

PREM 19/1768

**Bridge Street, Westminster – Phase II
Development options for
Parliamentary and Commercial use**

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**Edward
Erdman**

Surveyors
6 Grosvenor Street,
London W1X 0AD

SUMMARY OF THE EDWARD ERDMAN REPORT ON DEVELOPMENT OPTIONS
FOR PHASE II OF THE CONSTRUCTION OF NEW/REFURBISHED
PARLIAMENTARY BUILDING

1. Private sector development/funding organisations would be interested in constructing a mixed Parliamentary/commercial building on the basis that the cost of construction of Parliamentary accommodation would be offset by the absence of site cost.
2. Such a mixed scheme might provide sufficient accommodation for 200-210 MPs together with support staff (200/210).
3. Refurbishment of present buildings(excluding Norman Shaw South, which would remain) is not an option.
4. None of the detailed problems associated with such a scheme (creation of a pedestrian subway link with the Palace, phasing, estate management, leasing arrangements) would be insuperable.
5. The mixed scheme offers the prospect of additional accommodation for a further 390-400 MPs at a later stage if one of the commercial buildings were to be repossessed for Parliamentary use (presumably this is an option from the start if the Government is prepared to part fund the development).
6. The Casson/Conder scheme, which received considerable acclaim when originally presented to Parliament, could not be undertaken by the private sector because its architecturally unique qualities were not conceived with a view to commercial ends.



The site from the south eastern aspect

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Existing Building Identification

St. Stephen's House (Riverside Wing), Victoria Embankment

Includes shops at Ground Floor known as
1-7 St. Stephen's Parade, Victoria Embankment

No.1 Bridge Street

Also known as St. Stephen's Club. Building straddles part
of passageway leading through to Underground Station.

No.1B Bridge Street

Kiosk adjacent to Underground Station Entrance

No.2 Bridge Street

Let to the "Grandma Lee" Restaurant. Building straddles
part of passageway leading through to Underground Station.

Westminster Underground Station

Access to Bridge Street below Nos. 1 and 2 Bridge Street.

Palace Chambers, Bridge Street

Includes Shops at Ground Level, 3-9 Bridge Street.

St. Stephen's House (West), Cannon Row

Connected to St. Stephen's House (Riverside Wing)
via bridge over railway tracks.

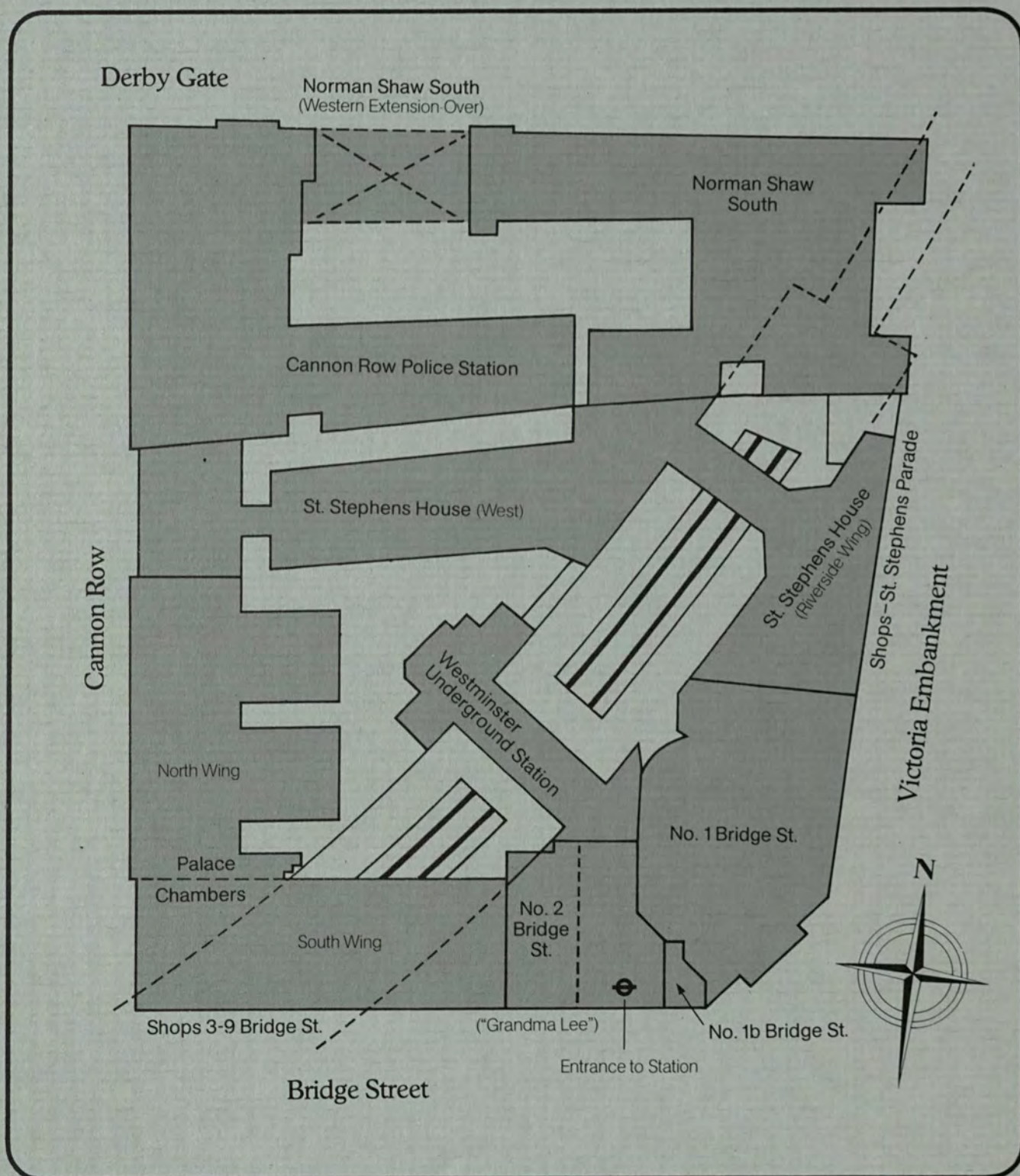
Cannon Row Police Station, Derby Gate

Norman Shaw South, Victoria Embankment

Includes western extension at rear.

Please refer to loose leaf block plan inside back cover.

Block Plan of Existing Buildings



Section 1

Introduction

- 1.1.1 By letter of October 19th 1982, this practice was instructed to report on the likelihood of private sector interest in mixed Parliamentary and commercial development of the Bridge Street (Phase II) site.
- 1.1.2 This instruction followed studies by Douglas Marriott Worby and Robinson in 1973 and by Casson Conder & Partners in 1978/1979 – the former exploring the practicality of comprehensive refurbishment and the latter concerned with partial refurbishment (Phase I) but primarily complete redevelopment (Phase II).
- 1.1.3 This study differs from both reports in that it embraces different groups of buildings whereas the 1973 report encompassed both Parliament Street frontage and the Norman Shaw North building whilst the Casson Conder proposals also include the Parliament Street frontage (Phase I).
- 1.1.4 Section 4 sets down our main conclusions to be read together with the Preferred Concept plan, which is diagrammatic, and Appendix 1 containing an illustrative financial analysis.
- 1.1.5 To arrive at the Preferred Concept, a number of alternative permutations of redevelopment and refurbishment with commercial and Parliamentary use in differing site locations were investigated. Appendix 2 and the diagrammatic plans therein, illustrating three such less favoured approaches, provide an indication of different ways in which options can be combined.
- 1.1.6 The possibility of comprehensive redevelopment of the entire site is examined and the relative potential of such an approach is set down in Appendix 3.

