



New City Court

Socio-Economic Benefits Statement

GPE (St. Thomas Street) Limited

A report by Volterra Partners, June 2022

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1 INTRODUCTION

- 1.1 Volterra has been commissioned by GPE (St. Thomas Street) Limited (hereafter the 'Appellant') to produce a summary report outlining the socio-economic benefits associated with two schemes involving the redevelopment of New City Court (hereafter the 'Proposed Developments'), situated on a site (the 'Site') within the London Borough of Southwark ('LBS'). This report is intended to summarise the overarching socio-economic impact of the Proposed Developments in the context of the local and regional economies.
- 1.2 This report summarises the impacts of two schemes resulting in the redevelopment of the Site. These are the scheme originally put forward for planning consideration in 2018 (hereafter '**2018 Scheme**'), and the amended scheme put forward for planning consideration in 2021 (hereafter '**2021 Scheme**'). The Proposed Developments would generate a significant amount of Class E employment floorspace, consisting primarily of office and affordable workspace, with supporting flexible space for retail and office uses, and food and drink space.

Introduction to Volterra

- 1.3 Volterra is an established London-based social, economic and health consultancy. We specialise in economic development, strategy, and the socio-economic appraisal of policy interventions and impact assessments. We regularly author socio-economic impact assessments, health impact assessments, economic statements, equality statements, employment and skills strategies, and social value statements for both public and private sector clients. Data collation, analysis and modelling of socio-economic variables underpins the work we do.
- 1.4 Our unique selling point and brand identity is based around the fact that we develop innovative research techniques to resolve problems and provide market leading economic narrative in our reports. We are both capable of and experienced in providing added value to clients through innovative thinking in solving complex problems. Clients can rely on Volterra to provide robust analysis that is transparent and encompassing while still delivering a narrative that can be used for strategy, policy choice, or marketing purposes.

