vacant	1.11	Unsold – last bid at 205,000 available at 250,000	184,000	December 2011
Millstream View, Mill Lane, Adwick-le-Street, Doncaster, South Yorkshire, DN6 7AG	Freehold, detached former care home, two floors, 0.55 acres, vacant	0.55	212,000	385,000	November 2011
Land at Warwick Road, Peterborough, Cambridge, PE4 6DE	Freehold, substantial development site, 1.16 acres, planning permission care home, 80 bedrooms, vacant	1.16	Unsold – last bid at 720,000 available at 750,000	620,000	October 2011
The Former Callow Brook Elderly Persons Home, 96 The Roundabout,	Freehold, former care home, two/three floors, 43 bedrooms, 1.09 acres, development potential subject to planning	1.09	390,000	357,000	October 2011

Birmingham	permission, vacant				
Former Moor Platt, Lancaster Road, Caton, Lancashire, LA2 9QJ	Freehold, detached former care home, two floors, 24 bedrooms and ancillary building, unmodernised, 2.65 acres, outline planning permission, vacant	2.65	Unsold – Available at 700,000	265,000	September 2011
Nuffield House, 16 Claremont Road, Nottingham, Nottinghamshire, NG5 1BH	Long leasehold, substantial former care home and single storey extension, development potential subject to planning permission, garden, vacant	0.88	350,000	397,000	September 2011
Pinewood Lodge, South Brent, Devon, TQ10 9EF	Freehold former care home, two floors, 17 bedrooms, 2.7 acres, development potential subject to planning permission, vacant	2.7	316,000	117,000	July 2011
Lyttleton House, 1 Ormond Road, Rednal, Rubery, Birmingham, West Midlands, B4	Freehold former care home, 37 bedrooms, 1.03 acres, vacant	1.03	407,000	395,000	July 2011

Address Description Size	Date and type of transaction. Source of information	Purchase price/ Asking terms	Comments and Comparison with subject property
Revolution Park, Plot 7/9 , Chorley 12 acres	May 2012 DTZ	£390,000 per acre	Land originally purchased Evander in summer 2011 from Helios Slough for £215,000 per acre. Pre let secured to Royal Mail for circa 300,000 sq ft distribution depot and land sold understood to be £390,000 per acre in May 2012. The comparable has excellent location to M61 and M6 and shows a premium being paid for “oven ready” land as becomes relatively scarce.
Kingsway, Plot J , Rochdale 42 acres	December 2011 DTZ	£314,000 per acre	42 acres land sale by Wilson Bowden to Asda for chilled facility of 622,000 sq ft. Deal devalued to £314,000 per acre net following levelling and site cleanup, investment bought by Canada Life, let to Asda for 25 years. Practical completion expected August 2012.
Electric Park Trafford Park 6 acres	December 2011 Segro	£2,100,000 £350,000 per acre	Purchased by United Utilities. Industrial development site. Hardcore surfaced.
The Horizon Centre, Loushers Lane, Warrington 1.15 acres	October 2011 EI Group (Pugh & Co)	£311,000 £270,435 per acre	Vacant commercial property on site with development potential, subject to planning permission. The site is allocated as an Existing Employment Site in Inner Warrington under the Warrington Borough Council UDP.
Avro Way Trafford Park 1.62 hectares (4 acres)	Q4 2011 DTZ	£1,600,000 £400,000 per acre	Purchased by Think Money. Development site in Trafford Park purchased for owner occupation. Marshall to develop the site as offices. St Modwen sold the site.

Address Description Size	Date and type of transaction. Source of information	Purchase price/ Asking terms	Comments and Comparison with subject property
Matrix Park - Buckshaw Village, Plot 3000 , Chorley	May 2011 DTZ	£925,000 £225,6101 per acre	sold by Redrow to Jamie Seddon for £925,000 devaluing to £225,6101 per acre, remediated land, suitable for development, last plot sold on Matrix Park dtz and Jll acted
Voltage Park, Partington, Cheshire	Offers put forward at £250,000 per ace DTZ	Inviting offers	Poorer location to that of the subject property. No deals agreed but offers been put forward at £250,000 per acre. Marketed by DTZ.

