

Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 07 March 2018 14:15
To: [REDACTED]
Cc: [REDACTED]
Subject: Princes Parade
Attachments: A - Gross Dev Value Calc.pdf; B - Residual Valuations.pdf; C - Cost Profile Analysis.pdf; Career outline.docx; Summary Letter Princes Parade.pdf

[REDACTED]

Please find attached the valuation prepared by a local resident Mr [REDACTED] that has been circulated to Council members and senior management. It would be useful to get your thoughts on this. Are you back in the office on Thursday for me to give you a call.

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

Shepway District Council, Civic Centre,
Castle Hill Avenue, Folkestone, Kent, CT20 2QY.

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r13

COST PROFILE ANALYSIS – Provisional Sums pending Detailed Design and Measured Costings

These preliminary cost estimates are merely educated, personal provisional guesstimates to identify the main cost headings involved in this project. They assume a continuous building programme of around 18 months, so there is **no allowance** for temporary works and delay costs to enable the 4 phases described in Tibbalds August 2017 planning application documents.

This is the sort of approach I suggest a prudent Real Estate Developer would carry out using an experienced team of estimators to assess the scope of the building operations required and their order of costs.

Detailed Design drawings etc. would be required to take Quantitative Measurements and Critical Path Analyses to more accurately estimate the capital costs required and where possible legitimate economies might be considered.

<u>SITE of 7.2 Hectares:</u>	<u>£m</u>	<u>Cum. £m</u>
Site Protection Works & Mgt.	1.8	
Ecological Mitigation Measures	0.8	
Site Containment/Cleaning	0.5	
Miscellaneous Measures Allowance	0.7	3.8
GROUND WORKS		
Ground remediation & containment (baseline)	1.5	
Contaminant abnormalities (allowance)	0.4	
Build-up by depth 1m x 7HA Sub-soil fill	3.5	
Soft Landscaping + Tree Screen to Canal	1.0	6.4
SEAFRONT (1 kilometre)		
Excavations/clearance for New Promenade	1.6	
Extg. Sea Wall (primary works)	1.0	
New Sea Wall (secondary 1 m high) + s.w. drainage	1.0	3.6
SURFACE+SEA WATER DRAINAGE SYSTEM		
Herrington (7 Ha) Pipe System paving/filtration	2.4	
Attenuation Storage Tanks	0.2	
Sea Outfalls; System Maintenance Access	0.3	2.9
DIVERTED COAST ROAD		
New Elevated Road Construction	2.5	
Mains Services Void/Access Duct beneath road	1.5	4.0
NEW MAINS SERVICES (Water/Elec/Gas/Drains/Optic)		
Services Distribution Control Points to new estate	0.5	
Elec. Sub Stations (x2)	0.2	
Connections Charges	0.5	
Stat. Undertakers' Upgrade Works (Local Systems)	1.5	
Shared Duct Services Site Co-ordination	0.5	3.2
<u>To Carry Fwd.</u>		<u>23.9</u>

COST PROFILE ANALYSIS – Prov. Sums pending Detailed Design and Measured Costings.

	<u>£ m.</u>	<u>Cum. £ m</u>
Brought Fwd, from Page 1		23.9
ESTATE ROADS/CAR PARKS/STREET LIGHTING etc		
Car Parks (residential & amenity space)	0.5	
Delineations/Kerbs/Hardscaped areas	1.0	1.5
SPECIAL ENGINEERING SCHEME CONTENT	Sub Total	<u>25.4</u>
LEISURE CENTRE		
Leisure Centre building (2,960 sq. m @ £3,200)	9.5	
SDC fit out/equip & pre-opening costs.	0.5	
L.C. external works	1.0	11.0
COMMERCIAL BUILDING	1.2	1.2
RESIDENTIAL		
120 Flats + 30 Houses (GIA 12,000/GEA 13,700 sq. m)		
Accomm. Schedule GEA @ £2,500/sq m (high spec.)	34.5	
Extra-over Piled Foundations	incl.	
External Works	0.5	35.0
<u>CAPITAL INVESTMENT REQUIRED</u>		<u>72.6 million</u>

There are **no design fees or consultants costs** allowed for in the above Cost Profile.

The next step would be for **sufficient** design work to be instructed to get more accurate figures to double check on the viability of proposed project. I would set a target of, say, 4% of the above costs on a selective basis mainly on the engineering solutions to obtain reports back on the level of costs that need to be contemplated.

To select the detailed designs to enable better cost estimating, I suggest a provisional sum of say £1 to £2 million for fees would be a sensible figure to be discussed between the key consultancies.

This profile is based upon a high specification “luxury” exclusive style mixed residential scheme to achieve the highest completed development value and, hence, the best current site value to enable the scheme viability to be checked by a “Residual Valuation” (see Appendix B)

RESIDUAL VALUATIONS: PROJECT VIABILITY TEST

	<u>£m</u>	<u>Cum £m</u>
<u>1.</u> <u>Gross Development Value</u> (GDV - Total Capital Receipts)	70.0	70.0
<u>2.</u> Agents Commission @ 1.5% inc. VAT	(1.1)	68.9
<u>3.</u> Legal Fees (External Firm) @ 2% inc. VAT	(1.5)	67.4
<u>4.</u> Funding & Developers Profit @ 15% of GDV	(10.5)	56.9
<u>5.</u> Devt. Finance 24 months Prog. @ 4% of £72.6m averaged	(2.9)	54.0
<u>6.</u> Full Building Costs – see Appendix C	(72.6)	(18.6)
<u>7.</u> Design & Prof. Fees @ 15% of £72.6m (large team)	(11.0)	(29.6) **
TOTAL DEVELOPMENT COSTS (incl. £72.6 Build Cost)	(99.6)	
DEVELOPMENT DEFICIT **	(29.6)	

Residual Amount for the **MAXIMUM LAND VALUE** is of the order of: **minus £30 million.**

NOTES:-

1. *The land value with a GDV based upon a proportion of subsidised housing (Affordable Homes) would produce a significantly more adverse land value, probably by about £5 million, i.e. from minus £30 to £35 million.*
2. *The Tibbalds scheme concept has a number of abnormal cost obstacles to recognise **.*
The overall total is £72.6m, comprising:

<i>Special Engineering/Technical Content **</i>	<i>£25.4 million</i>
<i>Leisure Centre + Commercial</i>	<i>£12.2 million</i>
<i>Residential Element</i>	<i>£35.0 million</i>

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SHEPWAY D.C. Proposed Mixed Development Scheme Concept (by Tibbalds – August 2017)

GROSS DEVELOPMENT VALUE CALCULATION

Aggregated Capital Sales Receipts for 150 homes sold by private treaty in the open market (Assumption of: No Affordable Housing).

Level of values established via Agents web sites, such as Rightmove.

<u>FLATS</u>	<u>No.</u> <u>Units</u>	<u>GIA</u> <u>Sq m.</u>	<u>Tot. GIA</u> <u>Sq. m</u>	<u>Unit S.P.</u> <u>@ £K</u>	<u>Sales Receipts</u> <u>£K</u>
1 Bed 2p	60	50	3000	300	18,000
2 Bed 3p	15	70	1070	450	6,000
2 bed 4p	45	80	3600	500	22,500
<u>Sub Total</u>	<u>120</u>	<u>7700</u>			<u>49,500</u>
<u>HOUSES</u>					
3 Bed 5p	15	125	1875	690	10,000
4 Bed 7p	15	160	2400	790	11,500
<u>Sub Total</u>	<u>30</u>	<u>4300</u>			<u>22,500</u>
<u>Total Residntl</u>	<u>150</u>	<u>12,000</u>			<u>68,000</u>
ADD:					
Commercial **		1,270			2,000
<u>TOTAL ASSET VALUE CREATED</u>					<u>70,000</u>

Notes:****Commercial Space Valuation:**

Adopt 1,270 sq.m. as all internal net usable space;

Propose Rental £150/sq. m (approx. £14/sq ft) p.a. exclusive of business rates & service charges;

1,270 sq m x £150/sq. m = Aggregate Estimated Rental Value (ERV) Income of £190,000 p.a.x.;

Capitalise as a freehold investment at yield 9.5%;

Thus, £190K x multiplier (YP) 10.5 gives £2m. capital asset value.

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Attachments: A - Gross Dev Value Calc.pdf; B - Residual Valuations.pdf; C - Cost Profile Analysis.pdf; Career outline.docx; Summary Letter Princes Parade.pdf

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[REDACTED]

[REDACTED]

Strategic Development Projects Manager

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Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 08 March 2018 09:50
To: [REDACTED]@shepway.gov.uk
Cc: [REDACTED]@shepway.gov.uk; [REDACTED]
Subject: RE: Princes Parade
Attachments: image868000.png; image966001.png; image904002.png

[REDACTED]

As discussed yesterday, we are going to catch up over phone approx. midday. I have done a review and would probably be best to come over and run through.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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Thanks

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Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 08 March 2018 09:56
To: [REDACTED]@shepway.gov.uk
Subject: Princes Parade Meeting @ SDC

Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 08 March 2018 09:56
To: [REDACTED]
Subject: Accepted: Princes Parade Meeting @ SDC

Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 16 March 2018 14:20
To: [REDACTED]
Subject: Princes Parade viability summary

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 16 March 2018 14:45
To: [REDACTED]@shepway.gov.uk
Subject: Accepted: Princes Parade viability summary

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 16 March 2018 15:26
To: [REDACTED]@shepway.gov.uk
Subject: Declined: Princes Parade viability summary

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 19 March 2018 09:30
To: [REDACTED]@shepway.gov.uk
Subject: 3495 - Princes Parade - Additional B&M Fee
Attachments: B&M Change Proposal Form (Princes Parade) 001 (190318).pdf

[REDACTED]

I have spent a further 4 hours on top of the 7 hours previously recorded. I have attached a change log to capture this. Up to you how you want to deal with (add to PO or new PO). Whatever is easier for you.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
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Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 19 March 2018 09:35
To: [REDACTED]
Cc: [REDACTED]; [REDACTED]
Subject: RE: Princes Parade
Attachments: image001.png; image002.png; image003.png

Hi [REDACTED]

A really helpful not thank you. In your comparison table you don't show an allowance for Cil recycling and affordable homes allowance. Is that right?

Thanks

[REDACTED]

From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]
Sent: 19 March 2018 09:00
To: [REDACTED] <[REDACTED]@shepway.gov.uk>
Cc: [REDACTED] <[REDACTED]@shepway.gov.uk>; [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: RE: Princes Parade

[REDACTED]

Further to your email below and our subsequent meeting on Monday 12th March, we attach our memorandum which details our review between contents of Mr [REDACTED] letter and our viability cost report.

We trust the contents are self-explanatory, but if you have any queries, please do not hesitate to contact us.

Kindest regards.

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

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Princes Parade Development

Memorandum:

Review of contents of letter from Mr [REDACTED] dated 23rd February 2018 against B&M Viability Cost Report

Dated: 19th March 2018

Introduction

We have been instructed to review the contents of a letter issued to Shepway District Council (SDC) by Mr [REDACTED] (Mr.DM) dated 23rd February 2018, pertaining to the Proposed Princes Parade Development, Hythe.

The contents of Mr.DM's letter sets out a review of the viability of the scheme, currently in planning.

Viability review comparison

Mr. DM's project viability test suggests a development deficit of **£29.6M**. However, calculations made by B&M suggest a development deficit of only circa **£2M**.

We have set Mr.DM's figures next to the B&M cost viability sums, and commented where significant differences occur. It should be noted that the scheme appraisal carried out by B&M is based on the intention of SDC to dispose of the residential land parcels to interested developers, however the calculation for either route would give a similar result, as the land sales would be carried over to the land residual in any case.