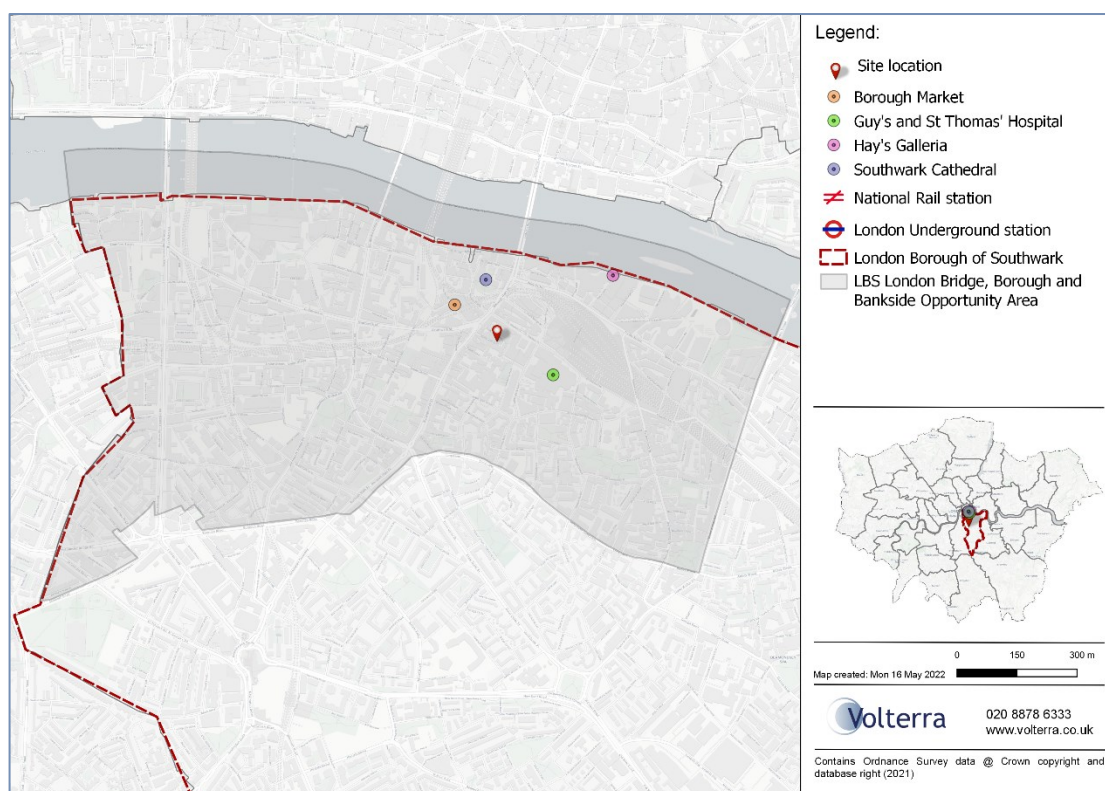
Site context

- 1.5 The Site is currently occupied by various commercial buildings, including Georgian terraced townhouses 4-16 St Thomas Street, the New City Court office building at No. 20 St Thomas Street, and Keats House at Nos. 24 to 26 St Thomas Street. The existing Site consists of 12,763sqm Gross Internal Area (GIA) of office floorspace. New City Court occupies the majority of the Site and is a part two, four and part five storey office building constructed in the 1980s.
- 1.6 The Site sits at the heart of London Bridge and is bound by:
- Commercial properties to the north, south-east and west including shops, restaurants, offices, hotels, public houses including The Old King's Head, banks, museums and post offices;
 - Guy's Hospital to the east; and
 - King's College University facilities including Guy's Campus which comprises the student centre, student accommodation as well as a library, IT suite and auditoriums to the south and east.
- 1.7 The Site is situated towards the north of the borough in the London Bridge area, within the Borough, Bankside and London Bridge Opportunity Area and the Borough High Street Conservation Area. The Site is highly accessible by public transport, judged to have a Public Transport Accessibility Rating (PTAL) of 6b – the highest rating that can be

achieved – due to its close proximity to London Bridge Overground and Underground stations (<0.1 mile), as well as Borough Underground Station (0.4 miles away).

- 1.8 The Site is near the Shard and is surrounded by a diverse set of attractions including Hay's Galleria, Shakespeare's Globe Theatre, Southwark Cathedral, Tate Modern and Borough Market. These locations all enjoy high levels of footfall. The Proposed Developments would act as the missing link, connecting the different locations forming a retail horseshoe surrounding London Bridge Station. The Site in the context of the borough is shown in **Figure 1**.

Figure 1 Site context



Source: Map tiles by CartoDB, under CC BY 3.0. Data by OpenStreetMap, under ODbL.

The purpose of this report

- 1.9 Two separate schemes have been progressed by the Appellant, with a planning application for the first scheme having been submitted in 2018, followed by a planning application for a second scheme in 2021. Both of these schemes are now under appeal and awaiting decision.
- 1.10 The purpose of this report is to update the previously presented socio-economic benefits of each of the 2018 Scheme¹ and the 2021 Scheme.² Where research data has changed, we have updated the impacts to reflect the latest available data. In certain circumstances (for example the construction impacts) there are therefore slight differences from the figures set out in our previous reports prepared for the planning applications, which we make clear in the report.

¹ Volterra Partners, 2020. New City Court – Marketing Report

² Volterra Partners, 2021. New City Court – Marketing Strategy

Report structure

- 1.11 This report is split into the following sections:
- **The scale of opportunity:** this section quantifies the impact of the Proposed Developments in relation to its economic impacts. This includes construction-phase impacts (jobs and worker spend), operational employment and worker expenditure, contribution to economic output, additional tax revenues, and business rates;
 - **Socio-economic context:** this section sets out the strategic case for the development in relation to achieving key pillars: meeting socio-economic needs, improving connectivity, and contributing to the clustering of biotech facilities; and
 - **Appendix A – Glossary of terms:** this appendix defines frequently used terms throughout this report.

2 THE SCALE OF THE OPPORTUNITY

Demolition and construction phase

- 2.1 Construction impacts differ from the previously reported figures within the 2018 Scheme report¹ and 2021 Scheme report.² This is due to the assumptions and data that is used to arrive at the estimate having been updated to the latest available data. These estimates are considered the most up-to-date and realistic to set out the economic impact of the scheme in the construction phase.

Construction employment

- 2.2 The demolition and construction phase of the Proposed Developments would result in additional economic activity in terms of construction employment. The standard industry method of estimating the number of construction workers on-site is to divide the expected construction cost of the Proposed Developments by the economic output of the average construction worker.³
- 2.3 It is expected that the construction phase of the Proposed Developments would generate approximately 2,095 gross job years under the 2018 Scheme over the 47-month construction period and for the 2021 Scheme approximately 2,300 job years over a 43-month period – this is equivalent to an average of 535 and 640 workers on-site each year, respectively.

Construction worker expenditure

- 2.4 Construction workers are one of the most mobile sectors of the workforce, travelling to wherever the work is. As a result, construction benefits are not generally viewed as having large local impacts. Whilst the construction period would not be expected to have large local job impacts, the spending of those workers would be captured locally.
- 2.5 It is expected that construction workers on-site would spend a total of £3.7m under the 2018 Scheme and £4.0m under the 2021 Scheme in the local area over the duration of the entire construction and demolition period,⁴ equivalent to approximately £940,000 and £1.1m per year, respectively. Typical expenditure in the local area before, during, and after work can be on things such as lunch, after work activities and retail shopping at nearby stores.

Operational phase

- 2.6 Economic impacts in the operational phase may differ from those presented previously in the 2018 Scheme report and 2021 Scheme report. This is because data and assumptions underpinning the estimates has been updated to the latest available. However, these changes are not expected to materially impact conclusions arrived at in the previous reports. For example, worker expenditure figures are estimated to differ from those previously reported due to inflation and changes in the estimated spending levels of workers in London.