Comparables – South West

Residential

Land at Norton St Philip, Bath BA2 7LH

The site is located on the southern boundary of Norton St Philip and benefits from rural views. The village is situated in the Mendip area of Somerset, approximately 9.6 km (6 miles) south of Bath. The site, which comprises approximately 3.23 hectares (8 acres), has planning consent for 51 homes consisting of open market dwellings, some sheltered accommodation and a small area of affordable housing. In addition, the development allows for a local shop and office accommodation. The proposed project can be summarised as follows:-

- 33 open market houses and maisonettes (65,525 sq ft)
- 10 sheltered houses and apartments (12,050 sq ft)
- 8 affordable houses (7,618 sq ft)
- 1 retail (local shop) unit (2,974 sq ft)
- 3 commercial units including ground floor of the Market Building (3,981 sq ft)
- Total consented floor space (92,148 sq ft)

We have been informed by Knight Frank the site sold to Bloor Homes for circa £9,300,000 having devalued a debt/equity swap. The price achieved equates to £4,596,060 per hectare (£1,860,000 per acre) on a net basis however, taking into account the attenuation ponds, and gross developable area of circa 3.23 hectares (8 acres), the purchase price equates to £2,872,537 per hectare (£1,162,500 per acre). The proposed scheme has been designed to a high specification with each house having been individually designed by Professor Robert Adam. As such, the scheme has high build costs, however high sales rates are expected to be achieved (circa £325 per sq ft on average across the scheme) resulting in a premium being paid. The agent is of the opinion a premium of circa 25% was achieved on the land value.

Land at Fortlands, Forest Hill, Great Bedwyn, Marlborough

The site comprises circa 0.516 hectares (1.277 acres) and was sold in October 2010 to Linden Homes for £1,120,000 which equates to £2,167,202 per hectare (£877,055 per acre). The site had residential planning consent, however we are not aware of the affordable housing requirements.

Land between Kingsbury Street and Herd Street, Marlborough

The site comprises circa 0.35 hectares (0.875 acres) and was sold in Q1 2010 to Thomas Homes for £2,100,000, which equates to £5,930,400 per hectare (£2,400,000 per acre). The site has residential planning consent with no provision for affordable housing.

Land at Ropewind Farm, River Road, Shalbourne, Malborough

The site comprises circa 1.18 hectares (2.91 acres) and was initially sold in December 2009 to private individuals for £1,270,000, which equates to £1,078,409 per hectare (£436,426 per acre) with the benefit of residential planning consent for five large houses in a courtyard scheme with no affordable

housing requirements. We understand the site was subsequently sold to Bellway Homes in 2010 with the benefit of a revised planning consent increasing the density of the site. The sale price of circa £1,650,000, equates to £1,401,082 per hectare (£567,010 per acre).

SHH plc sold the surplus land to Cavanna Homes in 2009 for £11.78 million, which equates to £655,000 per acre. The site totals c.7.32 hectare (18 acre site).

This level compares with £665,000 per acre achieved in August 2010 in respect of the sale to Barratt Homes a former factory located within a predominantly residential area, approximately 1.2 km (0.75 acres) to the northwest of the former Plymouth City Airport. The site had planning consent for residential use and totals 5 hectares (12.3 acres).

Tavistock Road, Bristol

DTZ are marketing a 0.4 hectare (1 acre) site on Tavistock Road, close to the former airport. The site has outline planning consent for care home use. The site is under offer to a developer at a price equating to £500,000 per acre, although this is strictly limited to care home use.

Close to the former airport site, 273 Tavistock Road, has been marketed and we understand is under offer at a price equating to approximately £565,000 per acre. The site has planning consent for 11 houses and 2 flats.