Section 2

Summary of Conclusions

- 2.1.1 Private sector development and funding organisations would be interested in undertaking development on the basis that site cost is offset by construction of Parliamentary accommodation (4.1.1).
- 2.1.2 The Preferred Concept outlined in this report offers the possibility of commercial site value offsetting the construction cost of some 52,000 sq. ft. net floor space for MPs offices planned on ground and upper floors together with almost 8,000 sq. ft. net for ancillary uses at basement level. This is sufficient, on a reasonable Member's set allocation, for 200/210 MPs together with support staff (4.2.3 and Appendix 4).

The commercial element totals a net area of 180,000 sq. ft. of office and retail space of which some 97,000 sq. ft. at ground floor level and above juxtaposed to new Parliamentary building prospectively affords future extension space for say 390/400 MPs and support staff (4.2.14(v)).
- 2.1.3 Refurbishment of existing buildings is not a long-term or financially practicable solution (3.4.1-3.5.1).
- 2.1.4 No difficulty is envisaged in creating a pedestrian subway within the new buildings to connect with the Bridge Street underpass subject to resolution of fire escape rights and other estate management features which should not prove to be an obstacle. Alternatively, the gantry possibility offering the prospect of undercover connection to all Parliamentary buildings on this and adjoining sites may be preferable (5.2.1-5.2.4).
- 2.1.5 The phasing programme could be physically arranged to accommodate temporary staff displacement. The difficulty of calculating long deferred building cost however, does mean that future site value, and hence the amount of Parliamentary construction at a later date, could not be defined at the outset; thus phasing cannot be reconciled with the site value v construction cost equation (5.3.1-5.3.3 and 5.3.5).
- 2.1.6 Management and repossession problems prevent the developer granting occupational leases on the commercial element earmarked for future Parliamentary use. These difficulties and funding considerations would require the Government to enter into an overriding lease-back of such accommodation (5.1.1-5.1.2).
- 2.1.7 Demolition and redevelopment of the entire site does not appear to present a more favourable financial/Parliamentary space equation and does present practical problems in connection with the Norman Shaw South building (Appendix 3).
- 2.1.8 The Casson Conder scheme is unique but designed to meet different criteria and could only become reality if funded from the public sector. The extended phasing programme envisaged would present problems of cost containment (5.4.1-5.4.5).

Section 3

General Considerations

- 3.1.1 There are many features peculiar to this site conditioning the feasibility of commercial development. They divide broadly into four overlapping categories – physical constraints, commercial factors, characteristics of existing buildings and the Norman Shaw South building.

Physical constraints

- 3.2.1 These include:-

- (i) the site is bisected by an underground railway which, together with entry and ticket concourse, must remain operational during the course of development.
- (ii) the site is bounded on two sides by heavily trafficked thoroughfares and offers generally tight working conditions.
- (iii) because of the proximity of the Palace of Westminster it is likely the scale of new development would need to be comparable to that existing, which suggests six floors above ground level on the primary Bridge Street and Embankment frontages.

Commercial factors

- 3.3.1 These include:-

- (i) cost implications of carrying out construction work in close proximity to an operational railway line. The high cost of rafting (above railways the increment is at least 20%) requires that wherever possible new development should avoid spanning the underground tracks.
- (ii) a requirement for managing and financing additional construction for Parliamentary use – an onerous arrangement as compared with conventional site purchase.
- (iii) for the provision of maximum Parliamentary accommodation the preferred Victoria Embankment and Bridge Street addresses must be reserved for commercial development. The narrowness of Cannon Row in its present form is oppressive and neither it nor Derby Gate provides either the address or entry presence needed for first class commercial building.
- (iv) difficulty in releasing the development potential in Derby Gate, which is too far removed from Bridge Street and masked by the Norman Shaw South building to the alternative main frontage.
- (v) any provision of basement car parking is likely to outweigh the commercial viability of the entire development.

- (vi) some limited amount of parking space will be necessary to support commercial letting, preferably in excess of Westminster City Council's one space per 12,000 sq. ft. standard. The logical place for this might be in the forecourt to Derby Gate at present used for police vehicle parking. Even so, for security reasons this may be inaccessible from the eastern entrance to Derby Gate.
- (vii) estate complications – for example part of the development site is air space, i.e. flying freehold.
- (viii) the general location is dominated by Parliamentary and Government user rather than commercial user.

Characteristics of existing buildings

- 3.4.1 Our brief did not require structural survey of existing buildings but inspection of the accommodation together with the information in the Douglas Marriott, Worby & Robinson, G Alan Herbert & Partners and H L Waterman & Partners reports of 1973 and 1977 enabled us to form conclusions as to the practicality of refurbishment, namely:-
- (i) internal layout at 1 Bridge Street (St Stephen's Club) and Cannon Row Police Station does not offer any prospect of efficient space utilisation and refurbishment would not be financially worthwhile. The Police Station is very limited in size in relation to site area. Structural defects are apparent at 1 Bridge Street.
 - (ii) St Stephen's Club oversails part of the entrance to the station (including the kiosk which forms 1B Bridge Street); 2 Bridge Street (the Grandma Lee Restaurant) also oversails part of the entrance. Redevelopment of either property therefore necessitates simultaneous development of the other whilst preserving the station entry.
 - (iii) the serious structural defects identified in the 1977 report, particularly in respect of floor loadings, suggest that Palace Chambers could not be refurbished to provide satisfactory long term accommodation for either Parliamentary or commercial occupation.
 - (iv) accommodation within St Stephens House, particularly to the west of the railway line, conforms reasonably well to modern space standards. However, there now appears evidence of settlement and the structural soundness of external walls is suspect.
- 3.4.2 Refurbishment is only economic for buildings of sound structure and favourable space disposition. Building cost is often only marginally lower than redevelopment and since the space obtained is generally less than by redevelopment the refurbishment approach can only be successfully employed in ideal circumstances. These qualities are not present in the case of the subject buildings.

The Norman Shaw South Building

- 3.5.1 This appears a substantial building in sound condition performing a valuable function albeit for a number of uses in addition to MP accommodation. Apart from the listing consideration the characteristics and layout of the building (for example the long and steep flight of steps at the front entrance) do not readily lend themselves to commercial refurbishment yet there is a substantial standing market value.
- 3.5.2 For Parliamentary purposes the rule of thumb calculations conventionally adopted for refurbishment would only add some 9,000 sq. ft. net – equivalent to space for say approximately 36 MPs and support staff (see Appendix 4) at a cost estimated to be in the order of £8m. Were existing space occupied by Library and other uses to be decanted to the basement ancillary support areas created in the new buildings, some 10,000 sq. ft. net in Norman Shaw South would then be released for additional MP sets.
- 3.5.3 Heating and hot water supply in the Norman Shaw North building is by new boilers recently installed in the basement of Norman Shaw South; new switchgear serving both buildings is also located in the same basement. Redevelopment of the south building would seriously disturb functions in the twin north building.

Section 4

Primary Terms of Reference

Primary term of reference (1):

Would private sector organisations be willing to undertake development and funding of Phase II, including all necessary negotiations with the London Transport Executive and other authoritative bodies, and if so, upon what terms?

- 4.1.1 **Private Sector Involvement** – Successful development of this site would overcome an unusual combination of constraints but nevertheless we believe that the prestige associated with the scheme would counter-balance these difficulties and that the private sector would be interested and respond favourably to a formula whereby site cost is met by the provision of Parliamentary accommodation.
- 4.1.2 **Terms acceptable to the private sector** – Numerous aspects such as timing (i.e. implications for cost, rental and interest movement), planning, Parliamentary space specification, exact arrangements with the LTE etc. require resolution before any refined forecast of financial terms can be calculated. However, some broad indication as to the likely economics involved in a typical developer's approach to a scheme such as the Preferred Concept is outlined in Appendix 1.
- 4.1.3 In general principle, interested parties would certainly require:-
- (i) a building lease in the order of 150 years and preferably longer.
 - (ii) that commercial accommodation for ultimate conversion to Parliamentary use should be the subject of an outset lease-back to the Government and be drawn on conventional commercial terms.
 - (iii) predefined and detailed planning consent – detailed because the site is within a conservation area and also to ensure a tightly drawn brief.
 - (iv) prior conclusion of detailed agreements with the LTE as to operational considerations (within the terms of the November 1961 Agreement) but also as to any other estate aspects.

