



Martin Associates has a good reputation for training and developing our surveyors and we are delighted to announce that Alice Chamberlain is the latest Martin Associates surveyor to become Chartered. Our last three surveyors to become Chartered have all been women; Syreeta Robinson Gayle, Gemma Hoppenbrouwers and now Alice. Just to reassure everyone, we do operate on an equal opportunities basis, we do not discriminate against men, it's simply that all of our female surveyors are so talented!

London Marathon Update

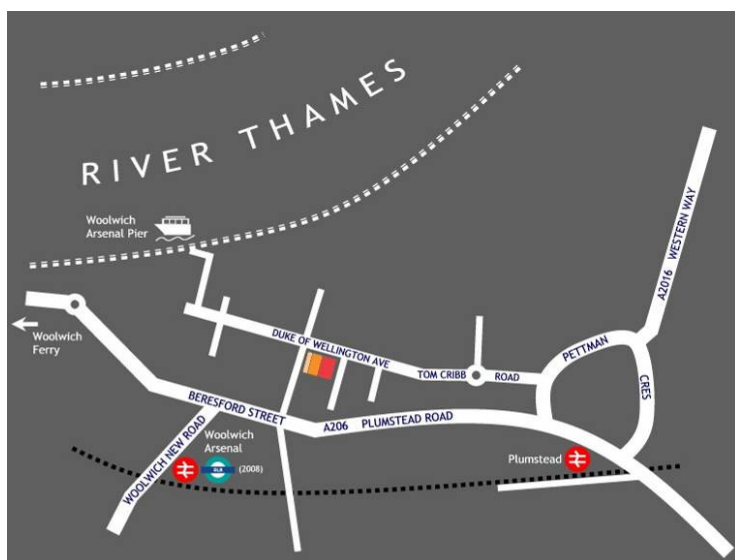
Jim Martin, our Senior Partner, duly completed his 15th successive London Marathon a bit slower than last year – naturally Jim didn't trouble the leaders, with the winner finishing 19,543 places in front of him. Jim, as ever, was running on behalf of St. Joseph's Hospice in Hackney and is still accepting sponsorship at www.virginmoney.com. The total raised thus far this year is approaching £5,000, which brings Jim's combined marathon sponsorship over the past 15 years to over £40,000! Jim wants to thank everyone who sponsored him this year and in past years, he has made his regular visit to the Hospice and can confirm that 96% of the money donated goes straight into frontline patient care.



Martin Associates Lunch on the Terrace

We are delighted to announce that we will be hosting a lunch on the Terrace of the House of Commons on Wednesday 6th October 2010 to celebrate 10 years of successful partnering between Martin Associates and our clients. Nick Raynsford MP for Woolwich and Greenwich will host our Reception and we would be delighted if all of our clients could join us on the Terrace for a drink and a bite of lunch.

Security at the House of Commons is always at a high level and we will need to organise the event early. Invitations will follow soon, however please put this date in your diaries as this is an event not to be missed!



By Road
From the Woolwich Ferry roundabout follow the A206 towards Thamesmead. You will reach a roundabout, follow the road straight on until you see a set of traffic lights. Take the left hand fork off of the road just before the traffic lights. Follow the road and take the next right turn into Duke of Wellington Avenue where we are located.

By Rail
From Woolwich Arsenal Station turn right onto Woolwich New Road and follow down to Beresford Street staying on the right hand side. Walk along and cross Beresford Street at the pedestrian crossing. Once across the road turn left walking along the right side of the car park. Follow the road and take the next right turn into Duke of Wellington Avenue where we are located.

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Emergency Budget Review

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The eagerly awaited Emergency Budget was announced last week and it is clear that some big changes are upon us, but perhaps not as many as some had feared. In a budget packed full of spending cuts and tax rises, the good news was no reduction in capital spending, although we will have to wait to see if the devil is in the detail behind this headline. The key announcement was the 2.5% rise in VAT to 20% from 4th January 2011. In an aim to raise £13 billion per year, this in real terms signifies that by 2016 the deficit will fall to £20 billion or 1.1% of GDP.

George Osborne, as widely predicted, raised Capital Gains Tax. Although he made it clear that he had listened to opposition views, nonetheless, he declared that higher rate tax payers will pay 28% on capital gains from this week. The Chancellor of the Exchequer also stressed to Local Authorities that as long as they didn't

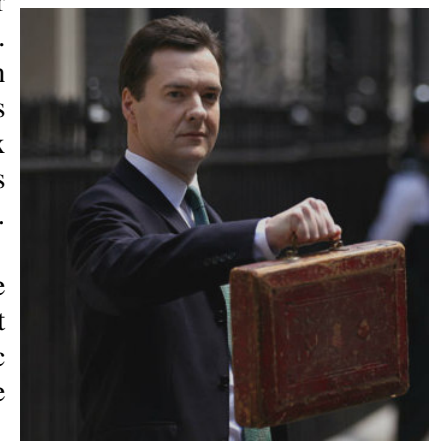
overspend in the coming months and kept their costs low, he in turn would freeze Council Tax next April for twelve months.