Item		Mr [REDACTED]	B&M
		TOTAL	TOTAL
		£	£
Gross Development Value		70,000,000	[REDACTED]
Agents Commission	1.50%	(1,050,000)	[REDACTED]
Legal Fees	2%	(1,400,000)	[REDACTED]
Funding & Developers Profit (of GDV)	15%	(10,500,000)	[REDACTED]
Development Finance (average of build cost of 24 months)	4%	(2,904,000)	[REDACTED] Note 2
Building Costs			
Special Engineering/Technical Content (exc Sea Wall)		(23,400,000)	[REDACTED] Note 3
Sea Wall Works		(2,000,000)	[REDACTED] Note 3
Leisure Centre		(11,000,000)	[REDACTED] Note 4
Commercial Element		(1,200,000)	[REDACTED]
Residential Element		(35,000,000)	[REDACTED] Note 5
Design/Professional Fees (on Build Cost)	15%	(10,890,000)	[REDACTED] Note 6
SDC's Additional Risk Contingency (9%)		0	[REDACTED] Note 7
Income from S106 commitment from Nickolls Quarry		0	[REDACTED] Note 8
Income from South Road Site		0	[REDACTED] Note 8
CIL Requirement for Princes Parade Residential		0	
Affordable Housing S106		0	
Residual Value (TOTAL)		(29,344,000)	[REDACTED] Note 1

Princes Parade Development



Comments on above

1. Where similar sums/calculations have been used, we have used sums used by Mr. [REDACTED]. It should be noted that the table above shows Mr. DM's residual value of £29.3M deficit, rather than £29.6M deficit due to calculation rounding where % have been used.
2. Development Finance - It should be noted that SDC propose to dispose of remediated land for residential and commercial development, which has some bearing on financing. [REDACTED] calculation on finance is based on 4% over 24 months, however SDC are able to cashflow the Leisure/Remedial components of the scheme at lower levels and would seek to receive land residual funds to offset additional costs. A calculation has been made based on project programme cash flow.
3. Special Engineering – There is some difference between calculation of likely cost of special engineering/ technical content works. However, see note 5 below. It should also be noted that Mr. [REDACTED] has included £2M for sea wall works, which are not under the demise of SDC or the scheme's remit.
4. Leisure Centre – B&M have calculated a higher cost for this element than Mr. [REDACTED]. However, the total calculation cost of both this and Special Engineering excluding sea wall (see note 4 above) are both £34.4M.
5. Residential Element – Mr. [REDACTED] has based his calculation for sales on 12,000m² Gross Internal Area (GIA), but has applied 13,700m² Gross External Area (GEA) for cost, which is therefore not a true comparison. The RICS Code of Measuring Practice (6th Ed.) uses GIA for both (APP4 & APP8) and therefore the GIA should be used for both calculations. Mr. [REDACTED] has applied £2,500/m² to the GEA, which equates to £2,875/m² to GIA. This is exceptionally high. The RICS BCIS national cost database gives an average build cost of £1,328/m² GIA, even when re-based for current costs and a location factor is added for Shepway area. The Upper Quartile is £1,471/m²; even if you then assume a 20% increase on this rate for abnormals, the rate would be £1765/m². It should be noted that the BCIS database samples over 1000 schemes nationwide (Refer to attached for reference).
6. Design Fees – we have applied 15% for Design/Professional fees, as does Mr. DM.
7. Client Contingency – B&M have applied a further 9% risk contingency, beyond Design/Construction risks, on the Leisure Centre/Remediation costs to further protect SDC, and to cover other unknowns.
8. Other Income – Mr. [REDACTED] has not included other income in his calculation. SDC are able to use other financial contributions to offset the cost of this scheme. This includes significant income from a S106 agreement already in place for Nickolls Quarry site. The land currently occupied by Hythe Swimming Pool has also been valued (by others) and has been taken into account in the B&M calculation.

Taking the above into account, the expected contribution borne by SDC would be circa £2M.

Prepared by:-

[REDACTED] BSc. MRICS
Betteridge & Milsom
19/03/18

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 03-Mar-2018 12:20

› Rebased to 1Q 2018 (318; forecast) and **Shepway** (107; sample 18)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,328	637	1,152	1,294	1,471	3,038	1199
810.1 Estate housing							
Generally (15)	1,301	635	1,112	1,267	1,435	4,314	1821
Single storey (15)	1,454	739	1,241	1,400	1,651	4,314	301
2-storey (15)	1,267	635	1,101	1,242	1,389	2,532	1381
3-storey (15)	1,280	823	1,048	1,219	1,430	2,666	136
4-storey or above (20)	2,639	1,374	-	2,408	-	4,134	3
810.11 Estate housing detached (15)	1,641	994	1,229	1,491	1,719	4,314	22
810.12 Estate housing semi detached							
Generally (15)	1,298	653	1,119	1,271	1,435	2,424	420
Single storey (15)	1,479	914	1,274	1,449	1,650	2,424	75
2-storey (15)	1,263	653	1,112	1,243	1,389	2,222	325
3-storey (15)	1,186	884	987	1,127	1,282	1,910	20
810.13 Estate housing terraced							
Generally (15)	1,320	635	1,108	1,270	1,468	4,134	395
Single storey (15)	1,447	959	1,212	1,366	1,700	2,168	49
2-storey (15)	1,296	635	1,104	1,260	1,441	2,532	286
3-storey (15)	1,285	838	1,045	1,211	1,383	2,666	59
4-storey or above (5)	4,134	-	-	-	-	-	1
816. Flats (apartments)							
Generally (15)	1,545	759	1,295	1,477	1,739	5,238	962
1-2 storey (15)	1,463	897	1,257	1,409	1,616	2,750	235
3-5 storey (15)	1,525	759	1,291	1,471	1,736	3,062	642
6+ storey (15)	1,929	1,135	1,557	1,854	2,052	5,238	81

37

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 19 March 2018 09:00
To: [REDACTED]@shepway.gov.uk
Cc: [REDACTED]@shepway.gov.uk; [REDACTED]
Subject: RE: Princes Parade
Attachments: Princes Parade Development - B&M Memo 190318.pdf

[REDACTED]

Further to your email below and our subsequent meeting on Monday 12th March, we attach our memorandum which details our review between contents of Mr Maynard's letter and our viability cost report.

We trust the contents are self-explanatory, but if you have any queries, please do not hesitate to contact us.

Kindest regards.

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 07 March 2018 14:15
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Cc: [REDACTED]@shepway.gov.uk; [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: Princes Parade

[REDACTED]

Please find attached the valuation prepared by a local resident Mr [REDACTED] that has been circulated to Council members and senior management. It would be useful to get your thoughts on this. Are you back in the office on Thursday for me to give you a call.

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

Shepway District Council, Civic Centre,

Castle Hill Avenue, Folkestone, Kent, CT20 2QY.

E: [REDACTED][shepway.gov.uk](mailto:[REDACTED]@shepway.gov.uk)

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Betteridge & Milsom
Additional Services/Change Request



Project Name: Princes Parade Development

Job No: 3495

Change Request Ref: 001

Date: 19/03/18

Issued By: [REDACTED]

Client: Shepway District Council

Original Fee Proposal Date: 15/01/2018

Current Fee: £1,500.00

Purchase Order: SD00272

Description of Change

Source of Information/Request

Further review of Princes Parade development, Nickolls Quarry site and additional reports/meetings up to 19/03/18.

Request from [REDACTED]

Additional 7 hours up to 28th Feb 2018

Additional 4 hours up to 19th Mar 2018

TOTAL 11 hours @ £60/hour

Cost of Proposed Change

Proposed additional fee:

Estimate

£660.00

Fixed

The fee is exclusive and subject to VAT.

Programme Implications

Not applicable

Estimate

Fixed

Cost Effect of Additional Works

The revised total fee:

£2,160.00

The fee is exclusive and subject to VAT.

Signed by the Client:

(Signature)

(Print Name)

(Date)

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 19 March 2018 09:35
To: [REDACTED]@shepway.gov.uk
Subject: Automatic reply: Princes Parade

I am currently on leave on from 15/03/2018 to 21/03/2018. For any urgent matters please call the office on [REDACTED] and ask for assistance.

Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 19 March 2018 14:01
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Princes Parade
Attachments: image001.png; image002.png; image005.png; image006.png

[REDACTED]

The CIL funding essentially involves SDC reinvesting the sum collected from the residential developers back into the scheme (as contribution to the leisure centre/open space). The S106 funding relates to a sum collected from a neighbouring scheme (Imperial Green) that will be invested into the affordable housing element. Should the S106 funding, at least, not be included as it does not appear to any different from the NQ S106 contribution?

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

Shepway District Council, Civic Centre,
Castle Hill Avenue, Folkestone, Kent, CT20 2QY.

E: [REDACTED]@shepway.gov.uk

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From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]

Sent: 19 March 2018 09:55

To: [REDACTED]

Cc: [REDACTED]

Subject: RE: Princes Parade

[REDACTED]

This is because based on disposing of the resi plots the developers would pay the CIL/S106 to the authority, so it has not overriding cost effect.

I trust this makes sense.

Thanks,

██████████ | BSc. MRICS
Director

T. ██████████
E. ██████████@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: ██████████@shepway.gov.uk <██████████@shepway.gov.uk>
Sent: 19 March 2018 09:35
To: ██████████ <██████████@betteridge-milsom.co.uk>
Cc: ██████████ <██████████@betteridge-milsom.co.uk>; ██████████@shepway.gov.uk
Subject: RE: Princes Parade

Hi ██████████

A really helpful not thank you. In your comparison table you don't show an allowance for Cil recycling and affordable homes allowance. Is that right?

Thanks

██████████

From: ██████████ [mailto:██████████@betteridge-milsom.co.uk]
Sent: 19 March 2018 09:00
To: ██████████ <██████████@shepway.gov.uk>
Cc: ██████████ <██████████@shepway.gov.uk>; ██████████ <██████████@betteridge-milsom.co.uk>
Subject: RE: Princes Parade

██████████

Further to your email below and our subsequent meeting on Monday 12th March, we attach our memorandum which details our review between contents of Mr ██████████ letter and our viability cost report.

We trust the contents are self-explanatory, but if you have any queries, please do not hesitate to contact us.

Kindest regards.

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 19 March 2018 14:02
To: [REDACTED]@shepway.gov.uk
Subject: Automatic reply: Princes Parade

I am currently on leave on from 15/03/2018 to 21/03/2018. For any urgent matters please call the office on [REDACTED] and ask for assistance.

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 21 March 2018 17:38
To: [REDACTED]@shepway.gov.uk
Cc: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>; [REDACTED]@shepway.gov.uk
Subject: RE: Princes Parade
Attachments: Princes Parade Development - B&M Memo 210318.pdf

[REDACTED]

Please find adjusted report to include £1.4M S106 funds from Imperial Green. I have kept the SDC contribution around the same to tie in with other reports. The difference is swept up in Technical Content, which was not fixed from us (as it would be expected that Residential Plot purchasers would need to deal with some of the site works post remedial works).

Any queries, please call.

Kindest regards,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

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From: [REDACTED].Shore@shepway.gov.uk <[REDACTED].Shore@shepway.gov.uk>
Sent: 19 March 2018 15:55
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Cc: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>; [REDACTED]@shepway.gov.uk
Subject: RE: Princes Parade

[REDACTED]

In terms of the Princes Parade scheme and affordable housing there will be no actual financial contribution within the S106 agreement but an obligation for the developer to provide it. What has been referred to as S106 affordable is cash contribution from an adjoining scheme. Grateful if you can adjust the memo. I assume that this will not affect the £2.1 million figure as the S106 £1.4 million is included in statement of cost within the viability cost report?

I have raised a purchase order for the additional £660 that should be with you shortly.

Thanks

[REDACTED]
Strategic Development Projects Manager

t: [REDACTED]
m: [REDACTED]
f: [REDACTED]

Shepway District Council, Civic Centre,
Castle Hill Avenue, Folkestone, Kent, CT20 2QY.

E: [REDACTED]@shepway.gov.uk

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From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]

Sent: 19 March 2018 14:52

To: [REDACTED]
Cc: [REDACTED]

Subject: RE: Princes Parade

[REDACTED]
I was under the impression that the S106 £1.4M was based on S106 for Princes Parade. Do you want me to adjust the memo?

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

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From: [redacted]@shepway.gov.uk <[redacted]@shepway.gov.uk>
Sent: 19 March 2018 14:01
To: [redacted] <[redacted]@betteridge-milsom.co.uk>
Cc: [redacted] <[redacted]@betteridge-milsom.co.uk>; [redacted]@shepway.gov.uk
Subject: RE: Princes Parade

[redacted]

The CIL funding essentially involves SDC reinvesting the sum collected from the residential developers back into the scheme (as contribution to the leisure centre/open space). The S106 funding relates to a sum collected from a neighbouring scheme (Imperial Green) that will be invested into the affordable housing element. Should the S106 funding, at least, not be included as it does not appear to any different from the NQ S106 contribution?

Thanks

[redacted]

[redacted]
Strategic Development Projects Manager
t: [redacted]
m: [redacted]
f: [redacted]
Shepway District Council, Civic Centre,
Castle Hill Avenue, Folkestone, Kent, CT20 2QY.
E: [redacted]@shepway.gov.uk
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From: [redacted] [mailto:[redacted]@betteridge-milsom.co.uk]
Sent: 19 March 2018 09:55
To: [redacted]
Cc: [redacted]
Subject: RE: Princes Parade

[redacted]

This is because based on disposing of the resi plots the developers would pay the CIL/S106 to the authority, so it has not overriding cost effect.