Primary term of reference (2):

What amount of accommodation designed specifically to meet Parliamentary uses would be likely to be offered by a developer to the Government either on a rent-free or a reduced rental basis in lieu of payment for a lease of the site?

The Preferred Concept

- 4.2.1 Substitution of ground rent by provision of Parliamentary accommodation to best advantage has required consideration of a number of alternative layout concepts. Of the possible permutations, the refinements to which are many, we have considered four (together with total redevelopment) and selected one – now referred to as the Preferred Concept. This is worked up on a present day current cost and current rental residual basis as illustrated in Appendix 1 and the three rejected concepts offering a less favourable balance of physical and financial advantage are briefly debated, with diagrams, as Appendix 2.
- 4.2.2 Residual calculations on estimates, particularly without benefit of architectural, quantity surveyor and other construction-technical support, are susceptible to revision in the light of actuality. The illustration figures are based on known and similar circumstances elsewhere (including building over railway tracks) and are sufficiently representative for a present working hypothesis.
- 4.2.3 **Summary of accommodation and general nature of the Preferred Concept layout** – Site characteristics dictate a basic perimeter form of development planned on basement, ground and six upper floors (seven at the Cannon Row/Derby Gate corner) and provision is made for:-
- (i) the retention of the original Norman Shaw South building in its existing form with accommodation for Parliamentary purposes as at present.
 - (ii) some 75,000 sq. ft. gross of new Parliamentary accommodation broadly comprising:-
 - a) office space for approximately 200/210 MPs and immediate support staff (see Appendix 4 for space standards) in 52,000 sq. ft. net on ground and upper floors.
 - b) a further 8,000 sq. ft. net floor space at basement level for ancillary purposes.
 - (iii) some 215,000 sq. ft. gross of new office accommodation for commercial letting, consisting of:-
 - a) 156,000 sq. ft. net on ground and upper floors.
 - b) 16,000 sq. ft. net floor space at basement level.
 - (iv) 8,000 sq. ft. gross of retail or quasi-retail accommodation arranged in 4 units on the Bridge Street frontage, with accommodation at ground and basement levels.

The site layout envisaged by the Preferred Concept is shown in diagrammatic form on the attached plan.

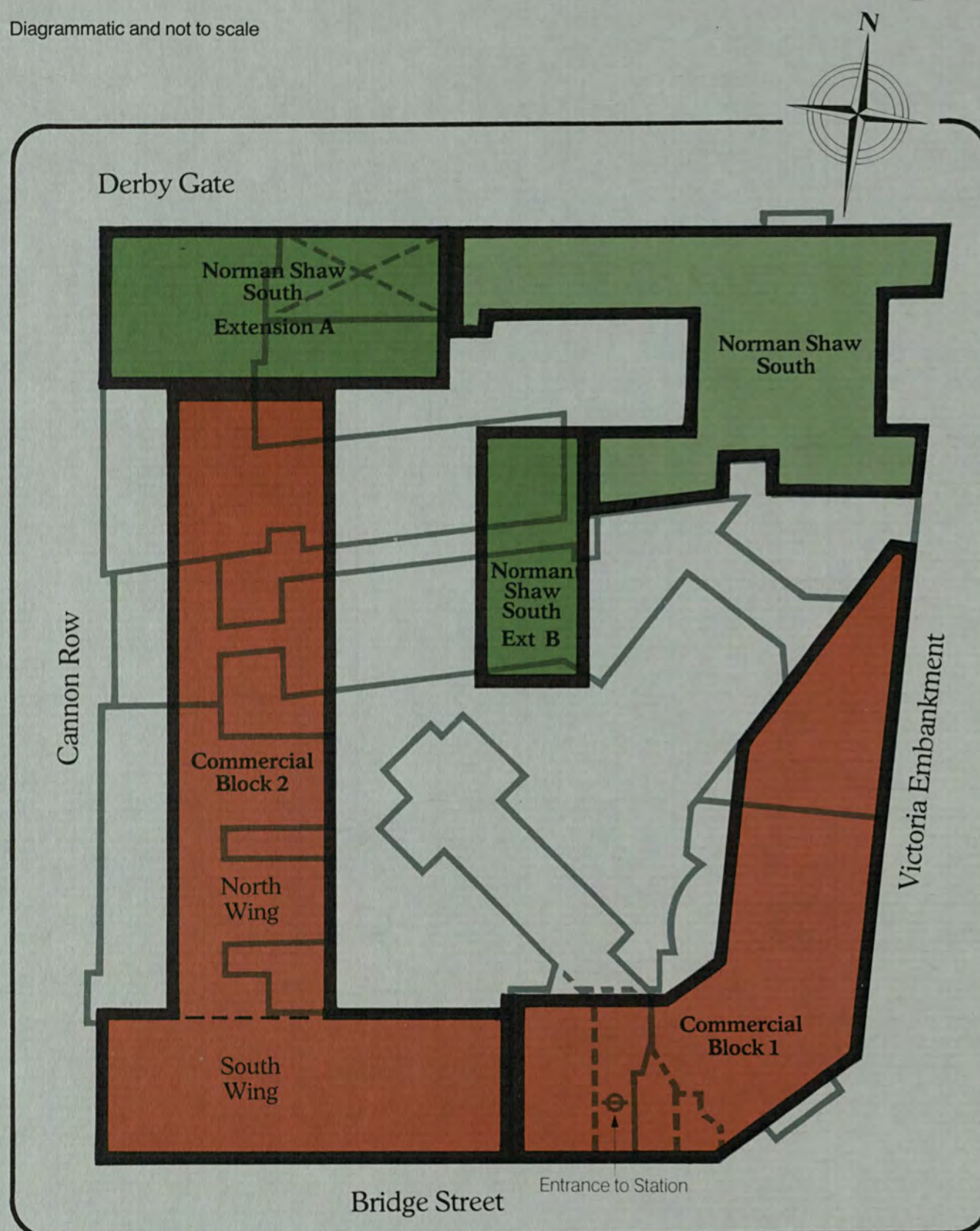
- 4.2.4 **The Parliamentary Component** – The realised commercial site value of [REDACTED] is applied to provision of two separate extensions to Norman Shaw South offering Parliamentary accommodation as follows:-

Net basement space for ancillary use in Extension A	4,600 sq. ft.
Net basement space for ancillary use in Extension B	3,000 sq. ft.
	7,600 sq. ft.
Net ground floor space plus 7 upper floors in Extension A	37,100 sq. ft.
Net ground floor space plus 4 upper floors in Extension B	15,100 sq. ft.
	52,200 sq. ft.
Total area	59,800 sq. ft.

The ground floor and upper floor space amounting to approximately 52,000 sq. ft. would accommodate some 200/210 MPs and support staff (see Appendix 4).