Those on Housing Benefits also suffered, Mr Osborne announced that the Housing Benefit system was in "dire need for reform". He announced a package outlining proposals to reduce the Housing Bill which includes capping one bedroom properties to £280 per week and a maximum cap of £400 per week for four or more bedroom properties. Public sector workers face a freeze in their salaries, as do those families eligible for child benefit and tax credits which will be cut for families earning above £40k per annum.

The Chancellor's announcements were not as punitive as some had feared, but we will have to wait for the Public Expenditure Review in October to see how they feed into the real economy.

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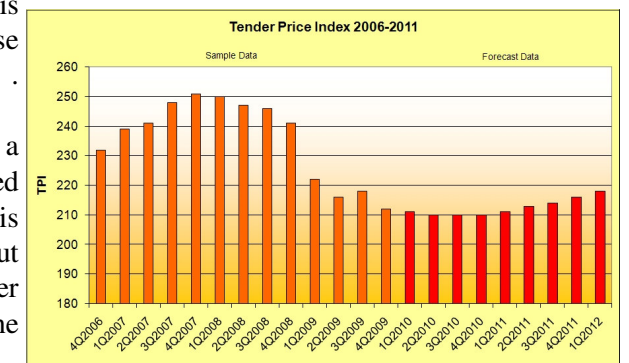


Tender Price Index Update

Construction enquiries fell in March and April 2010, with little change in May 2010. The Office for National Statistics (ONS) report the volume in work rose in the three months up to December 2009, but with a drop off in the first few months in 2010. The ONS will not publish any further data on orders until mid July 2010.

There are signs that the market is beginning to bottom out, with contractors reporting that they expect tender prices to remain unchanged over the next six months, and this is reflected in the BCIS forecast of tender prices, with a rise coming at the end of 2011.

New work output is expected to fall again in 2010, albeit at a modest rate. In 2011, a subdued recovery is expected, followed in 2012 by a further very modest growth. The private sector is expected to continue to suffer from the recession in 2010, but the publicly funded work output is very dependent upon whether previously committed funds are forthcoming and also on the timing of the release of those funds.



Value Management and Cost Reduction Processes

With the current economic situation likely to continue for some time there is a real emphasis in the construction industry to extract value from the construction process wherever possible. Jim Martin, our Senior Partner, is a long-time member of the Institute of Value Management and has a vast experience in both Value Management, Value Engineering and Value Creation. The Martin Associates' approach to Value Engineering is by systematically following a multi-stage job plan which has eight steps:

- Preparation** - set up our value system; IT, agreement of targets etc.
- Information** - hard data gathering and uploading.
- Analysis** - expert views, brainstorming, recommendations and strategy.

- Creation** - finding solutions, alternatives, options.
- Evaluation** - scenario testing.
- Development** - selection of preferred options worked up into full proposals.
- Presentation** - proposal presented as a workable, costed solution.
- Follow-up** - hard work begins for implementation.

Four basic steps in the job plan are:

- Information gathering** - this asks what the requirements are for the building/component. Function analysis, an important technique in value engineering, is usually done at this initial stage. It tries to determine what functions or performance characteristics are important. It asks questions like; What does the object do? What must it do? What should it

do? What could it do? What must it not do? How can it be installed? How can it be cleaned? How can it be maintained?

- Alternative generation (creation)** - in this stage Value Engineers ask; What are the various alternative ways of meeting the requirements? What else will perform the desired function?
- Evaluation** - in this stage all the alternatives are assessed by evaluating how well they meet the required functions and how great will the cost savings be.
- Presentation** - in the final stage, the best alternative will be chosen and presented to the Client for final decision.

The best example of where we have used Value Engineering Techniques was during the development of the Stratford Eye in East London: a 20 storey tower with a requirement to appear "iconic". After a number of Value Workshops sessions and decided on a cladding system that did not require scaffolding. Because of the decisions made in the workshop, the Tower Structure was delivered 6 weeks ahead of programme.

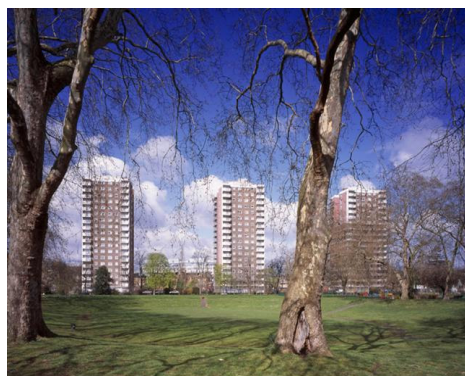
Stock Transfers Update

Martin Associates are delighted to be involved with the L&Q Lewisham Stock Transfers: Rushey Green and Catford. Working with the L&Q Client team we have been able to provide the surveying skills and analysis on which the bid was based.