Commercial floorspaces

- 2.7 The existing Site consists of 12,763sqm (GIA) of office space. The 2018 Scheme would deliver 49,612sqm (GIA) of employment-generating floorspace split across office, retail, food and beverage, an auditorium/business hub, and a gym. The 2021 Scheme would

³ ONS, 2021. Regional gross value added (balanced) by industry: all ITL regions

⁴ Assuming 60% of workers spend £13.30 per day for 220 days a year. The £13.30 is based on a YouGov survey which found that UK workers spent an average of £6 per day in 2005 – this has been uplifted to reflect earnings growth in the period to 2021, the latest year for which data is available, as well as the discrepancies between earnings in different industries and regions.

provide 49,798sqm (GIA) of employment-generating floorspace. As shown in **Table 1**, the Proposed Developments would therefore support an uplift of between 36,850sqm and 37,035sqm (GIA) of employment-generating floorspace.

Table 1 Employment generating floorspace (GIA sqm)

Use	Existing Site	2018 Scheme		2021 Scheme	
	Area	Area	Additional	Area	Additional
Office	12,763	46,374	33,611	49,049	36,286
Retail	-	765	765	328	328
F&B	-	1,139	1,139	421	421
Auditorium / Business Hub	-	719	719	-	-
Gym	-	615	615	-	-
Total	12,763	49,612	36,849	49,798	37,035

2.8 The London Office Policy Review ('LOPR') estimates the demand for office floorspace in LBS to be 506,800sqm (GIA) from 2016 to 2041, an average of 20,270sqm per year.⁵ While the Southwark Plan 2022 states the need to supply 460,000sqm of office space between the period 2019 and 2036, equating to an average annual figure of 27,060sqm, higher than the LOPR estimated demand for LBS.⁶ This floorspace, equating to approximately 35,500 jobs,⁶ will primarily be delivered within the Central Activities Zone, where the Site is located, with up to 80% of new offices locating here, according to LBS Policy ST1.

2.9 The 2018 Scheme would deliver 33,611sqm (GIA) of additional office floorspace, when compared to the existing Site, whereas the 2021 Scheme would provide 36,286sqm (GIA) of additional office floorspace once operational. The Proposed Developments would contribute 7% and 8%, respectively, of the target for additional office floorspace between 2019 and 2036 under the Southwark Plan 2022 (460,000sqm).

Employment generation

2.10 The following analysis calculates the total employment that could be supported at the Proposed Developments, once operational. Estimates are derived from both the existing and proposed floorspaces that have been provided alongside employment densities provided by the Homes and Communities Agency ('HCA') to calculate the amount of potential Full-Time Equivalent ('FTE') employment that is supported.⁷

⁵ GLA, 2017. The London Office Policy Review

⁶ LBS, 2022, Southwark Plan 2022

⁷ HCA Employment Density Guidance, 3rd edition, 2015. Although a new use class order was established in 2020, no guidance over employment estimation for the new use class order has been published. Therefore, the guidance relevant to the old use class order has been used in the absence of more information.

Table 2 Gross direct employment at the Proposed Developments

Use	Existing Site		2018 Scheme		2021 Scheme	
	FTEs	Jobs	FTEs	Jobs	FTEs	Jobs
Auditorium / Business Hub	-	-	10	10	-	-
Gym	-	-	10	10	-	-
Office	835	910	2,640	2,875	3,475	3,780
Retail	-	-	40	50	15	20
F&B	-	-	55	70	20	30
Total	835	910	2,755	3,015	3,510	3,830
<i>Additional</i>	-	-	<i>1,920</i>	<i>2,105</i>	<i>2,675</i>	<i>2,920</i>

NB: Employment figures have been rounded to the nearest five and as a result may not sum.

- 2.11 It is estimated that the Proposed Developments would support a total of 2,755 FTEs (corresponding to 3,015 jobs when accounting for part-time working patterns) under the 2018 Scheme and 3,510 FTEs (3,830 jobs) under the 2021 Scheme. Compared to the existing Site, the 2018 Scheme would provide an uplift in the estimated number of jobs by approximately 1,920 FTEs (2,105 jobs) while the 2021 Scheme would provide an uplift of 2,675 FTEs (2,920 jobs).
- 2.12 The Site, located within the Borough, Bankside and London Bridge opportunity area, will help LBS achieve the strategic objectives set out in the Southwark Plan 2022. Policy ST1, Southwark's Development Targets, states the need for 58,000 jobs in total between 2019 and 2036 with 10,000 of those being located within the Borough, Bankside and London Bridge area, equivalent to 3,410 or 590 jobs per year for LBS or Borough, Bankside and London Bridge area, respectively. The Proposed Development would provide an additional 2,105 jobs for the 2018 Scheme and 2,920 jobs for the 2021 Scheme, which represents almost a year's worth of the jobs growth target for the whole borough, or just under 5 years (29%) of the total target for the Borough, Bankside and London Bridge area.
- 2.13 Employment, however, extends beyond just the direct employment generated on-site. Workers may come from other jobs, which will reduce the net employment gain for the economy, and through increased employment comes increased spending which will create derived demand for jobs. This is explained through the displacement and multiplier effects. The HCA Additionality Guide provides a framework that allows for the estimation of the net additional impacts of a development.⁸ Through this method, both a displacement and a multiplier are applied to direct employment, both of which are defined below.
- 2.14 A 'low' displacement is applied in the context of central London's competitive office marketplace which contains excess demand and continuing high rents, together with its strong employment growth forecast. Despite rising vacancy rates, demand for office space, and in particular Grade A office space, remains high.⁹
- 2.15 The scale of the multiplier depends on the size of the geographical area that is being considered, the local supply linkages, and income leakage from the area. The strong supply linkages that occur in central London imply a high multiplier, but in order to be conservative, this analysis assumes that the Proposed Developments are likely to at least have 'average' supply linkages given the scale of its economy. As a result, a medium regional level composite multiplier of 1.5 has been selected.