- 4.2.5 Areas allocated for initial Parliamentary occupation are envisaged at a width of 50' in clear rectangular and adaptable layout. Costs adopted assume specification to good quality internal finish including provision of air-conditioning.
- 4.2.6 The Preferred Concept retains Norman Shaw South in its entirety with the exception of the western extension linking across to Cannon Row Police Station; this extension does not form part of the listed building. The floorspace to be demolished amounts to approximately 3,000 sq. ft. net while the remaining balance i.e. 29,400 sq. ft. net on ground and upper floors, could remain at existing density or, with the transfer of ancillary uses such as libraries, etc. to newly created basements, come into more intensive use for MPs per se.
- 4.2.7 **Balancing Payment (or Rent)** – Layout considerations such as building width, distance from entrances and fire exits, etc. and sensible estate management dictate a demarcation boundary between Parliamentary and commercial user to a convenient physical rather than financial module.
- 4.2.8 [REDACTED]
- 4.2.9 [REDACTED]
- 4.2.10 **Commercial Component** – The extent and value of commercial space provided by the Preferred Concept is shown in Appendix 1 (Part 1) together with estimates of rental value, overall costs of construction and ancillary on-costs as part of the residual site value calculation.

Diagrammatic and not to scale



- Commercial Redevelopment
- Parliamentary Redevelopment
- Parliamentary Retained Building
- Existing Layout

Preferred Concept

Bridge Street Westminster Phase II

Norman Shaw South Extension A Redevelopment Basement+Ground+7 Floors

Grd+U. Floors Gross	46,400 sq. ft.
Basement Gross	5,800 sq. ft.
Total Gross	52,200 sq. ft.
Grd+U. Floors Net	37,100 sq. ft.
Basement Net	4,600 sq. ft.

Norman Shaw South Retained Basement+Ground+7 Floors

Grd+U. Floors Gross	68,900 sq. ft.
Basement Gross	6,400 sq. ft.
Total Gross	75,300 sq. ft.
Grd+U. Floors Net	29,400 sq. ft.
Basement Net	4,800 sq. ft.

Commercial Block 2 Redevelopment (North Wing) Basement+Ground+7 Floors

Grd+U. Floors Gross	83,200 sq. ft.
Basement Gross	10,400 sq. ft.
Total Gross	93,600 sq. ft.
Grd+U. Floors Net	66,600 sq. ft.
Basement Net	8,300 sq. ft.

Norman Shaw South Extension B Redevelopment Basement+Ground+4 Floors

Grd+U. Floors Gross	18,900 sq. ft.
Basement Gross	3,800 sq. ft.
Total Gross	22,700 sq. ft.
Grd+U. Floors Net	15,100 sq. ft.
Basement Net	3,000 sq. ft.

(South Wing) Basement+Ground+6 Floors

Grd+U. Floors Gross	38,200 sq. ft.
Basement Gross	2,300 sq. ft.
Total Gross	46,000 sq. ft.
Grd+U. Floors Net	30,500 sq. ft.
Basement Net	1,800 sq. ft.
Shops Ground Gross	2,800 sq. ft.
Shops Basement Gross	2,800 sq. ft.

Commercial Block 1 Redevelopment Basement+Ground+6 Floors

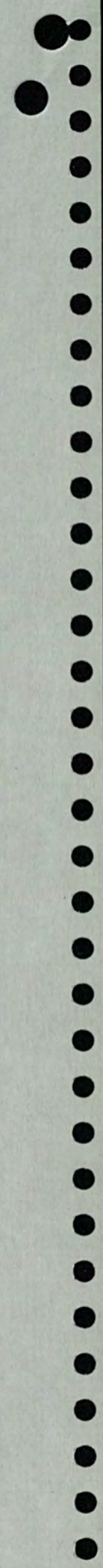
Grd+U. Floors Gross	73,500 sq. ft.
Basement Gross	7,500 sq. ft.
Total Gross	83,500 sq. ft.
Grd+U. Floors Net	58,800 sq. ft.
Basement Net	6,000 sq. ft.
Shops Ground Gross	1,200 sq. ft.
Shops Basement Gross	1,200 sq. ft.

Gross Floor Areas measured to outside face of external walls and to centre of division walls.

Net Floor Areas measured inside wall and exclusive of corridors, staircases, lifts, etc.

Aggregated Gross Area of all buildings including basements 373,300 sq. ft.

Aggregated Net Area of all buildings including basements 274,000 sq. ft.



- 4.2.11 In layout terms the Preferred Concept offers the opportunity of commercial space in two blocks east and west of the railway tracks. That built to the west (block 2 being basically the former Palace Chambers) benefits from a set back to Cannon Row balancing an over-generous light and air well within the existing layout. Cannon Row ambience is thereby improved and the traffic "lay-by" arrangement will counter the otherwise difficult picking up/setting down problem on the heavily trafficked Bridge Street frontage.
- 4.2.12 Shopping is limited to the Bridge Street frontage at ground floor and basement levels; costs and value estimates are also included in Appendix 1 (Part 1) while the general issues relating to retail accommodation are discussed at paragraph 6.3.1 et seq.
- 4.2.13 As to London Transport, no new station or other facility is proposed, although provision remains for the pedestrian route through from Bridge Street (see also paragraph 6.2.1 et seq).

Advantages of the Preferred Concept

4.2.14 These are:-

- (i) new Parliamentary space offers a convenient extension to the Norman Shaw South building.
- (ii) it is of efficient and rectangular layout.
- (iii) development on the police station site offers the prospect of a bridge (or tunnel) connection with Phase I fronting Parliament Street.
- (iv) newly built Parliamentary accommodation abuts the LTE gantry above the railway track (at present the kitchens to the Grandma Lee Restaurant at 2 Bridge Street) and subject to arrangement with the LTE offers (a) private and direct covered access to the Bridge Street subway and (b) the possibility of further Parliamentary accommodation on the gantry itself.
- (v) prospective Parliamentary extension is to the largest of the commercial buildings, which offers a potential conversion area of 97,000 sq. ft. net (plus basement space) i.e. equivalent to space for approaching 400 MPs on the standards set out in Appendix 4.
- (vi) it avoids the need for commercial realisation of Norman Shaw South – a difficult property to sell, let or redevelop/refurbish.

Other schemes possess some of these attributes (see Appendix 2) but none offers a better balance of physical and commercial advantage.

- 4.2.15 It is of paramount importance that the site realisation/Parliamentary space equation shall be as favourable as possible and for this reason alone it is preferable to allocate the superior value frontages at Bridge Street and Victoria Embankment to commercial user.

Section 5

Supplementary Terms of Reference

Supplementary term of reference (1):

Is it practicable, by pre-arranged formula and insertion of break clauses in the occupation leases, to arrange that accommodation developed in the first instance for commercial use may later be progressively taken into Parliamentary use with the Government entering occupational leases upon the event?

5.1.1 Such arrangements present the developer with a number of problems, namely:-

- (i) The primary difficulty is that Part II of the Landlord and Tenant Act, 1954 permits repossession only upon the grounds of substantial redevelopment (and the moderate scale conversion work here would be unlikely to satisfy this requirement) or if the landlord has been competent in the sense of ownership of the immediate reversion for a period of not less than five years at the time of termination or exercise of break clause.

By the terms of the Landlord and Tenant Act 1969 occupational lessees and their landlords may apply to the Court at commencement of the lease for a declaration that the parties do not intend the lease shall continue beyond termination or given break points; such arrangements would not be acceptable to the majority of lessees and must present an obstacle to the letting programme. There would also be unfavourable implications for rental value.

- (ii) Prospective lessees willing to enter limited length tenancies, i.e. 5/10 years, are usually of lesser substance with small space requirements of, say, up to 2,500 sq. ft.
- (iii) Lettings in such multiples require servicing by the generous provision of common part areas, notably corridors, which ordinarily on larger block lettings would be rental bearing space.
- (iv) Multi-tenanted buildings can often present a higher proportion of voids.
- (v) management becomes somewhat complex.

The combination of these factors reduces site value and makes it virtually impossible for the developer to obtain satisfactory funding.