Commercial

Site	Purchaser	Size ha (acres)	Comments	Analysis
Land at Cabot Park, Poplar Way West, Avonmouth, Bristol	AXA	13.36 (33.00)	<p>The purchase in Q4 2010 was part of forward funding agreement. The breakdown of the price attributable to the land was provided by AXA.</p> <p>Land zoned for B1, B2 and B8 uses.</p> <p>The property is situated on Cabot Park in Avonmouth which is one of the prime distribution locations in the South West of England close to junction 18 of the M5 motorway and junction 22 of the M4.</p>	£785,928 per ha (£318,182 per acre)
Third Way Phase 3, St Andrews Road, Avonmouth	Global Machine Tools	0.61 (1.5)	<p>Purchased in September 2010 for £625,000.</p> <p>The site has consent for B1/B2/B8 uses, it can accommodate a warehouse/ trade counter unit of 2,787 sq m (30,000 sq ft).</p> <p>The site is a prominent corner site with main road frontage.</p>	£1,029,825 per ha (£416,667 per acre)
Plots C&D Express Park, Bridgwater	Avon & Somerset Police	2.47 (6.125)	Purchased in December 2010. The site has consent for industrial use.	£792,079 per ha (£320,000 per acre)
Land at Station	Somerset	0.554	Purchased February 2011.	£576,732 per

Site	Purchaser	Size ha (acres)	Comments	Analysis
Approach, Frome	Storage	(1.37)	Outline consent for 1,784 sq m (19,200 sq ft) of B8 space. Town centre location.	ha (£233,577 per acre)
Development site, Hillmead Drive, Swindon		2.02 (5.00)	We understand that the site is currently under offer at £1.25 million. This is for speculative industrial development.	£618,812 per ha (£250,000 per acre)
Development Land , Isleport Business Park, Highbridge, Somerset	Available	1.90 (4.69)	The site is available at £1.3 million. The site has outline planning consent for B8 Use. A planning application has been granted for a waste transfer use on half the site but to date this has not been instigated.	£684,211 per ha (£277,166 per acre)

Comparables – South East

Reading/Slough

Coley Park, Reading

A 4.72 acre site situated 1.5km south of Reading town centre. The site was marketed at the end of 2012 by DTZ as a site with potential for residential development. The site has several vacant buildings on it, including two very large office buildings which were previously occupied by the Department for Education, Food and Rural Affairs. The site did not have the benefit of a planning consent.

Offers were received on a conditional of gaining a planning consent and an unconditional basis. The highest conditional bid was £5.02 million, reflecting £1.064 million per acre. The highest unconditional bid which was received was £3.2 million, reflecting £678,000 per acre.

The conditional bid of £5.02 million was based on gaining consent for 76 units which equates to £66,053 per plot.

The sale never exchanged contracts because DEFRA, the vendor, decided to withdraw the site from the market because their internal strategy changed and they needed to retain the site.

Canterbury

Kingsmead, Canterbury

A 4.7 acre site, which is currently used as playing fields. The site is allocated for residential development in the adopted Planning SPG. The site was marketed by DTZ and the highest bid was £7.11 million. The site remains under offer and is subject to consent for a scheme of 98 units (87,000 sq ft of development). This equates to £1.51 million per acre or £72,551 per plot.

Amersham/Princess Risborough

Terriers Site, Amersham Road, High Wycombe, HP13 5AJ.

A 6.66 acre site with 18,000 sq ft of office space. Set in a rural location on the edge of the town. The site sold for £2.5 million unconditionally. Included in the site is Terriers House which is an imposing Grade II listed building built in the 17th Century which will be converted to provide residential flats. The site also included several blocks which were built in the 1960s, which will be demolished to provide space for new build residential development.

Guildford/Woking

Former Treloar School , Upper Froyle

Total developable site area of 16.7 acres with additional park/agricultural land totalling 66.6 acres with existing buildings extending to approximately 175,613 sq ft GIA. The site has just been sold by Savills for £9.5 million unconditionally. The purchaser intends to use the land for residential development.

Burgoyne Road, Camberley

Site with benefit of planning permission for seven houses and four apartments with a total site area of circa 1.06 acres. Sold by Savills to a local house builder for £1.2 million.

Froyle House, Upper Froyle

Site with the benefit of planning permission for 9 residential units with a total site area of circa 8.99 acres with existing buildings extending to approximately 17,706 sq ft. Contracts have just exchanged for £2 million.

Tunbridge Wells/Sevenoaks

The former Cinema Site – Tunbridge Wells, Kent

A town centre site with planning permission for large mixed use development of over 300,000 sq ft. Sold by Savills in August 2011 on behalf of Anglo Irish Bank to Carlyle and Bell House Joseph for £10 million.