I trust this makes sense.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 19 March 2018 09:35
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Cc: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>; [REDACTED]@shepway.gov.uk
Subject: RE: Princes Parade

Hi [REDACTED]

A really helpful not thank you. In your comparison table you don't show an allowance for Cii recycling and affordable homes allowance. Is that right?

Thanks

[REDACTED]

From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]
Sent: 19 March 2018 09:00
To: [REDACTED] <[REDACTED]@shepway.gov.uk>
Cc: [REDACTED] <[REDACTED]@shepway.gov.uk>; [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: RE: Princes Parade

[REDACTED]

Further to your email below and our subsequent meeting on Monday 12th March, we attach our memorandum which details our review between contents of Mr [REDACTED] letter and our viability cost report.

We trust the contents are self-explanatory, but if you have any queries, please do not hesitate to contact us.

Kindest regards.

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 07 March 2018 14:15
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Cc: [REDACTED]@shepway.gov.uk; [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: Princes Parade

[REDACTED]

Please find attached the valuation prepared by a local resident Mr [REDACTED] that has been circulated to Council members and senior management. It would be useful to get your thoughts on this. Are you back in the office on Thursday for me to give you a call.

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

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E: [REDACTED]@shepway.gov.uk

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Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 27 March 2018 12:57
To: [REDACTED]
Subject: Re: Viability Assessment, Princes Parade - URGENT QUESTIONS
Attachments: image988000.png; image725001.png; image626002.png

[REDACTED]
Thanks - 9am OK for me.

[REDACTED]
Sent from my BlackBerry 10 smartphone on the O2 network.

From: [REDACTED]
Sent: Tuesday, 27 March 2018 12:28
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]
Can we meet tomorrow morning to run through. Happy to pop into your office at 9am.

I think 2692m2 v 3013m2 is the way GIFA has been calculated. I will review.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 27 March 2018 09:44
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Cc: [REDACTED]@shepway.gov.uk
Subject: FW: Viability Assessment, Princes Parade - URGENT QUESTIONS

See also email below. Can you recall the distinction between the 2,691 sqm and 3013 sqm figures?

Thanks

[REDACTED]

[REDACTED]
Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

Shepway District Council, Civic Centre,
Castle Hill Avenue, Folkestone, Kent, CT20 2QY.

E: [REDACTED]@shepway.gov.uk

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From: [REDACTED]

Sent: 26 March 2018 18:50

To: [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]@tibbon.co.uk

Cc: Patching, Lisette

Subject: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

The PDaAS identifies that the leisure centre is 2,961sqm – which figure are we working to?

Kind regards

[REDACTED]

Major Projects Team Leader

Major Projects Team

T: [REDACTED]

F: [REDACTED]

Shepway District Council, Civic Centre,
Castle Hill Avenue, Folkestone, Kent, CT20 2QY

E: [REDACTED]@shepway.gov.uk

W: www.shepway.gov.uk

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From: [REDACTED]

Sent: 26 March 2018 17:59

To: [REDACTED] <[REDACTED]@shepway.gov.uk>; [REDACTED] <[REDACTED]@shepway.gov.uk>;

██████████@tibbalds.co.uk' <██████████@tibbalds.co.uk>

Cc: ██████████@shepway.gov.uk; ██████████ <██████████@shepway.gov.uk>

Subject: Viability Assessment, Princes Parade - URGENT QUESTIONS

Importance: High

Dear ██████████ and ██████████

I have reviewed Appendix 3 this afternoon. Please can you provide a response to the following questions relating to the B&M report asap.

1. Please confirm that the 3013m2 leisure centre proposed is as per the planning application and that the images and information received relating to the public realm, leisure centre and open space is costed on the basis of the application material.
2. Why does the report focus on a 3397m2 application that has not been submitted for planning? This seems to be a pointless confusion as the application does not seek this building and any consideration on an alternative site should be on a like for like basis.
3. Please provide a statement of cost for Nickolls Quarry based on the 3013m2 application applied for at PP— our presumption is that the £██████████ shortfall would be significantly less should the smaller scheme be delivered, however we require an option 3 to confirm this.
4. Option 3 should also include costs both with and without the remediation costs associated with Princes Parade, in the interests of transparency so that this information can be clearly set out to councillors in the confidential annexe to the officers report. This is important for the cost summary as the contamination ground works costs are a significant component of the total cost difference, that when coupled with the reduction in size will significantly reduce the £██████████ funding gap stated.
5. You may want to consider a reasonable tender inflation estimate for the Nickolls development, given a BCIS increase has been included to reflect the difference in the start time?
6. Please provide a like for like costing for appendix B and D to that for A – only project cost estimate has been provided for Princes Parade yet for Nickolls costs are provided for construction, contract and project with details of prelim costs, profit and risk set out clearly.
7. Appendix D should include an introduction and cost appraisal, as is provided for Appendix B (B&M ref 3375) so as to confirm the costing is on a like for like basis, covering all of the development phases but excluding the residential parcels.
8. For Appendix D - If the viability report assumes a land value capital receipt for the residential parcels of £██████████ (based on savills viability assessment) against a GDV of £██████████ then why does the financial appraisal include the costs for soft landscaping to gardens, patios and the fencing of gardens, as well as other matters associated with the building of residential units? Should it not just focus on the costs associated with the role of master developer, with any costs associated with the residential units met by the site purchaser(s)?
9. Does the £██████████ include the receipts from the sale of the hotel and restaurant plot?
10. Are the £██████████ 'enhanced external features' off site heritage improvements as set out in the application? If so this should be made clear. Are the heritage works across site £██████████ the cost of works set out within the application? Again, this should be clear to Historic England given they are assessing this report.
11. Are the £██████████ costs of external works and drainage, including the linear park and open space set out in 7.02 'other external works'? Does section 8 Drainage include the construction of the central open space? We need to be clear that the costings will deliver the application in accordance with the parameters and design guidelines and that the quality of the scheme has been reflected in the costings.

This information is urgently requires so that it can be provided to Historic England without delay. It is proposed that the report to Planning and Licensing Committee includes a confidential report that includes analysis of these costs and an explanation of the figures used, alongside a section in the main report that covers the broad issues

If you have any questions please ask,

Kind regards

██████████ MRTPI

Head of Planning

Planning & Communities

dd - ██████████ or ██████████

e - ██████████@shepway.gov.uk

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Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 27 March 2018 13:31
To: [REDACTED]@shepway.gov.uk
Subject: Princes Parade Meeting (B&M)

Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 27 March 2018 13:54
To: [REDACTED]
Subject: Accepted: Princes Parade Meeting (B&M)

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 04 April 2018 11:22
To: [REDACTED]@shepway.gov.uk
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS
Attachments: BM3495 - Stage 2 - SDC - Viability Report (27 02 2018).pdf; Nickolls Quarry Viability Cost Report 270218 (Rev A).pdf

[REDACTED]

I have updated the NQ report and added an Option 3 for the 3013m2 scheme (see attached). This shows a SDC contribution of £13,866,171.

I have attached a fully completed updated report which takes into account the NQ 3013m2 scheme and also a separate version of the report if wanted.

Regarding other queries, see our response in Red.

1. Please confirm that the 3013m2 leisure centre proposed is as per the planning application and that the images and information received relating to the public realm, leisure centre and open space is costed on the basis of the application material. - CORRECT
2. Why does the report focus on a 3397m2 application that has not been submitted for planning? This seems to be a pointless confusion as the application does not seek this building and any consideration on an alternative site should be on a like for like basis. – Report is updated to compare 3013m2 schemes
3. Please provide a statement of cost for Nickolls Quarry based on the 3013m2 application applied for at PP– our presumption is that the £[REDACTED] shortfall would be significantly less should the smaller scheme be delivered, however we require an option 3 to confirm this. – Option 3 includes in Appendix A and included within report summary.
4. Option 3 should also include costs both with and without the remediation costs associated with Princes Parade, in the interests of transparency so that this information can be clearly set out to councillors in the confidential annexe to the officers report. This is important for the cost summary as the contamination ground works costs are a significant component of the total cost difference, that when coupled with the reduction in size will significantly reduce the £[REDACTED] funding gap stated. – Princes Parade remediation costs are included in report and highlighted in report, so that they can be excluded if necessary. Value £[REDACTED] project cost)
5. You may want to consider a reasonable tender inflation estimate for the Nickolls development, given a BCIS increase has been included to reflect the difference in the start time? – this was included in report – refer to BCIS index adjustment
6. Please provide a like for like costing for appendix B and D to that for A – only project cost estimate has been provided for Princes Parade yet for Nickolls costs are provided for construction, contract and project with details of prelim costs, profit and risk set out clearly. – Report now compares both sites for 3396 and 3013m2 options.
7. Appendix D should include an introduction and cost appraisal, as is provided for Appendix B (B&M ref 3375) so as to confirm the costing is on a like for like basis, covering all of the development phases but excluding the residential parcels. – Report introduction included in line with Appendix B
8. For Appendix D - If the viability report assumes a land value capital receipt for the residential parcels of £[REDACTED] (based on savills viability assessment) against a GDV of £[REDACTED] then why does the financial appraisal include the costs for soft landscaping to gardens, patios and the fencing of gardens, as well as other matters associated with the building of residential units? Should it not just focus on the costs associated with the role of master developer, with any costs associated with the residential units met by the site purchaser(s)? – Costs for soft landscaping to gardens, patios etc. are not taken across to summary of report and are excluded from SDC scheme works. They were included in build up to evaluate overall cost if SDC built out.

9. Does the £ [REDACTED] include the receipts from the sale of the hotel and restaurant plot? – Yes.
10. Are the £ [REDACTED] 'enhanced external features' off site heritage improvements as set out in the application? If so this should be made clear. Are the heritage works across site £ [REDACTED] the cost of works set out within the application? Again, this should be clear to Historic England given they are assessing this report. – Costs are included based on heritage improvements detailed within heritage report.
11. Are the £ [REDACTED] costs of external works and drainage, including the linear park and open space set out in 7.02 'other external works'? Does section 8 Drainage include the construction of the central open space? We need to be clear that the costings will deliver the application in accordance with the parameters and design guidelines and that the quality of the scheme has been reflected in the costings. – The scheme costs included pick up the cost as detailed within the planning application, assuming plot purchasers will complete works within their demise.

I trust that the above and attached are as expected, please let me know if more is required.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 04 April 2018 10:34
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

How are things going on the updated viability report? Is there anything further you need from me?

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

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From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]
Sent: 28 March 2018 10:30
To: [REDACTED]@shepway.gov.uk
Subject: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

Okay. Shall I then respond to the queries, and where he has asked for further information (i.e. 3013m2 NQ cost plan) provide a further report?

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 28 March 2018 10:11
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

I have spoken to Ben Geering and he will be producing the viability report for the Planning and Licencing Committee, using the information we provide in our own submission.

[REDACTED]
[REDACTED]
Strategic Development Projects Manager

t: [REDACTED]
m: [REDACTED]
f: [REDACTED]
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From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]
Sent: 27 March 2018 12:28
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]
Can we meet tomorrow morning to run through. Happy to pop into your office at 9am.

I think 2692m2 v 3013m2 is the way GIFA has been calculated. I will review.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

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The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 27 March 2018 09:44
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Cc: [REDACTED]@shepway.gov.uk
Subject: FW: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

See also email below. Can you recall the distinction between the 2,691 sqm and 3013 sqm figures?

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

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From: [REDACTED]
Sent: 26 March 2018 18:50
To: [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]@tibbon.co.uk
Cc: [REDACTED]
Subject: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

The PDaAS identifies that the leisure centre is 2,961sqm – which figure are we working to?

Kind regards

██████████
Major Projects Team Leader
Major Projects Team
T: 01303 853454
F: ██████████
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From: ██████████
Sent: 26 March 2018 17:59
To: ██████████ <██████████@shepway.gov.uk>; ██████████ <██████████@shepway.gov.uk>; ██████████ <██████████@tibbalds.co.uk>
Cc: ██████████ <██████████@shepway.gov.uk>; ██████████ <██████████@shepway.gov.uk>
Subject: Viability Assessment, Princes Parade - URGENT QUESTIONS
Importance: High

Dear ██████ ██████ and ██████

I have reviewed Appendix 3 this afternoon. Please can you provide a response to the following questions relating to the B&M report asap.