5.1.2 However, were the Government to agree outset entry of an overriding leaseback and effect the underlettings, these difficulties would be overcome in that:-

- (i) direct management by the Government would create much greater flexibility in manipulating space to meet demand requirements as they arise.
- (ii) subject to five years ownership as Head Lessee, the Government would be competent landlord as defined by the Act and able to recover possession upon payment of statutory compensation.

- (iii) cumbersome intermediate third party arrangements would be avoided.
- (iv) although the Government would carry initial and subsequent income void, they could nevertheless expect to have achieved a more satisfactory initial ground rent/Parliamentary space equation with the developer.
- (v) fluctuations in space requirement on the part of other Government Departments and Ministries in the area may well ensure that void risks are at a minimum.

5.1.3 The private development sector would almost certainly be unwilling to subscribe for development of any areas for future conversion to parliamentary use other than with benefit of such outset overriding lease back to the Government.

Supplementary term of reference (2):

What are the implications of constructing a private pedestrian subway to connect with the Bridge Street pedestrian subway?

- 5.2.1 There appears no physical impediment to the construction of separate self-contained pedestrian subways within the new buildings to connect with the public Bridge Street pedestrian subway. It may be necessary to negotiate rights of way across the LTE basement as approached from the Palace Chambers site unless a short length of tunnel immediately west of the station entry can be diverted to run beneath the pavement.
- 5.2.2 The loss of rental space is low and construction costs only marginally increased so there is no significant impact on overall economics.
- 5.2.3 Estate management problems could arise should Building Regulations dictate a fire escape provision from the self-contained subway corridor through accommodation in private ownership and occupation. In practice, however, it should be possible to arrange escape exit directly through outer walls either into the existing light-well area or, in the case of the Victoria Embankment buildings, onto the London Transport platform. This is an aspect which requires careful study in relation to funding though we do not think the problems are insuperable.
- 5.2.4 Were a long term interest to be negotiated with the LTE for the gantry building spanning the railway track (currently in use as kitchens to the Grandma Lee restaurant) it appears feasible to devise an undercover route connecting all Parliamentary buildings, including Norman Shaw North and South and Phase I, directly into the subway leading to the Bridge Street underpass.

Such an arrangement would present no conflict with other users and the gantry space itself offers the prospect of useful ancillary accommodation for other Parliamentary purposes.

Supplementary term of reference (3):

Can development be carried out in stages so that temporary provision can be made for staff displaced during the construction period?

- 5.3.1 The two fundamental aspects to be considered are:-
- (i) the developer's willingness to accept forward commitment in definitive space construction terms against unknown future movement of building cost, rental value and interest rates.
 - (ii) physical practicalities.
- 5.3.2 The physical aspect of construction in two stages and movement of accompanying staff would require meticulous planning but does not present insoluble problems. However, the developer's commitment to the unknown does. The reason is uncertainty as to the future movement of building costs and furthermore apprehension that rises may not be offset by increase in rental values.
- 5.3.3 The economics of a development with more or less immediate commencement can be reconciled by reasonable projection within the development analysis but where:-
- (i) there is additional building work to be undertaken on a limited profit basis and, therefore, a disproportionately heavy exposure to risk (especially where site conditions are difficult) and
 - (ii) building commencement for subsequent phases is at a distant, at the moment actually unknown, date
- the combined exposure is too onerous to be sensibly contained within the ordinary spectrum of development risk.
- 5.3.4 In these circumstances the only alternative is to agree with the developer at the time of nomination a formula for application to stage 2 to ascertain site value immediately prior to construction. The outcome of this formula based on the then definitive costs that could be applied might or might not match the desired amount of construction in which event a balancing payment would be necessary.
- 5.3.5 The simpler aspect of domestic phasing arrangement for the Preferred Concept could be met by a programme for example as follows:-

Stage I

- (i) transfer of all MPs and staff at present occupying accommodation at 1 Bridge Street, St Stephen's House (Riverside) and the Derby Gate extension to Norman Shaw South to vacant space within Palace Chambers and possibly St Stephen's House (West).
- (ii) demolition of the three vacated buildings and also 2 Bridge Street and Cannon Row Police Station followed by simultaneous construction of Extension A to Norman Shaw South on the Police Station site and commercial block 1 on the Victoria Embankment site.

Stage II

- (i) occupants of the existing Palace Chambers and St Stephen's House (West) transfer into the newly built Parliamentary block offering a ground and upper floor net area of approximately 37,000 sq. ft. Any staff not able to transfer would have to be accommodated off-site.
 - (ii) demolition of these two vacated buildings whereafter construction work begins on Extension B to Norman Shaw South and commercial block 2.
- 5.3.6 There are various other permutations – notably transposing the order of building so that Norman Shaw South extension B and the commercial element west of the railway are built first, followed later by Norman Shaw South extension A and the Riverside commercial block. This arrangement could be more favourable for the developer in cash flow terms but on the other hand is likely to be less ideal domestically in terms of the transitional amounts of space available.

Supplementary term of reference (4):

What is the probability of a developer and his financiers being willing to implement in whole or in part the scheme proposed by Casson Conder & Partners and described in their feasibility study dated May 1979?

- 5.4.1 The national importance and unique location of the site is fully reflected in the highly imaginative Casson Conder feasibility study. The study was, however, designed to meet different criteria, namely accommodation and ancillary support areas for MPs only and in maximum numbers. It could only become a reality if funded from the public sector.
- 5.4.2 Although construction is phased in different sections, the concept is that of one overall integrated entity. As such, it is too large for an aggregate single funding investment and the integration aspect would not permit tranche funding from different financial sources.
- 5.4.3 The protracted six stage construction programme would present logistical and technical difficulties that may not prove readily cost containable, particularly as related to continuous operation of the underground railway. The extended programme in itself would present an additional funding problem.
- 5.4.4 Aside from the difficulties of the programme and the funding of component parts, the scheme is conceived on grand scale and the global cost, including many expensive items such as separate pedestrian underpasses, reconstruction of Westminster Station and multi-tiered basement with tunnelled car access, is such that translated to equivalent revenue terms, the actual MP accommodation would be grossly overrented in comparison with market value.
- 5.4.5 Even if it were possible to solve the difficulties of rent review yardsticks, institutions would be unwilling to subscribe funding on an artificial rent structure related to an exceptional purpose-built layout with such a high cost factor.

Section 6

Other Related Factors

Town Planning

- 6.1.1 The site is within the Whitehall and St James's Special Policy Area which forms part of the Central Activities Zone designated by Westminster City Council in their approved District Plan. Any planning consent for new office development could thus be subject to the imposition of closely defined user restriction.
- 6.1.2 In the circumstances of this particular case it would be arguable that the use of commercial space should not be restricted other than as normally provided for by Central Activities Zone policies. Informal officer level contact at Westminster City Council suggests that constructive discussion on this theme would be possible and that greater importance would be attached to securing planning advantage.
- 6.1.3 The nature of advantage sought (e.g. wider pavements resulting in less office space, improved facilities for underground travellers, retail user on the Embankment frontage) would imply reduction in residual value of the commercial component. However, the issue cannot be readily quantified at present and is not taken into account in the Appendix 1 financial illustration.
- 6.1.4 The Greater London Council have the power to direct refusal of consent for office development exceeding 30,000 sq. ft. by virtue of the London Government Regulations. No approach has been made to the GLC but if a scheme conforms with Development Plan objectives as currently drafted, no difficulties should arise. Listed building consent would, however, be required from the GLC in respect of each building to be demolished.
- 6.1.5 It is understood that the portico archway entrance to the Derby Gate forecourt (western entrance) is listed as being of architectural interest.