Trevereux Hill, Oxted, Surrey

Marie Curie research centre site with accommodation totalling 43,897 sq ft with a site area of 9.4 acres. Sold by Savills in November 2011 to a regional house builder for £3.55 million. This represents a price of £378,000 per acre.

Harestone Drive, Caterham, Surrey

Former research centre and offices totalling 22,834 sq ft with a site area of circa 2.8 acres. Sold by Savills in 2011 to Independent Homes for £2.5 million. This represents a price of £890,000 per acre

Eastbourne

Land at Placketts Corner, Arlington, Nr Eastbourne, East Sussex

A vacant 4.6 acres cleared development site with implemented planning consent for 6 detached houses. Sold by Savills in 2012 to a private house builder for £575,000.

Basingstoke

Hampshire County Council has sold two sites in Basingstoke recently;

Merton

A site for 781 units including 40% affordable housing, sold to Persimmon Homes in October 2012 for the sum of £27.5m, equating to £35,211 per plot. We are informed by Hampshire County Council that they had put in the spine road, drainage and utilities.

Beech Down

A site for 79 private units sold for £4.4m on 31/07/2012 equating to £55,696 per plot.

Milton Keynes

North Street, Leighton Buzzard

Development site sold with a planning consent for 13 houses and a single commercial unit, near the centre of Leighton Buzzard. The site was sold for £900,000.

Brighton

Withdean Road, Brighton

Development site has just sold which is 1.2 acres, and is suitable for 5 – 6 detached houses. There was no planning permission in place and the site has just sold for £2.7million, subject to a suitable planning consent. The site has an existing 9,000 sq ft dwelling on it and is located on one of the best residential streets in Brighton.

South Street, Ditchling Ditchling Village East Sussex BN6

Development site sold for £1.5 million. 1.7 acres located in a small village with a planning consent in place. This equates to £880,000 per acre.

Highcroft Villas Brighton East Sussex

0.5 acre site with a planning consent in place for 24 apartments (10 affordable). The site is located in a residential area on the Hove/Brighton border and within walking distance of Brighton Central Station. The site sold for £1.25 million.

The Upper Drive, Hove

A 0.3 acre development site sold with a consent for 9 apartments. Sold to a local developer for £1.1 million.

Milton Keynes

English Partnerships are about to exchange contracts on two large sites between 10 and 15 acres at prices ranging from £650,000 - £800,000 per acre depending on infrastructure requirements. They have also recently sold two smaller sites of 2 – 3 acres which have achieved close to £1 million per acre.

Oxford

Savills recently sold a Greenfield site on the edge of west Oxford on behalf of the university. The site exchanged unconditionally for £16.95m. The total site size was 16 acres, but the development including LEAP and LAP was on 10.6 acres, with the remainder comprising additional open space. This breaks back to £1.6m per acre.

Southampton

BNP sold a site in Eastleigh which was 17 acres and sold for residential development for £8 million unconditionally.

Chichester

East Marden, Chichester

1.4 acre site sold with planning consent for a single 3600 sq ft house. Set in a very rural part of the South Downs. Sold for £650,000.

Worthing

Site sold with consent for 500 sqm of residential development, set across 13.42 acres in the rural South Downs. The site sold for £600,000. The site was previously a rundown equestrian site which was sold to a local developer who is now building two large dwellings on the site.

Maidstone

A site occupied by Kent Music Schools was sold in September 2011 for approximately £1 million. The site had planning consent for 25 houses, with 40% of these to be sold as affordable. The sale price equates to approximately £40,000 per plots.

We are aware of a site on West Street, Harrietsham which comprises 8.32 acres which was acquired in 2011 by Crest Homes following the exercise of an option. The purchase price was £4 million, which devalued to a rate of approximately £480,000 per acre.

In addition a site at Bell Lane, Hoo comprising 8 acres was sold to Bellway Homes in 2011. The site benefitted from planning consent for 118 dwellings of which 25% were to be sold as affordable tenure dwellings. The purchase price of £3,150,000 equates to £400,000 per acre.