⁸ Homes and Communities Agency, 2014. Additionality Guide: Fourth Edition

⁹ Carter Jonas, 2021, London Office Market Report 2021Q3



Displacement

- The proportion of jobs that would otherwise have occurred elsewhere.
- The guidance provides a standard displacement rate of **25%** for low levels of displacement.



The Multiplier Impact

- The indirect benefits to other sectors of indirectly boosting jobs in these other industries.
- Given that the study area is in central London, multiplier effects are expected to be significant.
- The guidance provides a standard composite multiplier of **1.5** for medium multiplier effects at a regional level.

- 2.16 Once displacement and indirect jobs are taken into consideration, the 2018 Scheme would create up to 2,160 net additional FTEs (2,370 net additional jobs), of which 1,700 net additional FTEs (1,865 net additional jobs) would go to London residents. The 2021 Scheme would create up to 3,010 net additional FTEs (3,285 net additional jobs) of which 2,370 net additional FTEs (2,585 net additional jobs) would go to London residents. This is worked through below in **Table 3**.

Table 3 Net additional employment

Employment type	2018 Scheme		2021 Scheme	
	FTEs	Jobs	FTEs	Jobs
Gross additional jobs	1,920	2,105	2,675	2,920
Net direct (25% displacement)	1,440	1,580	2,010	2,190
Net indirect (1.5 multiplier)	720	790	1,005	1,095
Net additional	2,160	2,370	3,010	3,285
Of which London residents (79% leakage)	1,700	1,865	2,370	2,585

Source: Volterra workings; NB: figures have been rounded to the nearest five and as a result may not sum.

- 2.17 The Southwark Plan 2022 states a need for 58,000 jobs to be delivered between 2019 and 2036, with 10,000 of those being in the Borough, Bankside, and London Bridge area of LBS. The Proposed Developments will provide an additional net employment of 2,370 jobs for the 2018 Scheme and 3,285 for the 2021 Scheme. In the 2018 Scheme, an estimated 495 jobs would go to Southwark residents (5% of the 17-year requirement), whilst in the 2021 Scheme an estimated 690 jobs would go to Southwark residents (7% of the 17-year requirement).¹⁰

Worker expenditure

- 2.18 The additional workers at the Proposed Developments would support new spending in the local area. A 2005 YouGov survey found that workers in the UK spent on average £6 a day in the local area around their place of work.¹¹ Uplifting this for earnings growth between 2005 and 2021, the higher average earnings in London, and earnings

¹⁰ ONS, 2011. The Census – Location of usual residence and place of work by age

¹¹ Although this study dates back to 2005, it is the most up-to-date and most frequently used assumption concerning what employees spend in the local area around their place of work

differentials between different industries, it is estimated that office employees on-site are expected to spend an average of £17.80 a day while the other workers on-site are expected to spend between £5 and £10 a day.

- 2.19 Using this measure, it is estimated that the existing Site supports £2.2m in annual worker expenditure in the local area. The 2,755 FTEs supported by the 2018 Scheme would be estimated to result in an annual worker expenditure of approximately £6.3m in the local area.¹² The worker expenditure represents an uplift of £4.1m per year when compared to the worker expenditure at the existing Site, equivalent to a 187% uplift.
- 2.20 The 2021 Scheme is expected to result in £8.2m in worker expenditure in the local area across the 3,510 FTEs. This is equivalent to an uplift of an estimated £6.0m, or an uplift of 273%, compared to the current Site.

Economic output

- 2.21 Any direct employment resulting from the Proposed Developments would result in the generation of additional economic activity (Gross Value Added – GVA).^{13,14} Under the 2018 Scheme, the Proposed Development is expected to produce £316m in economic activity, of which £206m will be additional. The 2021 Scheme would produce up to £410m in economic activity with £300m being additional.

Table 4 Total annual additional GVA

Type	2019 GVA per worker ¹⁵	Existing site	2018 Scheme		2021 Scheme	
		GVA	GVA	Additional	GVA	Additional
Office	£107,900	£110m	£310m	£200m	£408m	£298m
Retail	£33,800	£0	£1.7m	£1.7m	£1.1m	£1.1m
Food and Drink	£30,200	£0	£2.1m	£2.1m	£0.8m	£0.8m
Gym	£41,300	£0	£0.5m	£0.5m	£0	£ -
Total		£110m	£316m	£206m	£410m	£300m

Source: ONS, 2021. Regional gross value added (balanced) by industry 2019; ONS, 2021. Business Register and Employment Survey 2019; NB: Figures may not sum due to rounding.