London Transport Executive

- 6.2.1 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

6.2.2

[REDACTED]

Shopping user

- 6.3.1 The Preferred Concept provides for replacement of some 84 ft. retail frontage to Bridge Street only (Victoria Embankment becomes solely office user) with ancillary basement space.
- 6.3.2 Bridge Street is not an established retail position, and Victoria Embankment even less so, in the ordinarily accepted sense but the former nevertheless commands high rental value from souvenir shops and the like. However, a letting policy designed to attract tenants that would contribute more positively to the enhanced environment resulting from the development implies a careful mix of higher quality and perhaps less tourist orientated businesses. It is unlikely that such tenants would be able to sustain existing rental levels and this has been reflected in the value attributed to the shops (Appendix 1, Part 1).

International Conference Centre

- 6.4.1 Should it be possible to obtain Parliamentary space within the centre, which is currently under construction, the opportunity may arise for a certain degree of advantageous re-arrangement on the subject site.

Section 7

Choice of Development Vehicle

- 7.1.1 Developer selection would be necessarily based on limited field competition to well-established organisations of substantial financial and practical capability likely to be drawn from institutional and contractor development sectors. Response would be to a tightly drafted development brief itself requiring detailed input from a full consultancy team embracing all disciplines and designed to eliminate as many areas of uncertainty as possible, notably by working out the chosen design and the observation of aspects referred to in 4.1.3 above.
- 7.1.2 Because of the circumscribed working conditions previously referred to, the construction programme requires absolute discipline in programming, coordination and rigid adherence to timetable. In these circumstances, it may be preferable for the entire scheme to be undertaken by a single development vehicle.



The site from the eastern aspect

Appendix 1

Economic Analysis

SPECIAL NOTE

**ITEM SCANNED AS SUPPLIED
PAGINATION IS AS SEEN**

Appendix 2

Alternative Options

Option 1

- A2.1.1 This would consolidate MP accommodation on the eastern half of the site conveniently related to both Norman Shaw buildings. It would also locate MPs on a direct route commencing with the bridge between the Norman Shaw buildings, and thence by subway to the threshold of the Bridge Street underpass.
- A2.1.2 However, the most attractive part of the site for commercial purposes is not then available for development. New commercial space is wholly located fronting the entire length of Cannon Row with a block approaching 250,000 sq. ft. gross and dependent upon one entrance only at Bridge Street. Cannon Row itself lacks the necessary presence for a main office entrance.
- A2.1.3 [REDACTED]
- A2.1.4 Another consideration is that the commercial office component is overlarge for a single funding exercise though difficult to split into funding units because of the single aspect entrance.

Option 2

- A2.2.1 The commercial space has the advantage of the Victoria Embankment environment whilst the newly provided MP accommodation could integrate (by bridge or tunnel) with Phase I in Parliament Street. Subsequent conversion of commercial space to Parliamentary use is achieved in a logical fashion as the existing Norman Shaw South extension to Derby Gate would relate naturally to development on Cannon Row.
- A2.2.2 New accommodation for about 380 MPs is achieved but at a considerable financial deficit ([REDACTED]). Moreover, there are considerable domestic or commercial disadvantages:-
- (i) all the MPs in Norman Shaw South would become an addition to the transitional phasing movement and increase pressure on a very limited amount of alternative accommodation available during the construction period.
 - (ii) the two Norman Shaw buildings are interlinked in terms of heating and other services and severance would be expensive.
 - (iii) commercial refurbishment of Norman Shaw South is not likely to be cost effective. The building has considerable architectural merit but the layout even when refurbished is not likely to commend itself to a full range of ordinary commercial users.

Option 3

- A2.3.1 This concept examined retention of existing buildings as opposed to redevelopment and assumes the refurbishment of both St Stephen's House and Palace Chambers – otherwise in site disposition it is similar to Option 2 and shares similar advantages and disadvantages.
- A2.3.2 Refurbishment is open to question from the structural standpoint but it is nevertheless an option that needed to be financially tested. The result is a similar deficit to Option 2 and a similar amount of MP accommodation.
- A2.3.3 From all points of view, therefore, there appears little justification in pursuing large scale refurbishment as a permanent or economic solution.

Diagrammatic and not to scale



- Commercial Redevelopment
- Parliamentary Redevelopment
- Parliamentary Retained Building
- Existing Layout

Option 1

Bridge Street Westminster Phase II

Cannon Row Police Station **1** Redevelopment Basement+Ground+7 Floors

Grd+U. Floors Gross	65,200 sq. ft.
Basement Gross	8,200 sq. ft.
Total Gross	73,400 sq. ft.
Grd+U. Floors Net	52,200 sq. ft.
Basement Net	6,600 sq. ft.

St. Stephen's House (West) Redevelopment **2** Basement+Ground+7 Floors

Grd+U. Floors Gross	65,600 sq. ft.
Basement Gross	8,200 sq. ft.
Total Gross	73,800 sq. ft.
Grd+U. Floors Net	52,500 sq. ft.
Basement Net	6,600 sq. ft.

Palace Chambers (North Wing) Redevelopment **3** Basement+Ground+7 Floors

Grd+U. Floors Gross	41,600 sq. ft.
Basement Gross	5,200 sq. ft.
Total Gross	46,800 sq. ft.
Grd+U. Floors Net	33,300 sq. ft.
Basement Net	4,200 sq. ft.

Palace Chambers (South Wing) Redevelopment **4** Basement+Ground+6 Floors

Grd+U. Floors Gross	38,200 sq. ft.
Basement Gross	2,300 sq. ft.
Total Gross	46,000 sq. ft.
Grd+U. Floors Net	30,500 sq. ft.
Basement Net	1,800 sq. ft.
Shops Ground Gross	2,800 sq. ft.
Shops Basement Gross	2,800 sq. ft.

Norman Shaw South Retained **6** Basement+Ground+7 Floors

Grd+U. Floors Gross	68,900 sq. ft.
Basement Gross	6,400 sq. ft.
Total Gross	75,300 sq. ft.
Grd+U. Floors Net	29,400 sq. ft.
Basement Net	4,800 sq. ft.

No. 1+No. 2 Bridge St.+ St. Stephen's House (Riverside) Redevelopment **5** Basement+Ground+6 Floors

Grd+U. Floors Gross	73,500 sq. ft.
Basement Gross	7,500 sq. ft.
Total Gross	83,500 sq. ft.
Grd+U. Floors Net	58,800 sq. ft.
Basement Net	6,000 sq. ft.
Shops Ground Gross	1,200 sq. ft.
Shops Basement Gross	1,200 sq. ft.

Gross Floor Areas measured to outside face of external walls and to centre of division walls.

Net Floor Areas measured inside wall and exclusive of corridors, staircases, lifts, etc.

Aggregated Gross Area of all buildings including basements 398,800 sq. ft.

Aggregated Net Area of all buildings including basements 294,700 sq. ft.

Diagrammatic and not to scale



- Commercial Redevelopment
- Commercial Retained Building
- Parliamentary Redevelopment
- Existing Layout

Option 2

Bridge Street Westminster Phase II

Norman Shaw South Extension A Redevelopment Basement+Ground+7 Floors	7
Grd+U. Floors Gross	46,400 sq. ft.
Basement Gross	5,800 sq. ft.
Total Gross	52,200 sq. ft.
Grd+U. Floors Net	37,100 sq. ft.
Basement Net	4,600 sq. ft.

Norman Shaw South Retained Basement+Ground+7 Floors	6
Grd+U. Floors Gross	68,900 sq. ft.
Basement Gross	6,400 sq. ft.
Total Gross	75,300 sq. ft.
Grd+U. Floors Net	29,400 sq. ft.
Basement Net	4,800 sq. ft.