1. Please confirm that the 3013m2 leisure centre proposed is as per the planning application and that the images and information received relating to the public realm, leisure centre and open space is costed on the basis of the application material.
2. Why does the report focus on a 3397m2 application that has not been submitted for planning? This seems to be a pointless confusion as the application does not seek this building and any consideration on an alternative site should be on a like for like basis.
3. Please provide a statement of cost for Nickolls Quarry based on the 3013m2 application applied for at PP— our presumption is that the £████████ shortfall would be significantly less should the smaller scheme be delivered, however we require an option 3 to confirm this.
4. Option 3 should also include costs both with and without the remediation costs associated with Princes Parade, in the interests of transparency so that this information can be clearly set out to councillors in the confidential annexe to the officers report. This is important for the cost summary as the contamination ground works costs are a significant component of the total cost difference, that when coupled with the reduction in size will significantly reduce the £████████ funding gap stated.
5. You may want to consider a reasonable tender inflation estimate for the Nickolls development, given a BCIS increase has been included to reflect the difference in the start time?
6. Please provide a like for like costing for appendix B and D to that for A – only project cost estimate has been provided for Princes Parade yet for Nickolls costs are provided for construction, contract and project with details of prelim costs, profit and risk set out clearly.
7. Appendix D should include an introduction and cost appraisal, as is provided for Appendix B (B&M ref 3375) so as to confirm the costing is on a like for like basis, covering all of the development phases but excluding the residential parcels.
8. For Appendix D - If the viability report assumes a land value capital receipt for the residential parcels of £████████ (based on savills viability assessment) against a GDV of £57.92m then why does the financial appraisal include the costs for soft landscaping to gardens, patios and the fencing of gardens, as well as

other matters associated with the building of residential units? Should it not just focus on the costs associated with the role of master developer, with any costs associated with the residential units met by the site purchaser(s)?

9. Does the £[REDACTED] include the receipts from the sale of the hotel and restaurant plot?
10. Are the £[REDACTED] 'enhanced external features' off site heritage improvements as set out in the application? If so this should be made clear. Are the heritage works across site £[REDACTED] the cost of works set out within the application? Again, this should be clear to Historic England given they are assessing this report.
11. Are the £[REDACTED] costs of external works and drainage, including the linear park and open space set out in 7.02 'other external works'? Does section 8 Drainage include the construction of the central open space? We need to be clear that the costings will deliver the application in accordance with the parameters and design guidelines and that the quality of the scheme has been reflected in the costings.

This information is urgently requires so that it can be provided to Historic England without delay. It is proposed that the report to Planning and Licensing Committee includes a confidential report that includes analysis of these costs and an explanation of the figures used, alongside a section in the main report that covers the broad issues

If you have any questions please ask,

Kind regards

[REDACTED] MRTPI
Head of Planning
Planning & Communities
dd - [REDACTED] or [REDACTED]
e - [REDACTED]@shepway.gov.uk
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RIBA Stage 2 Cost Plan Report (Rev 2)

Shepway Sports Centre Nickolls Quarry

BETTERIDGE & MILSOM

27th February 2018

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Contents

1. Executive Summary
2. Project Description
3. Project Budget
4. Status of Cost Plan
5. Statement of Cost
6. Information on which the Cost Plan was prepared
7. Statement of Floor Areas
8. Cost Plan
9. Basis of Cost Estimates
10. Risk Allowances
11. Changes to Previous Cost Targets
12. Decisions on Alternative Proposals
13. Value Engineering Criteria
14. Conclusions & Recommendations

Appendices

- A - Cost Plan Estimate – Option 1 – Two Storey Scheme (3397m² GIFA)**
- B - Cost Plan Estimate – Option 2 – One Storey Scheme (3791m² GIFA)**
- C - Cost Plan Estimate – Option 3 – Two Storey Scheme (3013m² GIFA)**
- D – BCIS Cost Indices**

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

1 - Executive Summary

The Project is to provide a leisure facility located within the Nickolls Quarry Site. There are two option appraisals comprising of option 1 two-storey scheme and option 2 one-storey scheme. Both schemes are providing swimming, dance, gym and welfare and changing facilities including external car parking. The site of Nickolls Quarry will require substantial cut and fill works to enable the construction of this facility. Details are included within this report under ***Project Description***.

We currently have not been advised on a budget for the project.

This Cost Plan report is based on a RIBA Stage 2 stage. The status of this is described within the report under ***Status of Cost Plan***.

This report details the expected costs for this project as (Option 1) £ [REDACTED] (exc VAT), (Option 2) £ [REDACTED] (exc VAT) and (Option 3) £ [REDACTED]. Cost details are included within this report under ***Statement of Cost***.

Further details including information used to prepare the report, the basis of the estimate and commentary of risk allowances are contained within later sections of this document.

There are a number of decisions required for some potential extra works, and associated costs have been provided where possible. These will need to be explored and considered during the next stage of the project – details are included within the report under ***Decisions on Alternative Proposals***.

We have also made some commentary on Value Engineering criteria and have provided ***Conclusions & Recommendations***.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

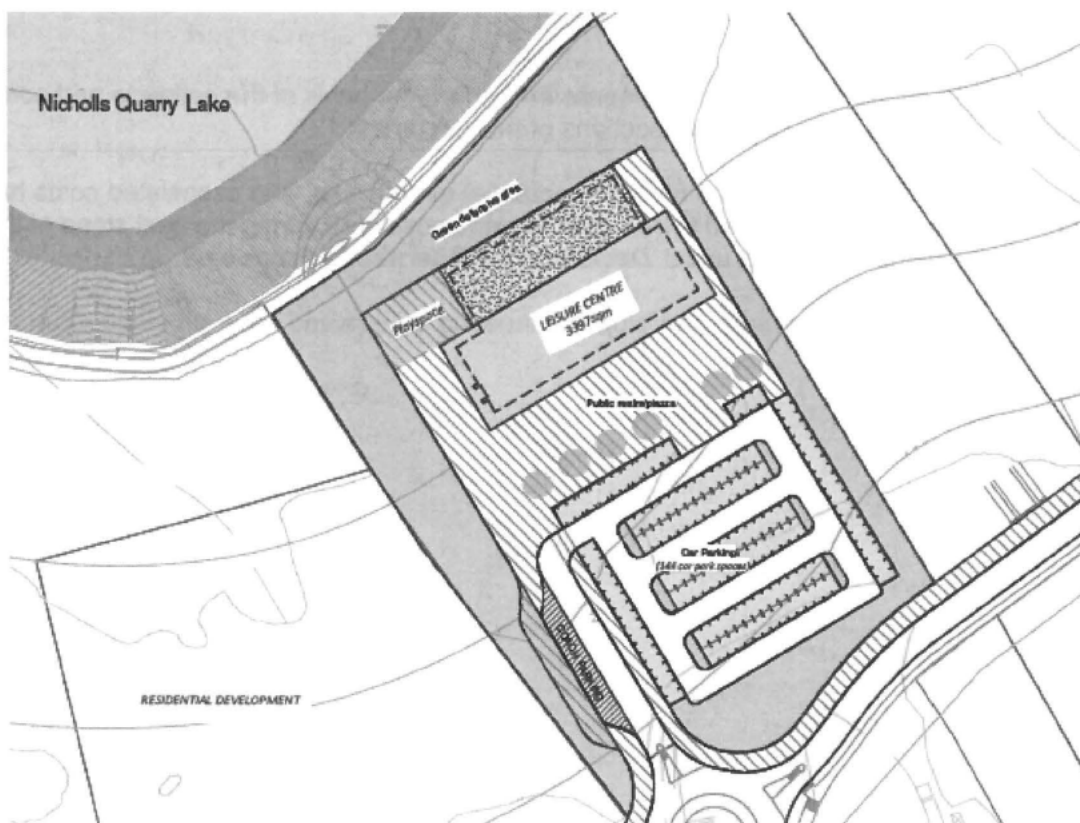
2 - Project Description

The project is located near the coast between Hythe and Dymchurch, opposite the Nickolls Quarry Site. The leisure centre provides two indoor swimming pools, changing rooms, café and fitness suites. Public spaces shall include a playground and public walkways. 144 off street parking spaces shall be provided for visitors to the leisure facilities.

There will be ground remediation works required to the Prince Parade site. Costs to cap off the land and protect the site have been included within the cost plan for any of the options.

The Project Description should be read in connection with the drawings issued to us, of which extracts are included below: -

Option 1 Site Plan Layout:

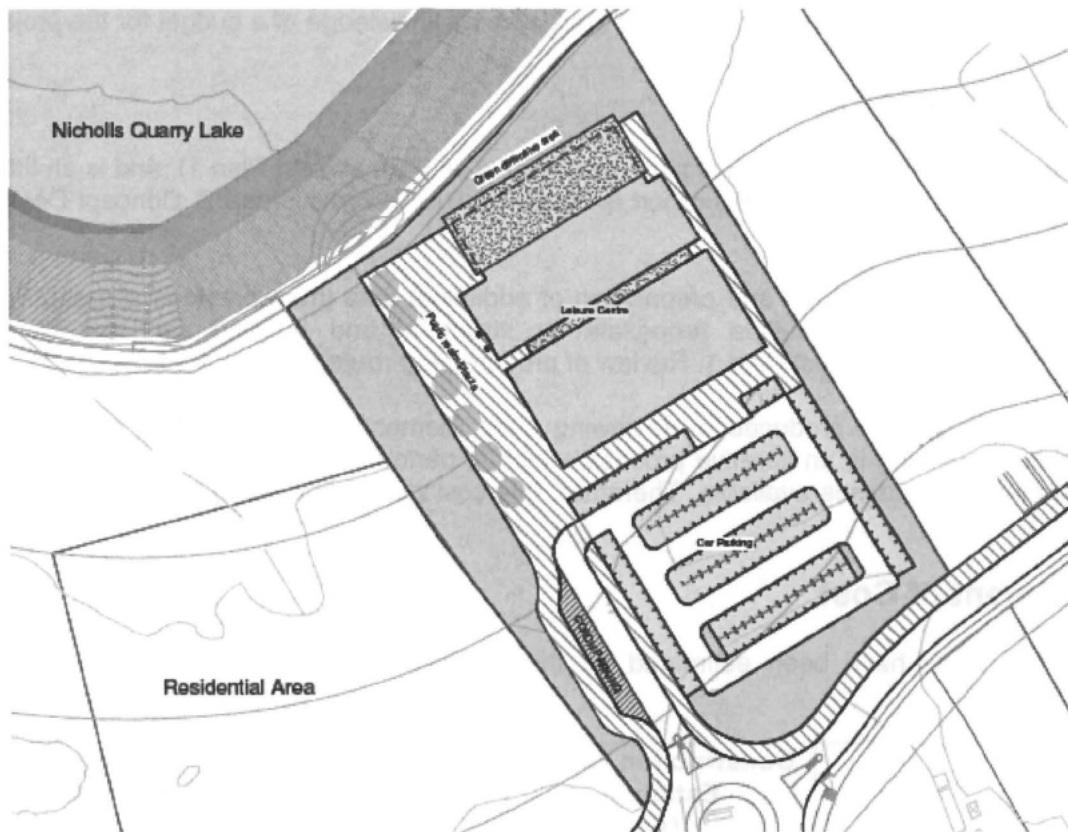


Source: GT3 Nickolls Quarry Site Feasibility Study

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

Option 2 Site Plan Layout:



Source: GT3 Nickolls Quarry Site Feasibility Study

Option 3 is identical to Option 1, however has a smaller gross floor area of 3013m²

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

3 - Project Budget

At the time of generating this cost plan report there was no knowledge of a budget for the project.

4 - Status of Cost Plan

This document is a RIBA Stage 2 cost plan (also known as Formal Cost Plan 1), and is an intrinsic part of the Stage 2 Report. The level of this report is based on RIBA Works Stage 2: Concept Design being the following: -

Implementation of Design Brief and preparation of additional data [from previous stages]. Preparation of Concept Design including outline proposals for structural and building services systems, outline specifications and Formal Cost Plan 1. Review of procurement route.

This cost plan has been produced by reviewing each Element of the project. It should be noted that elemental cost planning is an iterative process, which is performed in steps of increasing detail as more design information becomes available. Therefore, this cost plan is based on information available at this stage.

5 - Statement of Cost

The following costs have been estimated for this project. Further breakdown of costs are included elsewhere.

Scheme	Construction Works Estimate (A)	Contract Cost Estimate (B)	Project Cost Estimate exc. VAT (C)
Option 1 – Two Storey (3397m ²)	██████████	██████████	██████████
Option 2 – One Storey (3791m ²)	██████████	██████████	██████████
Option 3 – Two Storey (3013m ²)	██████████	██████████	██████████

Definitions: -

A: Construction Cost Estimate – the cost of the building works, including main contractor’s preliminary cost, overheads & profit, and design and construction risks. Excludes inflation, project/design team/survey fees, client direct costs and employer risk allowance.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

B: Project Cost Estimate – the Contract Cost Estimate, plus project/design/survey fees, client direct costs and employer risk allowance. Excludes inflation and VAT. Please note that we are not VAT specialists and advice should be sought as necessary.