The key issues in any stock transfer is the extent of community consultation and the need to engage the community to share in the vision and to take ownership of what is happening around them. Successful community engagement can lead to a real feeling of empowerment for the residents. Where we have done this in the past we have sought to deliver a high level of coordinated and integrated communication, rather than simply "dump" leaflets through residents doors. This is the "creating awareness" phase. We always seek to do as much as possible to reduce

complexity and reduce the barriers to engagement. This is our "establishing credibility" phase. The third and final phase is engagement in the process. To achieve this engagement our experience shows us that consultation has to:

- Be timely – not too early in the process and never too late.
- Be inclusive – great care must be taken to reach out to everyone affected.



- Be community focused – engage as a community rather than as individuals.
- Be effective and be seen to matter – don't waste people's time.
- Be facilitated well – resource the process well to demonstrate competence.
- Be open, fair and subject to future evaluation.
- Be flexible and cost effective.

A key factor in our success in the past is the introduction of our "Residents' Friend". Sheila Farquharson is a team member whose sole responsibility is the residents, communications, their welfare, troubleshooting and building successful relationships. We feel that with Sheila involved we have a much better opportunity of achieving a high customer satisfaction rate.

Greening the Existing Stock

Martin Associates are involved in a number of schemes which seek to reduce carbon emissions from the existing stock. In particular, we are undertaking a 'Retrofit for the Future' scheme in Thamesmead with Gallions Housing Association. The Technology Strategy Board launched the new £10m competition for innovative solutions to improve the energy efficiency and environmental performance of the UK's housing stock last year. We were successful in the first round and are now about to start on site.



Our refurbishment strategy was developed by following a "mean, lean, green" philosophy, which is set out in the diagram below.

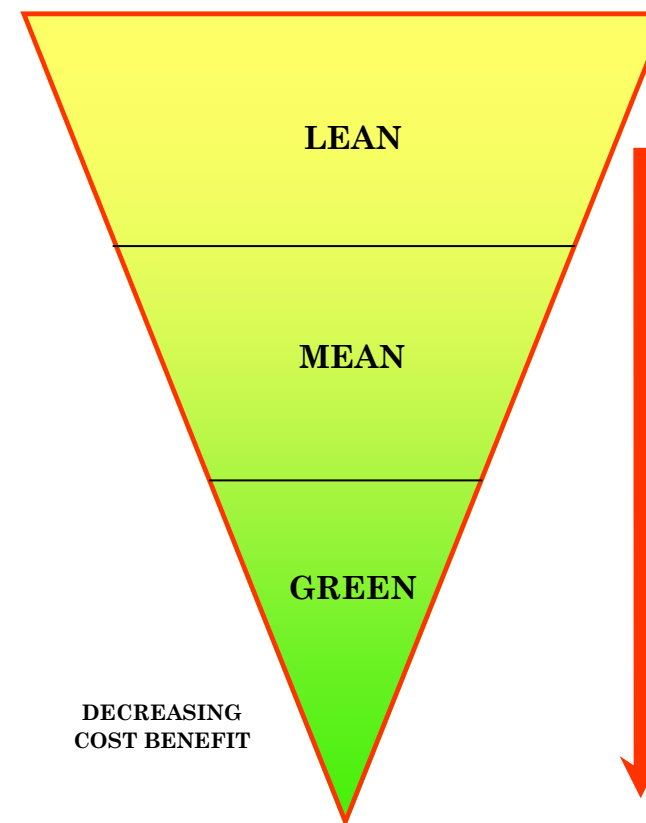
In essence, this is an energy hierarchy that ensures the most cost-effective solutions are adopted before resorting to expensive renewable technologies.

Firstly, the 'lean' approach aims to improve the efficiency of the building fabric. Secondly, the 'mean' measures seek to improve the efficiency of heating and power systems.



Only once these two areas have been explored to their full potential the feasibility of 'green' renewables can be explored to achieve 'zero carbon'.

Martin Associates' Environmental Management



By insulating the building one reduces the need for heating and heat producing devices low carbon or otherwise.

Low energy lighting and appliances are essential.

Modern gas boilers have a very high coefficient of energy which makes them very efficient but they still use gas which releases carbon.

Solar thermal water heating works very well and is relatively low maintenance.

Photo Voltaic Panels are becoming more economic but can only provide a small percentage of the power required by a dwelling.

Wind turbines can only be used in very specific positions which prohibits their effective use in urban areas except on tall buildings.

Ground source heat pumps are very expensive to install.

Air source heat pumps are currently being promoted as a solution but may have long-term maintenance and performance implications.

Burning wood or wood pellets is carbon neutral but releases other products of combustion and has associated costs, and challenges such as what do you do with all the ash?