Extension to Palace Chambers (North Wing) Redevelopment Basement+Ground+7 Floors	1
Grd+U. Floors Gross	41,600 sq. ft.
Basement Gross	5,200 sq. ft.
Total Gross	46,800 sq. ft.
Grd+U. Floors Net	33,300 sq. ft.
Basement Net	4,200 sq. ft.

Norman Shaw South Extension B Redevelopment Basement+Ground+4 Floors	5
Grd+U. Floors Gross	18,900 sq. ft.
Basement Gross	3,800 sq. ft.
Total Gross	22,700 sq. ft.
Grd+U. Floors Net	15,100 sq. ft.
Basement Net	3,000 sq. ft.

Palace Chambers (North Wing) Redevelopment Basement+Ground+7 Floors	2
Grd+U. Floors Gross	41,600 sq. ft.
Basement Gross	5,200 sq. ft.
Total Gross	46,800 sq. ft.
Grd+U. Floors Net	33,300 sq. ft.
Basement Net	4,200 sq. ft.

No. 1+No. 2 Bridge St.+ St. Stephen's House (Riverside) Redevelopment Basement+Ground+6 Floors	4
Grd+U. Floors Gross	73,500 sq. ft.
Basement Gross	7,500 sq. ft.
Total Gross	83,500 sq. ft.
Grd+U. Floors Net	58,800 sq. ft.
Basement Net	6,000 sq. ft.
Shops Ground Gross	1,200 sq. ft.
Shops Basement Gross	1,200 sq. ft.

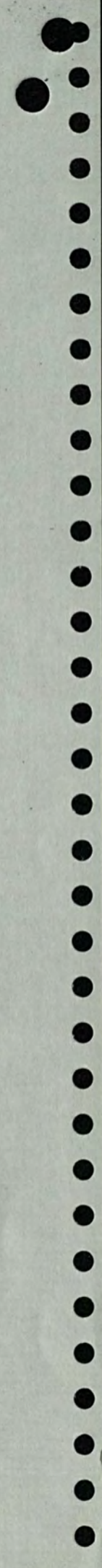
Palace Chambers (South Wing) Redevelopment Basement+Ground+6 Floors	3
Grd+U. Floors Gross	36,500 sq. ft.
Basement Gross	-
Total Gross	46,800 sq. ft.
Grd+U. Floors Net	29,200 sq. ft.
Basement Net	-
Shops Ground Gross	4,500 sq. ft.
Shops Basement Gross	5,900 sq. ft.

Gross Floor Areas measured to outside face of external walls and to centre of division walls.

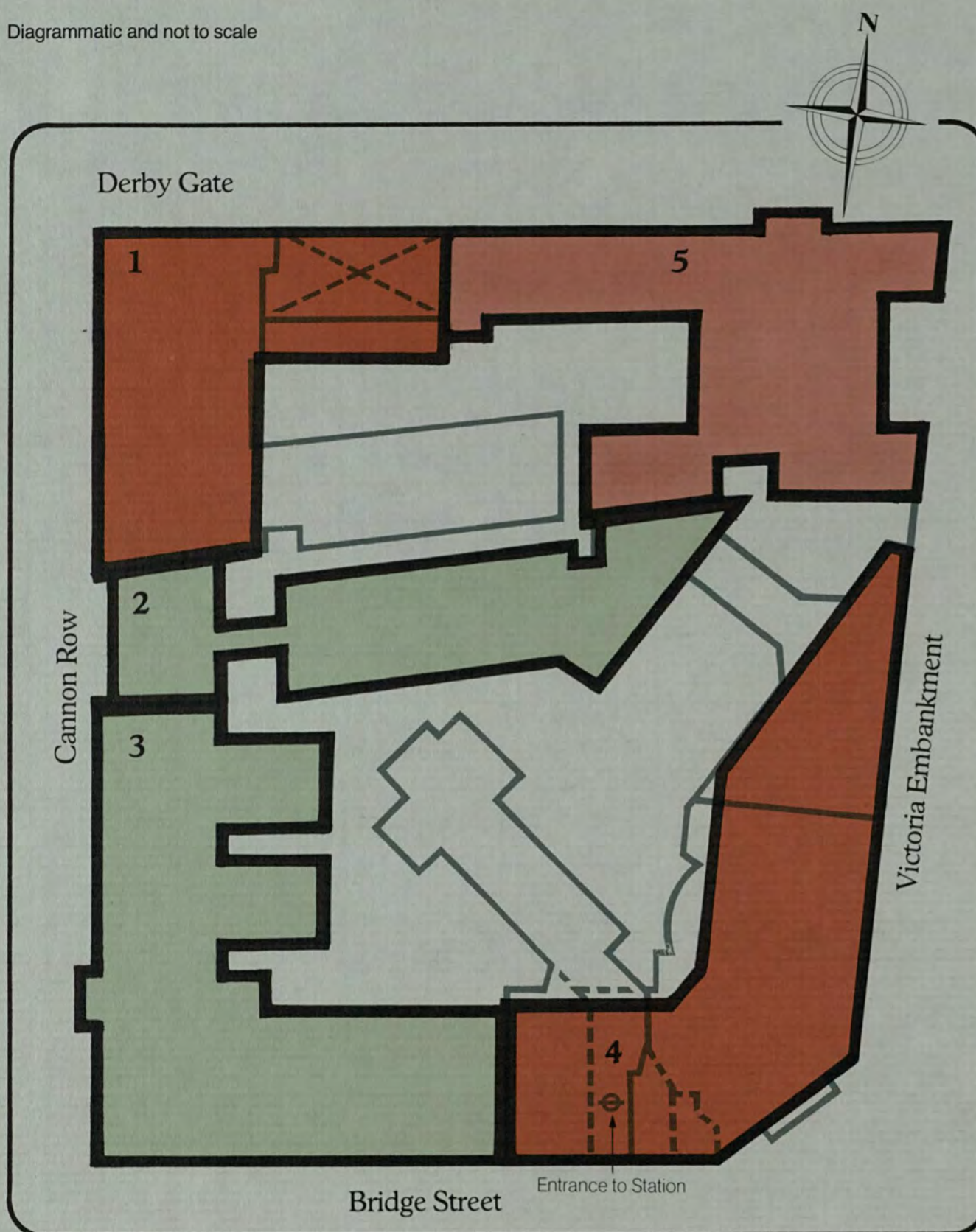
Net Floor Areas measured inside wall and exclusive of corridors, staircases, lifts, etc.

Aggregated Gross Area of all buildings including basements 374,100 sq. ft.

Aggregated Net Area of all buildings including basements 275,800 sq. ft.



Diagrammatic and not to scale



- Commercial Redevelopment
- Commercial Retained Building
- Parliamentary Refurbishment
- Existing Layout

Option 3

Bridge Street Westminster Phase II

Cannon Row Police Station 1 Redevelopment Basement+Ground+7 Floors

Grd+U. Floors Gross	65,200 sq. ft.
Basement Gross	8,200 sq. ft.
Total Gross	73,400 sq. ft.
Grd+U. Floors Net	52,200 sq. ft.
Basement Net	6,600 sq. ft.

Norman Shaw South 5 Retained Basement+Ground+7 Floors

Grd+U. Floors Gross	68,900 sq. ft.
Basement Gross	6,400 sq. ft.
Total Gross	75,300 sq. ft.
Grd+U. Floors Net	29,400 sq. ft.
Basement Net	4,800 sq. ft.

St. Stephen's House (West) 2 Refurbishment Basement+Ground+7 Floors

Grd+U. Floors Gross	53,100 sq. ft.
Basement Gross	7,400 sq. ft.
Total Gross	60,500 sq. ft.
Grd+U. Floors Net	37,200 sq. ft.
Basement Net	5,200 sq. ft.