C/D: Project Cost Estimate – the Contract Cost Estimate, plus client-side design team fees, surveys, other client project costs (refer to exclusions) excluding and including VAT. Please note that we are not VAT specialists and advice should be sought as necessary.

The Nickolls Quarry Site breakdown of income source and Shepway District Council contribution is as follows: -

Option 1 – Income Source		
NQ s106	£5,175,120.00	Index linked from Q1 2010 to Q3 2020
South Road Site	£ [REDACTED]	Assessment
Total Income Source	£ [REDACTED]	

Option 1 – SDC Contribution		
Project Cost Estimate	£ [REDACTED]	Cost Plan 1
Less total source income	-£ [REDACTED]	
Total SDC Contribution	£ [REDACTED]	

Option 2 – Income Source		
NQ s106	£5,175,120.00	Index linked from Q1 2010 to Q3 2020
South Road Site	£ [REDACTED]	Assessment
Total Income Source	£ [REDACTED]	

Option 2 – SDC Contribution		
Project Cost Estimate	£ [REDACTED]	Cost Plan 2
Less total source income	-£ [REDACTED]	
Total SDC Contribution	£ [REDACTED]	

Option 3 – Income Source		
NQ s106	£5,175,120.00	Index linked from Q1 2010 to Q3 2020
South Road Site	£ [REDACTED]	Assessment
Total Income Source	£ [REDACTED]	

Option 3 – SDC Contribution		
Project Cost Estimate	£ [REDACTED]	Cost Plan 3
Less total source income	-£ [REDACTED]	
Total SDC Contribution	£ [REDACTED]	

The S106 income from Nickolls Quarry site has been based on the commitment under the S106 which is index linked, adjusted for commencement on site in Q3 of 2020, but is assuming that site would be available at this stage.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

6 - Information on which the Cost Plan was prepared

The following information was made available by the Design Team at time of Cost Plan preparation: -

GT3 (Architect)

Information provided:

- Nickolls Quarry Site Feasibility Study (dated 11/01/2018)
- 10100-GT3-00-ZZ-DR-A - (02)01 - Nickolls Quarry Site Location Plan Option
- 10100-GT3-00-ZZ-DR-A - (02)02 - Nickolls Quarry Site Location Plan Option 2
- 10100-GT3-00-ZZ-M3-A- 300-01 - Ground Floor Plan_rev09
- 10100-GT3-00-ZZ-M3-A- 300-02 - First Floor Plan_rev09

Henley Camland

Information provided:

- Appendix 5 - Land Use Plan with Earthworks Areas and approx. volumes
- Earthworks Programme for 2017-26me 091216

7 - Statement of Floor Areas

Based on current issued drawings, the following are the calculated Gross Internal Areas (GIA/GFA): -

Leisure	Option 1	Option 2	Option 3
Leisure Centre	3,397 m2	3,791m2	3,013m2
Total	3,397 m2	3,791m2	3,013m2

The entire site area is **13,913m2** (as stated on Camland Land Use Plan).

8 - Cost Plan

A breakdown of the Costs of this project are included in Appendices A, B and C.

9 - Basis of Cost Estimates

A cost estimate plan has been produced, based on the information available (see above). The following sections have been developed to allow cost review: -

Site Clearance

Areas of various vegetation measured and estimated using those indicated on the site plan DWG and through site maps and pictures.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

Preparatory Groundworks

It has been assumed that the site will be provided by the developer as a fully remediated site with appropriate cut/fill levels completed to allow the commencement of the project without further enabling works. The cost also includes preparatory groundworks in relation to capping off contaminated material to the Prince's Parade site and appropriate site protection, this has been priced at **£2,090,300.00** (£2,941,698 project cost).

Leisure Centre

The construction cost for the leisure centre has been based on a £/m2 basis for elemental sections of the scheme. This has been updated to reflect the increase of areas for all three options.

External Works Generally

Allowances have been made for road constructions excluding main adopted roads, footpaths, parking bay areas, other hard surfaces (details unknown), patios and playground areas. Allowances have also been made for abnormal costs associated with the stability of the ground in terms of high water content (assumed due to close proximity to water bodies) and retaining wall structure.

Drainage

Allowances made for surface and foul water drainage.

Services

These allowances were on the Peter Brett Report (dated June 2016). As described in the report a budget estimate has been provided by UKPN for the electric, Affinity Water for water and SGN for the gas and these costs have been detailed accordingly.

Soft Landscaping

Allowances has been made for seeding and turfing areas around the leisure centre including dense landscaping.

Fencing, Railings & Walls

Allowances have been made for fencing around the leisure centre for security access purposes.

Off Site Highway Works

Offsite highway works have been excluded from this cost plan. The costs included are for connection to proposed highway roads for the main entrance only.

A detailed cost plan is included within Appendices A-C.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

Construction Preliminaries and Overheads & Profit

We have currently allowed 13% for Preliminaries and 7% for overheads and profit on the elemental costs for main contractor's costs. This cost is dependant much on programme timescale and can be affected by any phasing of logistical restrictions on site. Therefore, a review of logistics is advised.

Inflation

Construction inflation estimate has been included for works to commence 3Q 2020. This inflation has been calculated from tender price index from the BCIS database and is the main cause of the cost increase to the scheme, this represents a 6.29% increase to the project costs. Please refer to Appendix D – BCIS Indices.

Risk Allowances

See section 10 below for further details. A total of 19% risk contingency has been included for the construction works. A risk review is advised to seek further clarity with these cost targets.

Project/Design Team Fees and Other Fees/Surveys

Project/Design team fees have been based on 12% of the contract cost estimate. An allowance of 3% of the contract cost estimate has been included for other fees/surveys.

Client Direct Costs

Allowances for site purchase costs, community infrastructure levy (CIL) and sales fees are excluded from this report.

An allowance for funding costs has been included to both options.

An Employer Risk Allowance has also been excluded subject to confirmation from client.

Abnormal Development Costs

As the scheme is located near a water body, we have assumed CFA bored piling to be installed as a form of ground stabilisation to this development.

Exclusions

The following matters are excluded from the project cost report: -

- Land compensation costs
- Land remediation costs (assumed to be carried out by land developer)
- Structural engineering or services costs or other abnormal works
- Interest on finance
- Temporary buildings
- Any works beyond the boundaries of the areas of works
- Increase in NI, taxation or other levies.
- VAT.
- Loose furniture and fittings and white goods.
- Client direct costs, such as site purchase costs, CIL and sales fees

10 - Risk Allowances

Risk allowances are allocated against a number criteria and are treated as two separate cost targets, which are used to “top up” other overspending cost targets as the project progresses. As a package of works exceeds its cost target, a transfer is made from the appropriate risk target pot. Similarly, if a cost target is likely to under run, the surplus is transferred into the appropriate risk allowance. The cost targets are: -

- Design Development risks (5%) – an allowance for use during the design process to provide for the risks associated with design development, changes in estimating data, third party risks (e.g. planning requirements, legal agreements, covenants, environmental issues and pressure groups), statutory requirements, procurement methodology and delays in tendering.
- Construction risks (5%) – an allowance for use during the construction process to provide for the risks associated with site conditions (e.g. access restrictions/limitations, existing buildings, boundaries, and existing occupants and users), ground conditions, existing services and delays by statutory undertakers.
- Employer risks (9%) – an allowance for use during both design process and construction process to provide for the risks of employer driven changes, and matters such as early handover, postponement, acceleration, availability of funds, unconventional tender action and special contract arrangements.

11 - Changes to Previous Cost Targets

Changes from previous cost plan include adjustment of inflation to revised BCIS Tender inflation rates and breaking down costs between the ground remediation works and contaminated works.

12 - Decisions on Alternative Proposals

There are key decisions which will need to be made as we move through **RIBA Stage 3**. The following matters are considered key to the next project stage: -

Item 1 - Further details of structural engineering requirements for this scheme (allowance included in this report)

Item 2 - The extent of site clearance and planting to the site.

Item 3 - Detailed design of architectural, mechanical and electrical services of Leisure Centre.

There are key decisions which will need to be made as we move through **RIBA Stage 3**. The process could be reviewed in light of: -

Quantity – review the areas being provided within the scheme.

Quality – review of each element to consider if appropriate value has been used.

Extent – review to ensure that the project scope has not shifted.

Allowances – review of design development and construction risks as these have a bearing on project cost.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

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13 - Value Engineering Criteria

As an overall process we would recommend considering any value engineering criteria as a set of sub-criteria; namely

Must have – elements that are key to the brief of the project.

Should have – elements that are good practice and of inherent value for the project

Could have – elements that are potentially achievable within the project budget.

Won't have – elements which need to be avoided; from lessons learned on previous schemes

As we move into the next RIBA Stage, we plan to explore the criteria with the project team and focus on those matters detailed above under alternative proposals.

14 - Conclusions & Recommendations

This report is issued to assist the client in any decision making and allow budgets to be ascertained going forward. Additional budget information is required before a statement can be made about the Cost Plan and its accordance with budget. As the design process continues, strategic decisions will need to be made. We would recommend that continued cost assessments are carried out as the scheme develops into the next RIBA stages.

Based on the above information / costs Shepway District Council will currently need to contribute circa £ [REDACTED].00 for option 1 or £ [REDACTED] for option 2, which has been calculated as follows: -

Option 1

£ [REDACTED] Expenditure for construction of Option 1

£ [REDACTED] Income from External Sources (S106 / South Road Site Works)

£ [REDACTED] **Shepway District Council Contribution**

Option 2

£ [REDACTED] Expenditure for construction of Option 2

£ [REDACTED] Income from External Sources (S106 / South Road Site Works)

£ [REDACTED] **Shepway District Council Contribution**

Option 3

£ [REDACTED] Expenditure for construction of Option 3

£ [REDACTED] Income from External Sources (S106 / South Road Site Works)

£ [REDACTED] **Shepway District Council Contribution**

Appendix A

Cost Plan Estimate Option 1 – Two Storey Scheme (3397m2 GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3397 m2
Construction Works Estimate	██████████
Contract Cost Estimate	██████████
Project Cost Estimate (Exc. VAT)	██████████

Total (A) - see details below
Total (B) - see details below
Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works	-	See Breakdown	██████████
1.1b	Contaminated Ground Works	██████████	See Breakdown	██████████
1.2	Substructure	██████████	See Breakdown	██████████
1.3	Superstructure	██████████	See Breakdown	██████████
1.4	Internal Finishes	██████████	See Breakdown	██████████
1.5	Fittings, Furnishings & Equipment	██████████	See Breakdown	██████████
1.6	Services	██████████	See Breakdown	██████████
1.7	Site Works	██████████	See Breakdown	██████████
	Sub-Total	██████████		██████████
2	Main Contractor's Preliminaries Estimate	██████████	based on 13.0%	██████████
	Sub-Total	██████████		██████████
3.1	Main Contractor's Overheads & Profit	██████████	based on 7.0%	██████████
3.2	Scape OHP (?)	██████████	not applicable	██████████
3.3	Framework Fee (?)	██████████	based on 1.5%	██████████
(A) Construction Works Estimate (Total)		17,649,300		5,181
4	Inflation			
4.1	Tender Inflation Estimate	-	based on 0.0%	██████████
4.2	Construction Inflation Estimate	██████████	on commence Q3 2020	██████████
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate	██████████	based on 5.0%	██████████
5.2	Construction Risks Estimate	██████████	based on 5.0%	██████████
5.3	Dayworks	██████████	See Breakdown	██████████
	Sub-Total	██████████		██████████
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees	██████████	included in 6.2	██████████
6.2	Professional / Design Fees	██████████	based on 9.0%	██████████
6.3	Surveys / Reports	██████████	based on 1.0%	██████████
(B) Contract Cost Estimate (Total)		██████████		██████████
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees	██████████	based on 3.0%	██████████
7.2	Other Fees / Surveys	██████████	based on 2.0%	██████████
	Sub-Total	██████████		██████████
8	Other Development / Project Costs			
8.1	Client Direct Costs	██████████	Funding Costs	██████████
8.2	Loose Fittings and Equipment	██████████	See Breakdown	██████████
	Sub-Total	██████████		██████████
9	Employer Risk Allowance	██████████	based on 9.0%	██████████
(C) Project Cost Estimate (excl VAT)		██████████		██████████