Tax revenues and business rates

Tax revenues

- 2.22 By comparing national statistics on GVA in the years 1997 to 2017¹⁶ with public sector receipts in each year,¹⁷ it can be shown that tax revenues typically account for between 30% and 40% of GVA, through business rates, value-added tax (VAT), corporate and income tax (among other smaller taxes). Applying this benchmark to the GVA calculation, it is estimated that the Proposed Developments would result in tax revenues of between £95m and £126m under the 2018 Scheme and between £123m and £164m under 2021 Scheme, representing an uplift compared to the current Site of between £62m and £120m.

¹² To ensure a conservative estimate of worker expenditure is presented, it is also assumed that 60% of workers would spend this figure each day over a 220 day working year.

¹³ ONS, 2021. Regional gross value added (balanced) by industry 2019

¹⁴ ONS, 2020. Business Register and Employment Survey 2019

¹⁵ This is the combined estimate for Southwark and Lewisham as GVA data is not disaggregated at a more granular level. As a result, the GVA contribution here as a proportion of London GVA is Southwark and Lewisham boroughs combined.

¹⁶ ONS, 2019. Gross value added (income approach).

¹⁷ ONS, 2019. Public sector finances

Business rates

- 2.23 To estimate potential business rates receipts in the absence of data, a proxy has been used on the proportion of 'Grade A' office space within the SE1 postcode. It is reported that 36% of new office space is considered Grade A and located within the City fringe area of LBS.¹⁸ The median of the top 36% of current rateable values within the surrounding four-digit postcode area has been used to forecast the potential business rate payments of the Proposed Developments. Applying this to the proposed floorspace, it is forecast that the 2018 Scheme could produce £9.2m in annual business rate payments and 2021 Scheme, £11.6m.

Table 5 Annual business rate payments

Use	Existing Site	2018 Scheme	2021 Scheme
Office	£1.9m	£8.7m	£11.5m
Auditorium / Business Hub	£0	£168,000	£0
Gym	£0	£40,000	£0
Flexible Office / Retail	£0	£99,000	£40,000
Food & Drink	£0	£184,000	£72,000
Total	£1.9m	£9.2m	£11.6m
Total uplift:		384%	509%

NB: Figures are rounded and may not sum

- 2.24 The amount of business rates that are retained by local councils is set by local government and is shared amongst the GLA, LBS and Government. The current rate that is retained by LBS is 30%.¹⁹ If LBS were to retain 30% of business rates payments, the Proposed Developments would then result in between £2.7m and £3.5m under the 2018 Scheme and 2021 Scheme, respectively.

¹⁸ Southwark Council, (no date). CAZ Exemption paper for criteria A – Appendix A – Part 2.

¹⁹ Valuation Office Agency, 2022, National non-domestic rates collected by councils

3 SOCIO-ECONOMIC CONTEXT

- 3.1 LBS has mixed performance with regards to the below metrics. Whilst economic activity and the employment rate are above comparators, the unemployment rate is also above comparators. Skill levels and incomes are very good amongst LBS residents, whilst levels of apprenticeships perform relatively poorly. Crime and open space perform poorly across the borough as well as specifically in the area local to the Site. Indicators in **Table 6** have been scored red, amber, or green, based on socio-economic performance across a number of key metrics.

Table 6 LBS socio-economic context

Topic	LBS
Office provision	Office vacancy rates more than halved over the course of 2020, and are now amongst the lowest City submarkets. ²⁰ There is a diminishing supply of Grade A office space in the best locations. Due to inflationary pressures, development finance and numerous barriers to entry, the development pipeline is likely to remain constricted.
Employment and economic activity	In the 12 months to September 2021, the economic activity rate in the LBS was 81%, higher than both the London and England (79%) averages. ²¹ The employment rate was broadly in line with comparators at 75%, compared to 74% for London and 75% for England.
Unemployment	In the 12 months to September 2021, the unemployment rate in the LBS was 7.7%, higher than the London (6.6%) and England (5.0%) averages. ²¹ Over the last decade, LBS has seen a consistently higher proportion of residents relying on the Claimant Count than London and England, with this being at 6% as of February 2022 (higher than London's 5.6% and England's 4.4%). ²²
Qualifications	Residents in LBS are, on average, more qualified than Inner London and London averages, with a higher proportion of residents with qualifications at all National Vocational Qualification (NVQ) levels. ²¹
Apprenticeships	Apprenticeship starts per 1,000 workers in LBS (5.6) are below the London average (7.6), and significantly below the England average (14.4). Of the 33 local authorities in London, LBS ranks 8 th lowest in terms of apprenticeship starts per 1,000 workers. ²³
Incomes	The median income of LBS residents (£38,000) is above the national average (£31,500) and slightly above the London average (£37,500), but falls below the Inner London average (£39,500). ²⁴ Median income growth over the last decade was below all three comparators.
Crime	In 2019, approximately 80% of the Lower Super Output Areas (LSOAs) ²⁵ that make up the LBS are within the 50% most deprived nationally for crime, with over a third being in the 20% most deprived. ²⁶ LBS is the 37 th most deprived local authority nationally for crime amongst 317 local authorities.