Palace Chambers 3 Refurbishment Basement(s)+Ground+ 6(5) Floors

Grd+U. Floors Gross	84,500 sq. ft.
Basement Gross	13,200 sq. ft.
Total Gross	109,100 sq. ft.
Grd+U. Floors Net	59,100 sq. ft.
Basement Net	9,300 sq. ft.
Shops Ground Gross	5,000 sq. ft.
Shops Basement Gross	5,300 sq. ft.

No. 1+No. 2 Bridge St.+ St. Stephen's House (Riverside) 4 Redevelopment Basement+Ground+6 Floors

Grd+U. Floors Gross	73,500 sq. ft.
Basement Gross	7,500 sq. ft.
Total Gross	83,500 sq. ft.
Grd+U. Floors Net	58,800 sq. ft.
Basement Net	6,000 sq. ft.
Shops Ground Gross	1,200 sq. ft.
Shops Basement Gross	1,200 sq. ft.

Gross Floor Areas measured to outside face of external walls and to centre of division walls.

Net Floor Areas measured inside wall and exclusive of corridors, staircases, lifts, etc.

Aggregated Gross Area of all buildings including basements 401,800 sq. ft.

Aggregated Net Area of all buildings including basements 281,300 sq. ft.

CHITTY 118
NEW YORK 1901

Appendix 3

Complete Redevelopment

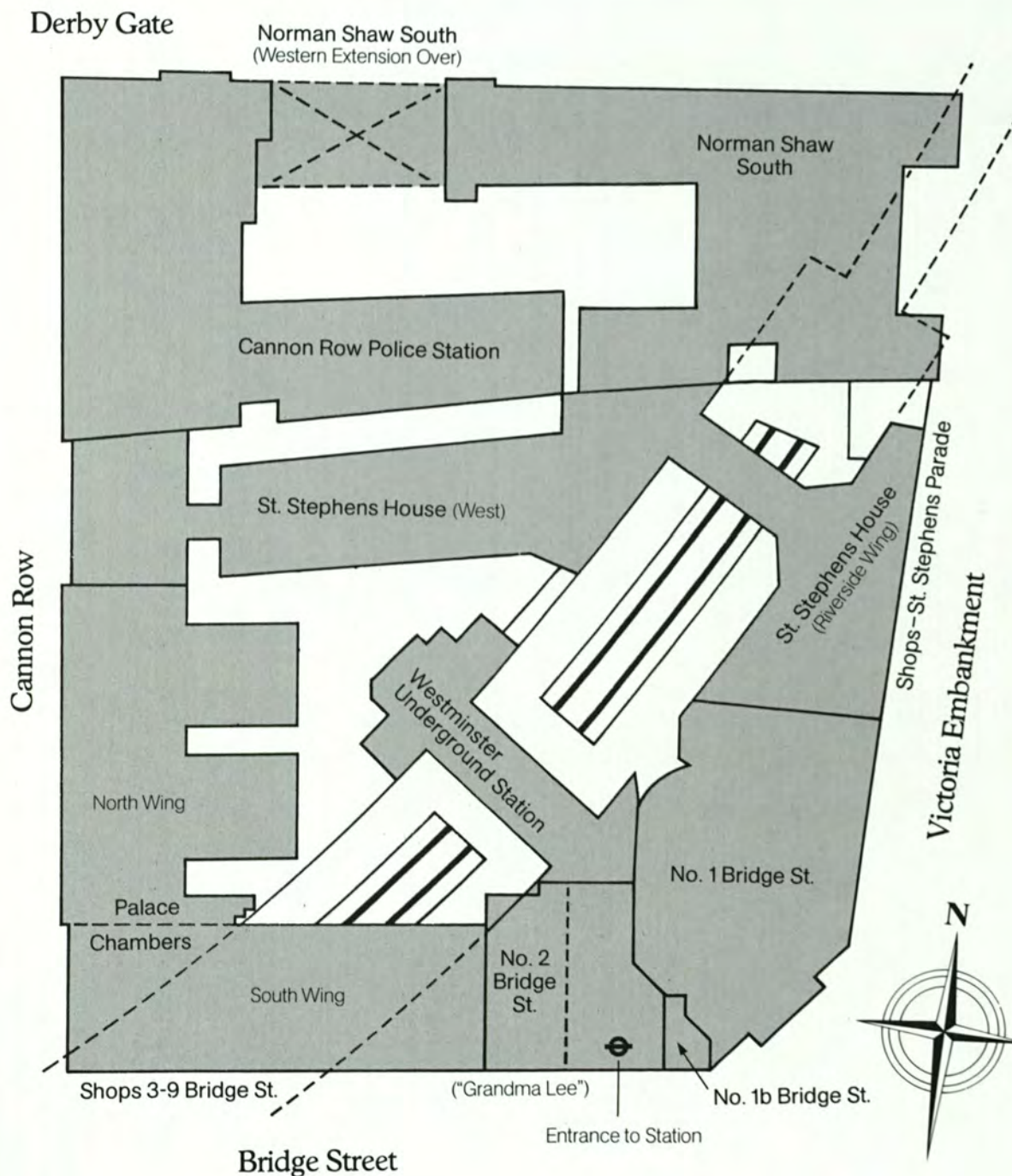
- A3.1.1 Were demolition of the Norman Shaw South building a serious possibility a different and more intensive development configuration for the entire site could be examined. This could take various forms although the scale of the Palace of Westminster is always a constraining factor; the simplest approach would be perimeter construction with a diagonal building linking the north-east/south-west corners of the site, i.e. parallel to the railway track, but respecting light requirements with a height limitation of say 5 storeys compared to 7 or 8 floors on the perimeter.
- A3.1.2 Such a configuration could create a total gross area very broadly in the order of 400,000 sq. ft. Broken back on an equation formula this would represent some 70,000 sq. ft. net of ground and upper floor accommodation for Parliamentary occupation – sufficient for 270/280 MPs together with support staff.
- A3.1.3 This requires comparison with the Preferred Concept producing new space for some 200/210 MPs or, with the 50 or so MPs at present accommodated in the existing Norman Shaw South building, a total accommodation of 250/260 MPs with support staff.
- A3.1.4 There would be advantages in terms of commercial flexibility as to both ease of letting and funding and the preferred Victoria Embankment address could in particular be exploited. However, the disadvantages are numerous:-
- (i) although Norman Shaw South is an awkward building physically and unrewarding in refurbishment terms it nevertheless has a standing value not fully realisable were it acquired for redevelopment.
 - (ii) the services severance aspect previously referred to.
 - (iii) the isolation of MPs in Norman Shaw North as the bridge would also have to be demolished.
 - (iv) possible security conflict problems, i.e. Derby Gate is at present a controlled zone.
 - (v) the building is partly over the railway track.
 - (vi) added transitional problems.

Appendix 4

Space Standards Adopted for MPs and Support Staff

- A4.1.1 In the absence of definitive information as to the module size to be adopted for MPs sets we have assumed that each MP would be allocated an office of 150/200 sq. ft. net on the basis that his space requirement would broadly equate with that of a Senior Principal in the Civil Service. Taken together with Ministry standards of approximately 100 sq. ft. per Research Assistant and 55 sq. ft. for a Secretary, each of which would be shared between two MPs, a Members' Suite comprising offices for two MPs, one Assistant and one Secretary would fall in the range of 455/555 sq. ft. All figures are net and we have assumed a median of 500 sq. ft. per set.
- A4.1.2 It is assumed that the accommodation for MPs would be air-conditioned and restricted to the ground and upper floors of designated buildings; all ancillary facilities such as catering, meeting rooms, sub-libraries, archive etc. would be situated at basement level.

Block Plan of Existing Buildings



Not to Scale