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works		
Ground remediation and stabilisation - Excluded		
Remediation - Capping works to Princes Parade Site		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		

Appendix B

Cost Plan Estimate Option 1 – One Storey Scheme (3791m² GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3791 m2
Construction Works Estimate	21,528,300.00 Total (A) - see details below
Contract Cost Estimate	27,537,300.00 Total (B) - see details below
Project Cost Estimate (Exc. VAT)	31,717,291.00 Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works	-	See Breakdown	
1.1b	Contaminated Ground Works		See Breakdown	
1.2	Substructure		See Breakdown	
1.3	Superstructure		See Breakdown	
1.4	Internal Finishes		See Breakdown	
1.5	Fittings, Furnishings & Equipment		See Breakdown	
1.6	Services		See Breakdown	
1.7	Site Works		See Breakdown	
	Sub-Total			
2	Main Contractor's Preliminaries Estimate		based on 13.0%	
	Sub-Total			
3.1	Main Contractor's Overheads & Profit		based on 7.0%	
3.2	Scape OHP (?)		not applicable	
3.3	Framework Fee (?)		based on 1.5%	
(A) Construction Works Estimate (Total)				
4	Inflation			
4.1	Tender Inflation Estimate		based on 0.0%	
4.2	Construction Inflation Estimate		on commence Q3 2020	
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate		based on 5.0%	
5.2	Construction Risks Estimate		based on 5.0%	
5.3	Dayworks		See Breakdown	
	Sub-Total			
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees		included in 6.2	
6.2	Professional / Design Fees		based on 9.0%	
6.3	Surveys / Reports		based on 1.0%	
(B) Contract Cost Estimate (Total)				
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees		based on 3.0%	
7.2	Other Fees / Surveys		based on 2.0%	
	Sub-Total			
8	Other Development / Project Costs			
8.1	Client Direct Costs		Funding Costs	
8.2	Loose Fittings and Equipment		See Breakdown	
	Sub-Total			
9	Employer Risk Allowance		based on 9.0%	
(C) Project Cost Estimate (excl VAT)				



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works		
Ground remediation and stabilisation - Excluded		
Remediation - Capping works to Princes Parade Site		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		

Appendix C

Cost Plan Estimate Option 3 – Three Storey Scheme (3013m² GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018	
Gross Internal Floor Area	3013 m2	
Construction Works Estimate	16,285,300.00	Total (A) - see details below
Contract Cost Estimate	20,830,300.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	24,041,291.00	Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works	-	See Breakdown	0
1.1b	Contaminated Ground Works		See Breakdown	
1.2	Substructure		See Breakdown	
1.3	Superstructure		See Breakdown	
1.4	Internal Finishes		See Breakdown	
1.5	Fittings, Furnishings & Equipment		See Breakdown	
1.6	Services		See Breakdown	
1.7	Site Works		See Breakdown	
	Sub-Total			
2	Main Contractor's Preliminaries Estimate		based on 13.0%	
	Sub-Total			
3.1	Main Contractor's Overheads & Profit		based on 7.0%	
3.2	Scape OHP (?)		not applicable	
3.3	Framework Fee (?)		based on 1.5%	
(A) Construction Works Estimate (Total)				
4	Inflation			
4.1	Tender Inflation Estimate		based on 0.0%	
4.2	Construction Inflation Estimate		on commence Q3 2020	
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate		based on 5.0%	
5.2	Construction Risks Estimate		based on 5.0%	
5.3	Dayworks		See Breakdown	
	Sub-Total			
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees		included in 6.2	
6.2	Professional / Design Fees		based on 9.0%	
6.3	Surveys / Reports		based on 1.0%	
(B) Contract Cost Estimate (Total)				
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees		based on 3.0%	
7.2	Other Fees / Surveys		based on 2.0%	
	Sub-Total			
8	Other Development / Project Costs			
8.1	Client Direct Costs		Funding Costs	
8.2	Loose Fittings and Equipment		See Breakdown	
	Sub-Total			
9	Employer Risk Allowance		based on 9.0%	
(C) Project Cost Estimate (excl VAT)				



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works		
Ground remediation and stabilisation - Excluded		
Remediation - Capping works to Princes Parade Site		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		

Appendix D

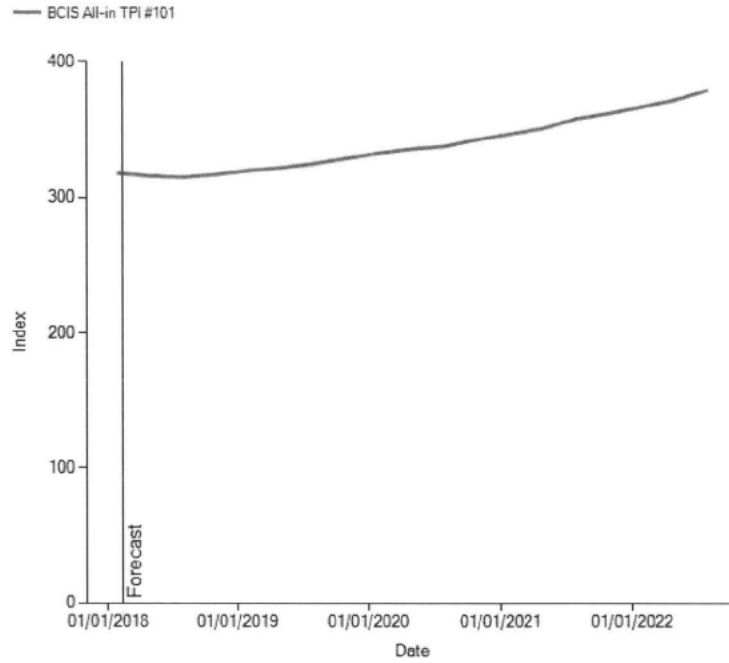
BCIS Cost Indices

BCIS All-in TPI #101

Base date: 1985 mean = 100 | Updated: 02-Feb-2018 | #101

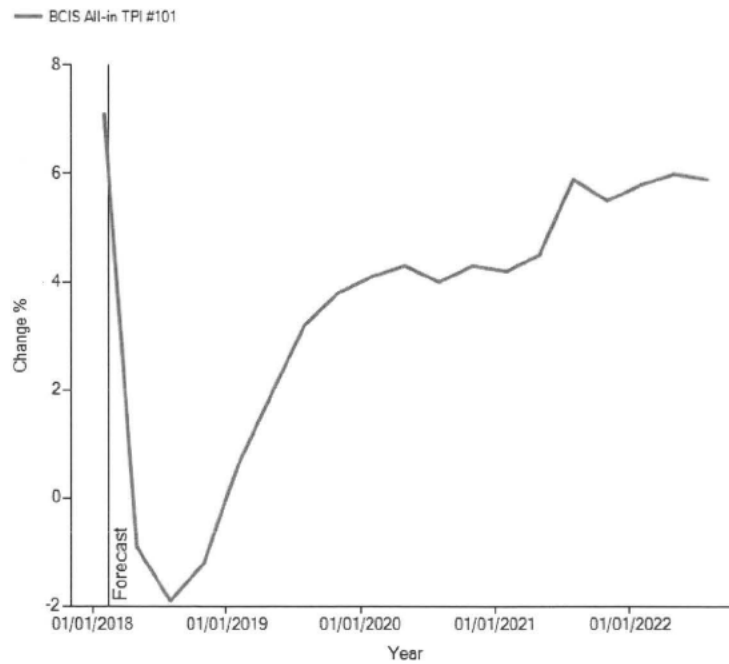
Date	Index	Sample	Percentage change		
			On year	On quarter	On month
1Q 2018	318	Forecast	7.1%	-0.9%	
2Q 2018	316	Forecast	-0.9%	-0.6%	
3Q 2018	315	Forecast	-1.9%	-0.3%	
4Q 2018	317	Forecast	-1.2%	0.6%	
1Q 2019	320	Forecast	0.6%	0.9%	
2Q 2019	322	Forecast	1.9%	0.6%	
3Q 2019	325	Forecast	3.2%	0.9%	
4Q 2019	329	Forecast	3.8%	1.2%	
1Q 2020	333	Forecast	4.1%	1.2%	
2Q 2020	336	Forecast	4.3%	0.9%	
3Q 2020	338	Forecast	4.0%	0.6%	
4Q 2020	343	Forecast	4.3%	1.5%	
1Q 2021	347	Forecast	4.2%	1.2%	
2Q 2021	351	Forecast	4.5%	1.2%	
3Q 2021	358	Forecast	5.9%	2.0%	
4Q 2021	362	Forecast	5.5%	1.1%	
1Q 2022	367	Forecast	5.8%	1.4%	
2Q 2022	372	Forecast	6.0%	1.4%	
3Q 2022	379	Forecast	5.9%	1.9%	

Index value over time



Percentage change over time

Percentage change: Year on year



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RIBA Stage 2 Cost Plan Report (Rev 1)

Shepway Sports Centre Viability Report

BETTERIDGE & MILSOM

27th February 2018

T: [REDACTED]

W: www.betteridge-milsom.co.uk

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1. Executive Summary
2. Project Description
3. Statement of Cost
4. Cost Plan
5. Basis of Cost Estimates
6. Conclusions & Recommendations

Appendices

- A - Nickolls Quarry - Stage 2 Cost Plan Report - Rev 2 (3397m2 & 3013m2 Schemes)**
- B - Princes Parade Viability Cost Appraisal Report (Phases 1-2) (3397m2 Scheme)**
- C - Princes Parade Cost Plan Summary (Two-Storey scheme 3397m2 Scheme)**
- D – Princes Parade Viability Cost & Cost Summary (3013m2 Scheme)**

STAGE 2 - VIABILITY COST REPORT
Updated 27/02/2018

B&M Ref. 3495

1 - Executive Summary

This report is to outline and evaluate the viability options for proposals to provide a leisure facility located at the Nickolls Quarry Site or Princes Parade Site. Details are included within this report under ***Project Description***.

Cost details are included within this report under ***Statement of Cost***.

We have also made some commentary and have provided ***Conclusions & Recommendations***.

2 - Project Description

The project is to provide the following facilities to either the Princes Parade site or Nickolls Quarry site.

The leisure centre provides two indoor swimming pools, changing rooms, café and fitness suites. Public spaces shall include a playground and public walkways. 144 off street parking spaces shall be provided for visitors to the leisure facilities.

There will be ground remediation works required to the Prince Parade site, these will need to occur even if the scheme does not proceed on the Princes Parade site. These costs have been included for all options as required.

3 - Status of Cost Plan

This document is a RIBA Stage 2 cost plan (also known as Formal Cost Plan 1) and is an intrinsic part of the Stage 2 Report. The level of this report is based on RIBA Works Stage 2: Concept Design being the following: -

Implementation of Design Brief and preparation of additional data [from previous stages]. Preparation of Concept Design including outline proposals for structural and building services systems, outline specifications and Formal Cost Plan 1. Review of procurement route.

This cost plan has been produced by reviewing each Element of the project. It should be noted that elemental cost planning is an iterative process, which is performed in steps of increasing detail as more design information becomes available. Therefore, this cost plan is based on information available at this stage.

STAGE 2 - VIABILITY COST REPORT
Updated 27/02/2018

B&M Ref. 3495

4 - Statement of Cost

The Nickolls Quarry and Princes Parade Site breakdown of income source and Shepway District Council contribution is as follows: -

	Nickolls Quarry – 3397m2 Scheme	Princes Parade – 3397m2 Scheme
NQ s106	£5,175,120.00	£4,792,344.50
South Road Site	£ [REDACTED]	£ [REDACTED]
CIL - Princes Parade Site	-	£ [REDACTED]
Affordable Housing S106	-	£ [REDACTED]
Princes Parade Land Value	-	£ [REDACTED]
Total Income Source	£ [REDACTED]	£ [REDACTED]
	Nickolls Quarry – 3397m2 Scheme	Princes Parade – 3397m2 Scheme
Project Cost estimate	£ [REDACTED]	£ [REDACTED]
Less total source income	-£ [REDACTED]	-£ [REDACTED]
Total SDC Contribution	£ [REDACTED].00	£ [REDACTED]

A further cost exercise has taken place to calculate the project cost and SDC contribution for a smaller scheme with a GIFA of 3013m2 (refer to Appendices A & D), which has been submitted for planning and reduces the council's requirement for contribution, as follows:-

	Nickolls Quarry – 3013m2 Scheme	Princes Parade – 3013m2 Scheme
NQ s106	£5,175,120.00	£4,792,344.50
South Road Site	£ [REDACTED]	£ [REDACTED]
CIL - Princes Parade Site	-	£ [REDACTED]
Affordable Housing S106	-	£ [REDACTED]
Princes Parade Land Value	-	£ [REDACTED]
Total Income Source	£10,175,120.00	£ [REDACTED]
	Nickolls Quarry – 3013m2 Scheme	Princes Parade – 3013m2 Scheme
Project Cost estimate	£ [REDACTED]	£ [REDACTED]
Less total source income	-£ [REDACTED]	-£ [REDACTED]
Total SDC Contribution	£ [REDACTED]	£ [REDACTED]

STAGE 2 - VIABILITY COST REPORT
Updated 27/02/2018

B&M Ref. 3495

5 - Cost Plan

The cost plans prepared by Betteridge and Milsom have been included within Appendix A (Nickolls Quarry), Appendix B (Princes Parade). The Princes Parade scheme has been based on the cost plan prepared for the two-storey scheme as shown within Appendix C. The cost plan for the reduced scheme for Princes Parade in line with planning application is included in Appendix D.