20 Cushman and Wakefield, 2022. New City Court – Market Overview and Demand Analysis

21 ONS, 2022. Annual Population Survey

22 ONS, 2022. Claimant Count by sex and age

23 ONS, 2022. Apprenticeship achievements by sector subject area, provider, framework/standard, local authority district: 2014/15 to 2018/19

24 ONS, 2022. Annual Survey of Hours and Earnings

25 LSOAs are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales. They are small statistical areas designed to be of a similar population size, with an average of approximately 1,500 residents or 650 households.

26 MHCLG, 2019. Index of Multiple Deprivation

Topic	LBS
Open space	Southwark has a lower level of open space per 1,000 residents (2.22ha) than the national recommendation (2.43ha), suggesting an under-provision of open space. ²⁷ The Bankside, Borough, and London Bridge sub-area that broadly aligns with the northern element of the local area, was ranked as 'level of park provision below borough standard' in the open space strategy, suggesting that provision is particularly lacking in the area local to the Site.

Contribution of the Proposed Developments

- 3.2 The Proposed Developments would directly contribute to addressing the issues identified above. Through the creation of meaningful employment (2,755 FTEs in the 2018 Scheme and 3,510 FTEs in 2021 Scheme), the Proposed Developments would provide opportunities to address unemployment in the borough and contribute to the development of residents' skills. Employment would be created beyond LBS, as it is estimated that the scheme would support a maximum of 3,010 net additional FTEs in total for London residents (2021 Scheme). This equates to 2,160 net additional FTEs in the 2018 Scheme. The strategic importance of LBS to London is vital, as LBS and Lewisham²⁸ make up 5.5% of London's GVA and accommodate 6.0% of London's employment. Building on this offering is therefore of paramount importance to maintain London's leading position.
- 3.3 Whilst qualification levels are good across LBS, levels of apprenticeship starts are relatively poor. The Appellant's parent company, GPE, outline their 10 long-term commitments in their community strategy which seek to improve upon the skills and training offer at the Proposed Developments:
- Working with industry bodies and their supply chain to maximise apprenticeship opportunities at their developments and manage buildings – in the 2021 Scheme, for example, at least five apprentices will be recruited within the relevant parties during construction;
 - Promote the property and construction industry through engagement with local schools;
 - Work with colleges and universities to develop the knowledge and skills of the future workforce; and
 - Helping the existing workforce to adapt to new ways of working.
- 3.4 Employment at the Proposed Developments is expected to accommodate higher incomes than median incomes across the borough. The estimated weighted average income of a worker at the Proposed Developments would be £48,100 in the 2018 Scheme (27% above the LBS median income of £38,000), and £48,800 in the 2021 Scheme (28% above the LBS median income).
- 3.5 Crime is frequently identified as a key issue in LBS policy. The Proposed Developments, while located in an LSOA which has relatively less crime than the wider LBS, would be expected to reduce crime in the local area. Crime Prevention Through Environment Design ('CPTED') holds that proper design, through the application of CPTED guidance, results in behavioural responses that deter, and reduce the fear of, crime. The Proposed Developments would be expected to reduce crime through increasing the number of eyes on the streets, activating routes, security measures, and sensitive design. The design team has met with police security stakeholders to inform the Security Design Strategy. A reduction in crime will have benefits for both residents and business alike.

²⁷ Southwark Council, 2013. Southwark Open Space Strategy

²⁸ This is the combined estimate for Southwark and Lewisham as GVA data is not disaggregated at a more granular level. As a result, the GVA contribution here as a proportion of London GVA is Southwark and Lewisham boroughs combined.

- 3.6 The Proposed Developments would transform the public realm offering of the current Site in the context of the local area. The Proposed Developments would include public squares at street level in strategic locations where pedestrian flow rates in and out of the Site will be the highest. A publicly accessible garden (on levels 5 and 6 in 2018 Scheme, and on the rooftop in 2021 Scheme) would provide open space and encourage exploration of a variety of green spaces.

Addressing the need for office space

- 3.7 The Proposed Developments would meet the needs of occupiers by delivering a scheme which provides a superior level of architecture, proximity to a key transport node, sustainable and intelligent design, and generous amenity provision. These attributes will attract occupiers from across London to LBS.

Addressing the need for retail and leisure space

- 3.8 The Proposed Developments are within close proximity of London Bridge mainline and underground stations as well as the Shard and is surrounded by a diverse set of attractions such as Hay's Galleria, Shakespeare's Globe Theatre, Southwark Cathedral, Tate Modern and Borough Market. These locations all enjoy high levels of footfall.
- 3.9 Early consultation with Southwark Council established St. Thomas Street as the missing link within a 'retail horseshoe' spanning from Hayes Galleria via the redeveloped London Bridge mainline station and onto Borough Market and the former Vinopolis site to the West. Given existing footfall in the local area, and the presence of significant recent residential development, the 2018 Scheme in particular would address the local need for complimentary retail as well as drawing additional footfall.
- 3.10 As identified in the Southwark Plan 2022 policy AV.02, the Bankside and the Borough area is a globally significant central London district home to a significant provision of arts, culture and specialist retail and entertainment businesses.⁶ The Proposed Developments would contribute to developing the area as a hub for retail and leisure in central London.
- 3.11 Flexible retail, leisure and commercial use space is identified in each of the buildings in the Proposed Developments under the 2018 Scheme and the 2021 Scheme. In total, the 2018 Scheme would provide 2,519sqm (GIA) of flexible retail, F&B and gym floorspace, with the 2021 Scheme providing 749sqm (GIA) of flexible retail, community use and F&B floorspace. Over the Southwark plan 2022 plan period of 2019 to 2036 it is identified that there is a need for 76,670sqm of additional retail space. The Proposed Developments would contribute 3.3% of this floorspace under the 2018 Scheme and 1.0% under the 2021 Scheme.

Improving connectivity

- 3.12 The Proposed Developments are located in a strategically important location. Development should be supported in the most accessible places. The Site is very accessible, located next to London Bridge Station and has the highest public transport accessibility (PTAL) rating of 6b. As mentioned previously, the Site is located within an opportunity area, and it is, therefore, a prime location for development.
- 3.13 Transport accessibility is a key determinant of development density. Businesses want to be in locations where staff and clients can readily reach them. Canary Wharf was able to transform into a global financial hub because it was supported by large scale improvements in transport links to the area. Density is also important as reducing distances between jobs can translate into economic benefits. There is evidence that

doubling the number of people in a city is related to a 6% increase in average productivity.²⁹ Cities, therefore, derive advantages from operating at scale.

- 3.14 There are relatively few places, even in London, where very high employment densities can be supported by high public transport accessibility. The Proposed Developments fall in one of these locations, providing the opportunity to densify a key location in LBS and London for economic activity. The additional floorspace at the Proposed Developments would allow more businesses to benefit from the economic and commercial benefits arising from its highly accessible location and contribute to developing knowledge clusters driving productivity within the Borough, Bankside and London Bridge Opportunity Area.

Contributing to the clustering of biotech facilities

What are clusters?

- 3.15 Clusters are geographic concentrations of interconnected companies and institutions in a particular field.³⁰ They can include a variety of linked companies – including suppliers of specialised inputs and infrastructure, customers of the industry and businesses working in complementary products. Institutions and government bodies are also important in terms of providing skills and research. Clusters can be thought of as ecosystems of linked firms, individuals, and institutions.
- 3.16 Clusters will often include institutions, such as universities, which help shape networks and encourage the sharing of knowledge. These institutions add to the international competitiveness of such clusters, making them even more desirable for firms. Institutions within clusters may provide specialised training, education, information, research, and technical support.³¹

Economic clusters are areas of activity which reach a critical mass where sufficient resources and competences facilitate a competitive advantage over other places.

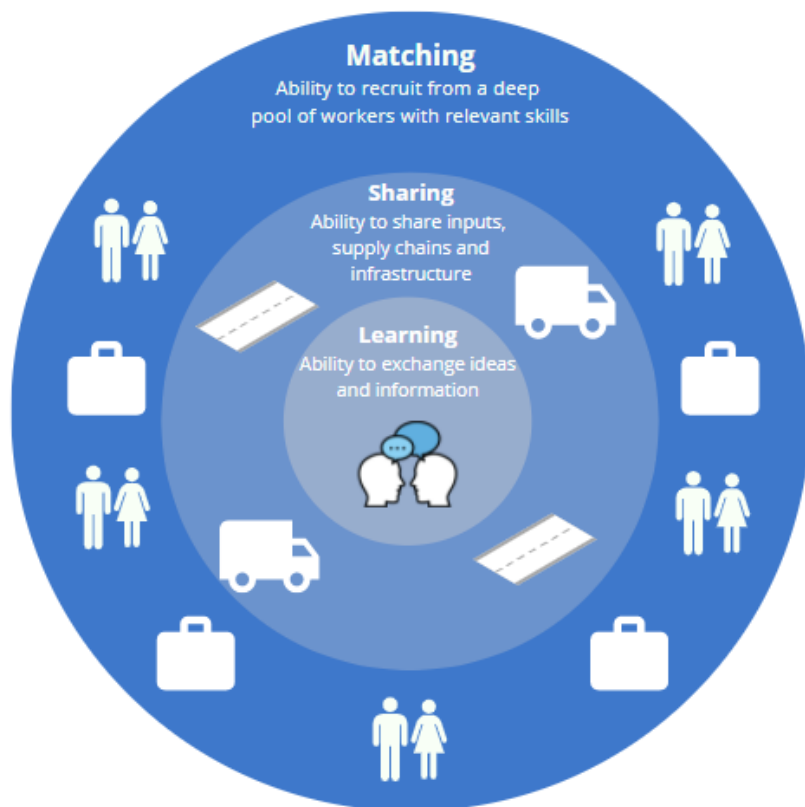
- 3.17 By locating in a sectoral cluster, firms are able to take advantage of agglomeration economies. This is the primary reason for the existence of clusters. The main benefits from clustering include productivity (productivity enhancements from being co-located), innovation (higher innovation due to better awareness, knowledge spill overs, and competition), and growth (accelerated growth encouraged in the cluster).