6 - Conclusions & Recommendations

Nickolls Quarry and Princes Parade cost plans have been compared to demonstrate the costs for Nickolls Quarry option 1 (Appendix A) against Princes Parade option (Appendix B) costs and the subsequent contributions Shepway District Council will need to make to each option.

Based on the above information / costs Shepway District Council will currently need to contribute £ [REDACTED] for the 3013m2 Nickolls Quarry option or £ [REDACTED] for the 3013m2 Princes Parade option, with the following breakdown shown below: -

Nickolls Quarry – Two – Storey Scheme (3013m2 GIFA)

£ [REDACTED]	Expenditure for construction of Option 3
(£ [REDACTED])	Income from External Sources (S106 / South Road Site Works)
£ [REDACTED]	Shepway District Council Contribution

Princes Parade – Two – Storey Scheme (3013m2 GIFA)

£ [REDACTED]	Expenditure for construction of Planning Application Option
(£ [REDACTED])	Income from External Sources (S106 / South Road Site Works / Princes Parade Site)
£ [REDACTED]	Shepway District Council Contribution

Therefore, based on the cost reports produced, the Princes Parade scheme is the most viable option.

Appendix A

Nickolls Quarry – Stage 2 Cost Plan Report (3 Options)

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RIBA Stage 2 Cost Plan Report (Rev 2)

Shepway Sports Centre Nickolls Quarry

BETTERIDGE & MILSOM

27th February 2018

T: ([REDACTED])

W: www.betteridge-milsom.co.uk

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2. Project Description
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13. Value Engineering Criteria
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Appendices

- A - Cost Plan Estimate – Option 1 – Two Storey Scheme (3397m² GIFA)**
- B - Cost Plan Estimate – Option 2 – One Storey Scheme (3791m² GIFA)**
- C - Cost Plan Estimate – Option 3 – Two Storey Scheme (3013m² GIFA)**
- D – BCIS Cost Indices**

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

1 - Executive Summary

The Project is to provide a leisure facility located within the Nickolls Quarry Site. There are two option appraisals comprising of option 1 two-storey scheme and option 2 one-storey scheme. Both schemes are providing swimming, dance, gym and welfare and changing facilities including external car parking. The site of Nickolls Quarry will require substantial cut and fill works to enable the construction of this facility. Details are included within this report under ***Project Description***.

We currently have not been advised on a budget for the project.

This Cost Plan report is based on a RIBA Stage 2 stage. The status of this is described within the report under ***Status of Cost Plan***.

This report details the expected costs for this project as (Option 1) **£26,038,291.00** (exc VAT),(Option 2) **£31,717,291** (exc VAT) and (Option 3) **£24,041,291.00**. Cost details are included within this report under ***Statement of Cost***.

Further details including information used to prepare the report, the basis of the estimate and commentary of risk allowances are contained within later sections of this document.

There are a number of decisions required for some potential extra works, and associated costs have been provided where possible. These will need to be explored and considered during the next stage of the project – details are included within the report under ***Decisions on Alternative Proposals***.

We have also made some commentary on Value Engineering criteria and have provided ***Conclusions & Recommendations***.

STAGE 2 COST PLAN REPORT
Updated 27/02/2018

B&M Ref. 3495

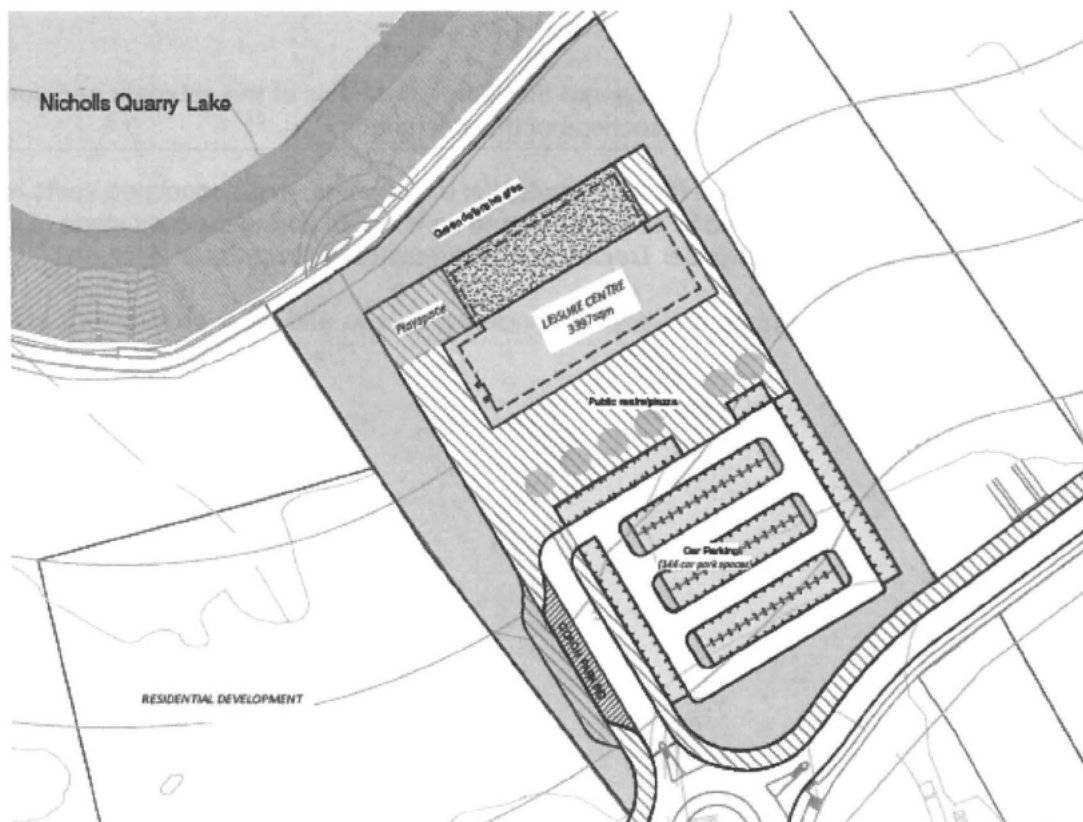
2 - Project Description

The project is located near the coast between Hythe and Dymchurch, opposite the Nickolls Quarry Site. The leisure centre provides two indoor swimming pools, changing rooms, café and fitness suites. Public spaces shall include a playground and public walkways. 144 off street parking spaces shall be provided for visitors to the leisure facilities.

There will be ground remediation works required to the Prince Parade site. Costs to cap off the land and protect the site have been included within the cost plan for any of the options.

The Project Description should be read in connection with the drawings issued to us, of which extracts are included below: -

Option 1 Site Plan Layout:

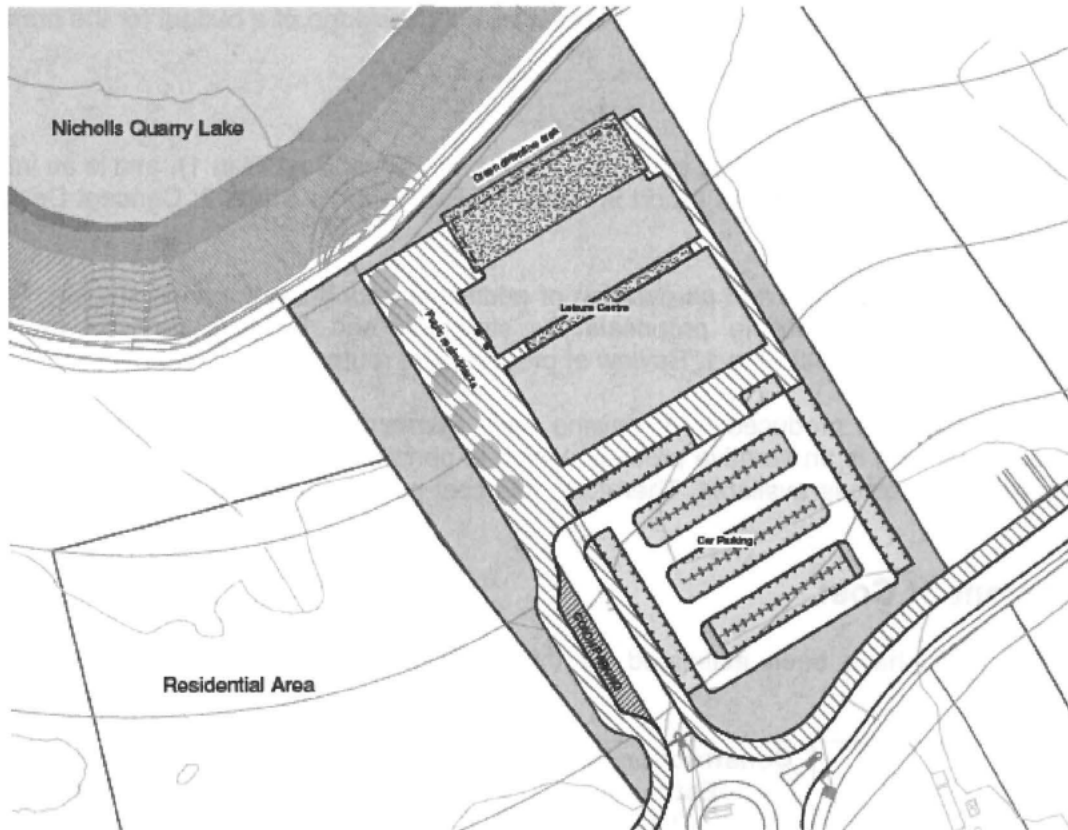


Source: GT3 Nickolls Quarry Site Feasibility Study

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Option 2 Site Plan Layout:



Source: GT3 Nickolls Quarry Site Feasibility Study

Option 3 is identical to Option 1, however has a smaller gross floor area of 3013m²

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3 - Project Budget

At the time of generating this cost plan report there was no knowledge of a budget for the project.

4 - Status of Cost Plan

This document is a RIBA Stage 2 cost plan (also known as Formal Cost Plan 1), and is an intrinsic part of the Stage 2 Report. The level of this report is based on RIBA Works Stage 2: Concept Design being the following: -

Implementation of Design Brief and preparation of additional data [from previous stages]. Preparation of Concept Design including outline proposals for structural and building services systems, outline specifications and Formal Cost Plan 1. Review of procurement route.

This cost plan has been produced by reviewing each Element of the project. It should be noted that elemental cost planning is an iterative process, which is performed in steps of increasing detail as more design information becomes available. Therefore, this cost plan is based on information available at this stage.

5 - Statement of Cost

The following costs have been estimated for this project. Further breakdown of costs are included elsewhere.

Scheme	Construction Works Estimate (A)	Contract Cost Estimate (B)	Project Cost Estimate exc. VAT (C)
Option 1 – Two Storey (3397m2)	██████████	██████████	██████████
Option 2 – One Storey (3791m2)	██████████	██████████	██████████
Option 3 – Two Storey (3013m2)	██████████	██████████	██████████

Definitions: -

A: Construction Cost Estimate – the cost of the building works, including main contractor's preliminary cost, overheads & profit, and design and construction risks. Excludes inflation, project/design team/survey fees, client direct costs and employer risk allowance.

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B: Project Cost Estimate – the Contract Cost Estimate, plus project/design/survey fees, client direct costs and employer risk allowance. Excludes inflation and VAT. Please note that we are not VAT specialists and advice should be sought as necessary.

C/D: Project Cost Estimate – the Contract Cost Estimate, plus client-side design team fees, surveys, other client project costs (refer to exclusions) excluding and including VAT. Please note that we are not VAT specialists and advice should be sought as necessary.