²⁹ London School of Economics, 2012. Links Between Planning and Economic Performance: Evidence Note for LSE Growth Commission, LSE Growth Commission

³⁰ Harvard Business Review, 1998. Clusters and the New Economics of Competition

³¹ Porter, M. 1998. Clusters and the New Economics of Competition

Figure 2 Why firms cluster



The Proposed Developments

- 3.18 Given the Proposed Developments' proximity to Guy's Hospital, there is also anticipated to be demand from the Life Sciences industry and potential for these occupiers to form a symbiotic hub. The Proposed Developments will benefit the local area in terms of attracting Life Sciences occupiers who would in turn benefit from proximity to the facilities at Guy's Hospital. Proximity to the hospital could provide commercial occupiers with a range of synergies, including access to leading technology and healthcare innovators, an immediate patient population, and a local talent pool of sector specialists.
- 3.19 Therefore, it is likely that the Proposed Developments could aid in the development of a local cluster in the life sciences industry. This is particularly the case given the affordable workspace offering at the Proposed Developments (9.7% in the 2018 Scheme and 10% in the 2021 Scheme).
- 3.20 Existing correspondence between King's College London and the Appellant indicate a desire for the affordable workspace to be occupied by King's College London or a joint venture between the University and Guy's and St Thomas' NHS Foundation Trust. It is noted that this hub has the potential to grow within the context of the SC1 Innovation District to ensure that growth occurs in an internationally significant centre for life sciences.
- 3.21 With the above discussions in mind, it is likely that the affordable workspace offering would attract innovative and sustainable start-ups, contributing to the future of biotechnical medicine, and helping to expand the cluster. It would be these start-ups' preference to locate within the cluster to benefit from the agglomeration economies previously described. This would help to establish London's world-leading position in the field of medicine and life sciences.
- 3.22 Aiding in the development of the life sciences cluster directly aligns with:

- **National life sciences vision** – recognises that the human life sciences sector is among the most valuable and strategically important in the UK economy, and is critical to the country’s health, wealth, and resilience. The vision recognises the UK’s international competitiveness and outlines strategic goals in order to both foster and build this offering;³²
- **London Plan** – life sciences is widely recognised as a sector with growth opportunities and the potential for further clustering of activity;^{Error! Bookmark not defined.} and
- **SC1 Life Science and Innovation District** – as previously mentioned, the area is earmarked to be a global quarter of high impact healthcare innovation.

³² HM Government, 2021. Life Sciences Vision

4 APPENDIX A – GLOSSARY OF TERMS

Term	Definition
Gross Job Years (construction)	The number of years of labour required for the demolition and construction phase of a development. The generation of 10 gross job years of construction employment would require either 10 workers employed for one year to complete, or one worker employed for 10 years. This concept is used in the construction industry to indicate the scale of works required.
Full-time equivalent jobs (FTEs)	One FTE corresponds to a worker employed full-time (approximately a 35-hour working week or 220 days annually). The estimate for FTEs differs from the total jobs figure at a development. For example, a development supporting two workers working 20 hours each would generate two jobs and one FTE.
Public Transport Accessibility Level (PTAL)	An index of the public transport accessibility of locations across London. The index is calculated based on the accessibility across different transport modes including walking, busses, the underground and national rail.
Borough, Bankside and London Bridge Opportunity Area	Opportunity Areas (OAs) are identified in the Mayor's London Plan as key locations with potential for new homes, jobs and infrastructure of all types. The Southwark Plan details the Borough, Bankside and London Bridge Opportunity Area as an area of high growth, particularly within office employment.
SC1 Life Science and Innovation District	A collaboration between multiple stakeholders including King's Health Partners, Lambeth Council, Southwark Council, and Guy's and St Thomas' Foundation with the aim to provide high impact healthcare innovation and across a range of public and private partners. The district covers Guy's and St Thomas' Hospital, Kings College London and a local area of internationally renowned partners.
Central Activities Zone (CAZ)	The CAZ is an area defined in the Mayor's London Plan, spanning the centre of London which covers all major business, shopping, culture, and heritage hubs and subsequently is a major source of employment and economic output within the regional and national economy.
Indirect jobs	Jobs that are created as a result of a development off-site through additional and multiplier spending, earning differential increases, and increased supply chain demand that would not have existed otherwise.
Symbiotic hub	A symbiotic hub is one where each facility is mutually beneficial to the nearby facilities. In the context of the Proposed Developments, the supply of affordable workspace nearby could utilise the existing on-site technology to support a fresh supply of human capital
Agglomeration economies	The efficiency and productivity benefits arising as a result of the co-location of facilities and industries.

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