The Nickolls Quarry Site breakdown of income source and Shepway District Council contribution is as follows: -

Option 1 – Income Source		
NQ s106	£5,175,120.00	Index linked from Q1 2010 to Q3 2020
South Road Site	£ [REDACTED]	Assessment
Total Income Source	£ [REDACTED]	

Option 1 – SDC Contribution		
Project Cost Estimate	£ [REDACTED].00	Cost Plan 1
Less total source income	-£ [REDACTED]	
Total SDC Contribution	£ [REDACTED]	

Option 2 – Income Source		
NQ s106	£5,175,120.00	Index linked from Q1 2010 to Q3 2020
South Road Site	£ [REDACTED]	Assessment
Total Income Source	£ [REDACTED]	

Option 2 – SDC Contribution		
Project Cost Estimate	£ [REDACTED]	Cost Plan 2
Less total source income	-£ [REDACTED]	
Total SDC Contribution	£ [REDACTED]	

Option 3 – Income Source		
NQ s106	£5,175,120.00	Index linked from Q1 2010 to Q3 2020
South Road Site	£ [REDACTED]	Assessment
Total Income Source	£ [REDACTED]	

Option 3 – SDC Contribution		
Project Cost Estimate	£ [REDACTED]	Cost Plan 3
Less total source income	-£ [REDACTED]	
Total SDC Contribution	£ [REDACTED]	

The S106 income from Nickolls Quarry site has been based on the commitment under the S106 which is index linked, adjusted for commencement on site in Q3 of 2020, but is assuming that site would be available at this stage.

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6 - Information on which the Cost Plan was prepared

The following information was made available by the Design Team at time of Cost Plan preparation: -

GT3 (Architect)

Information provided:

- Nickolls Quarry Site Feasibility Study (dated 11/01/2018)
- 10100-GT3-00-ZZ-DR-A - (02)01 - Nickolls Quarry Site Location Plan Option
- 10100-GT3-00-ZZ-DR-A - (02)02 - Nickolls Quarry Site Location Plan Option 2
- 10100-GT3-00-ZZ-M3-A- 300-01 - Ground Floor Plan_rev09
- 10100-GT3-00-ZZ-M3-A- 300-02 - First Floor Plan_rev09

Henley Camland

Information provided:

- Appendix 5 - Land Use Plan with Earthworks Areas and approx. volumes
- Earthworks Programme for 2017-26me 091216

7 - Statement of Floor Areas

Based on current issued drawings, the following are the calculated Gross Internal Areas (GIA/GFA): -

Leisure	Option 1	Option 2	Option 3
Leisure Centre	3,397 m2	3,791m2	3,013m2
Total	3,397 m2	3,791m2	3,013m2

The entire site area is **13,913m2** (as stated on Camland Land Use Plan).

8 - Cost Plan

A breakdown of the Costs of this project are included in Appendices A, B and C.

9 - Basis of Cost Estimates

A cost estimate plan has been produced, based on the information available (see above). The following sections have been developed to allow cost review: -

Site Clearance

Areas of various vegetation measured and estimated using those indicated on the site plan DWG and through site maps and pictures.

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Preparatory Groundworks

It has been assumed that the site will be provided by the developer as a fully remediated site with appropriate cut/fill levels completed to allow the commencement of the project without further enabling works. The cost also includes preparatory groundworks in relation to capping off contaminated material to the Prince's Parade site and appropriate site protection, this has been priced at **£2,090,300.00** (£2,941,698 project cost).

Leisure Centre

The construction cost for the leisure centre has been based on a £/m2 basis for elemental sections of the scheme. This has been updated to reflect the increase of areas for all three options.

External Works Generally

Allowances have been made for road constructions excluding main adopted roads, footpaths, parking bay areas, other hard surfaces (details unknown), patios and playground areas. Allowances have also been made for abnormal costs associated with the stability of the ground in terms of high water content (assumed due to close proximity to water bodies) and retaining wall structure.

Drainage

Allowances made for surface and foul water drainage.

Services

These allowances were on the Peter Brett Report (dated June 2016). As described in the report a budget estimate has been provided by UKPN for the electric, Affinity Water for water and SGN for the gas and these costs have been detailed accordingly.

Soft Landscaping

Allowances has been made for seeding and turfing areas around the leisure centre including dense landscaping.

Fencing, Railings & Walls

Allowances have been made for fencing around the leisure centre for security access purposes.

Off Site Highway Works

Offsite highway works have been excluded from this cost plan. The costs included are for connection to proposed highway roads for the main entrance only.

A detailed cost plan is included within Appendices A-C.

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Construction Preliminaries and Overheads & Profit

We have currently allowed 13% for Preliminaries and 7% for overheads and profit on the elemental costs for main contractor's costs. This cost is dependant much on programme timescale and can be affected by any phasing of logistical restrictions on site. Therefore, a review of logistics is advised.

Inflation

Construction inflation estimate has been included for works to commence 3Q 2020. This inflation has been calculated from tender price index from the BCIS database and is the main cause of the cost increase to the scheme, this represents a 6.29% increase to the project costs. Please refer to Appendix D – BCIS Indices.

Risk Allowances

See section 10 below for further details. A total of 19% risk contingency has been included for the construction works. A risk review is advised to seek further clarity with these cost targets.

Project/Design Team Fees and Other Fees/Surveys

Project/Design team fees have been based on 12% of the contract cost estimate. An allowance of 3% of the contract cost estimate has been included for other fees/surveys.

Client Direct Costs

Allowances for site purchase costs, community infrastructure levy (CIL) and sales fees are excluded from this report.

An allowance for funding costs has been included to both options.

An Employer Risk Allowance has also been excluded subject to confirmation from client.

Abnormal Development Costs

As the scheme is located near a water body, we have assumed CFA bored piling to be installed as a form of ground stabilisation to this development.

Exclusions

The following matters are excluded from the project cost report: -

- Land compensation costs
- Land remediation costs (assumed to be carried out by land developer)
- Structural engineering or services costs or other abnormal works
- Interest on finance
- Temporary buildings
- Any works beyond the boundaries of the areas of works
- Increase in NI, taxation or other levies.
- VAT.
- Loose furniture and fittings and white goods.
- Client direct costs, such as site purchase costs, CIL and sales fees

10 - Risk Allowances

Risk allowances are allocated against a number criteria and are treated as two separate cost targets, which are used to “top up” other overspending cost targets as the project progresses. As a package of works exceeds its cost target, a transfer is made from the appropriate risk target pot. Similarly, if a cost target is likely to under run, the surplus is transferred into the appropriate risk allowance. The cost targets are: -

- Design Development risks (5%) – an allowance for use during the design process to provide for the risks associated with design development, changes in estimating data, third party risks (e.g. planning requirements, legal agreements, covenants, environmental issues and pressure groups), statutory requirements, procurement methodology and delays in tendering.
- Construction risks (5%) – an allowance for use during the construction process to provide for the risks associated with site conditions (e.g. access restrictions/limitations, existing buildings, boundaries, and existing occupants and users), ground conditions, existing services and delays by statutory undertakers.
- Employer risks (9%) – an allowance for use during both design process and construction process to provide for the risks of employer driven changes, and matters such as early handover, postponement, acceleration, availability of funds, unconventional tender action and special contract arrangements.

11 - Changes to Previous Cost Targets

Changes from previous cost plan include adjustment of inflation to revised BCIS Tender inflation rates and breaking down costs between the ground remediation works and contaminated works.

12 - Decisions on Alternative Proposals

There are key decisions which will need to be made as we move through **RIBA Stage 3**. The following matters are considered key to the next project stage: -

Item 1 - Further details of structural engineering requirements for this scheme (allowance included in this report)

Item 2 - The extent of site clearance and planting to the site.

Item 3 - Detailed design of architectural, mechanical and electrical services of Leisure Centre.

There are key decisions which will need to be made as we move through **RIBA Stage 3**. The process could be reviewed in light of: -

Quantity – review the areas being provided within the scheme.

Quality – review of each element to consider if appropriate value has been used.

Extent – review to ensure that the project scope has not shifted.

Allowances – review of design development and construction risks as these have a bearing on project cost.

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13 - Value Engineering Criteria

As an overall process we would recommend considering any value engineering criteria as a set of sub-criteria; namely

Must have – elements that are key to the brief of the project.

Should have – elements that are good practice and of inherent value for the project

Could have – elements that are potentially achievable within the project budget.

Won't have – elements which need to be avoided; from lessons learned on previous schemes

As we move into the next RIBA Stage, we plan to explore the criteria with the project team and focus on those matters detailed above under alternative proposals.

14 - Conclusions & Recommendations

This report is issued to assist the client in any decision making and allow budgets to be ascertained going forward. Additional budget information is required before a statement can be made about the Cost Plan and its accordance with budget. As the design process continues, strategic decisions will need to be made. We would recommend that continued cost assessments are carried out as the scheme develops into the next RIBA stages.

Based on the above information / costs Shepway District Council will currently need to contribute circa £15,863,171.00 for option 1 or £21,542,171.00 for option 2, which has been calculated as follows: -

Option 1

£ [REDACTED].00	Expenditure for construction of Option 1
£ [REDACTED]	Income from External Sources (S106 / South Road Site Works)
£ [REDACTED]	Shepway District Council Contribution

Option 2

£ [REDACTED]	Expenditure for construction of Option 2
£ [REDACTED]	Income from External Sources (S106 / South Road Site Works)
£ [REDACTED]	Shepway District Council Contribution

Option 3

£ [REDACTED]	Expenditure for construction of Option 3
£ [REDACTED]	Income from External Sources (S106 / South Road Site Works)
£ [REDACTED]	Shepway District Council Contribution

Appendix A

Cost Plan Estimate Option 1 – Two Storey Scheme (3397m2 GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3397 m2
Construction Works Estimate	[REDACTED] Total (A) - see details below
Contract Cost Estimate	[REDACTED] Total (B) - see details below
Project Cost Estimate (Exc. VAT)	[REDACTED] Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works	[REDACTED]	See Breakdown	[REDACTED]
1.1b	Contaminated Ground Works	[REDACTED]	See Breakdown	[REDACTED]
1.2	Substructure	[REDACTED]	See Breakdown	[REDACTED]
1.3	Superstructure	[REDACTED]	See Breakdown	[REDACTED]
1.4	Internal Finishes	[REDACTED]	See Breakdown	[REDACTED]
1.5	Fittings, Furnishings & Equipment	[REDACTED]	See Breakdown	[REDACTED]
1.6	Services	[REDACTED]	See Breakdown	[REDACTED]
1.7	Site Works	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
2	Main Contractor's Preliminaries Estimate	[REDACTED]	based on 13.0%	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
3.1	Main Contractor's Overheads & Profit	[REDACTED]	based on 7.0%	[REDACTED]
3.2	Scape OHP (?)	[REDACTED]	not applicable	[REDACTED]
3.3	Framework Fee (?)	[REDACTED]	based on 1.5%	[REDACTED]
(A) Construction Works Estimate (Total)				
4	Inflation			
4.1	Tender Inflation Estimate	[REDACTED]	based on 0.0%	[REDACTED]
4.2	Construction Inflation Estimate	[REDACTED]	on commence Q3 2020	[REDACTED]
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate	[REDACTED]	based on 5.0%	[REDACTED]
5.2	Construction Risks Estimate	[REDACTED]	based on 5.0%	[REDACTED]
5.3	Dayworks	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees	[REDACTED]	included in 6.2	[REDACTED]
6.2	Professional / Design Fees	[REDACTED]	based on 9.0%	[REDACTED]
6.3	Surveys / Reports	[REDACTED]	based on 1.0%	[REDACTED]
(B) Contract Cost Estimate (Total)				
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees	[REDACTED]	based on 3.0%	[REDACTED]
7.2	Other Fees / Surveys	[REDACTED]	based on 2.0%	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
8	Other Development / Project Costs			
8.1	Client Direct Costs	[REDACTED]	Funding Costs	[REDACTED]
8.2	Loose Fittings and Equipment	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
9	Employer Risk Allowance	[REDACTED]	based on 9.0%	[REDACTED]
(C) Project Cost Estimate (excl VAT)				



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works		
Ground remediation and stabilisation - Excluded		
Remediation - Capping works to Princes Parade Site		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		

Appendix B

Cost Plan Estimate Option 1 – One Storey Scheme (3791m2 GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3791 m2
Construction Works Estimate	21,528,300.00 Total (A) - see details below
Contract Cost Estimate	27,537,300.00 Total (B) - see details below
Project Cost Estimate (Exc. VAT)	31,717,291.00 Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works		See Breakdown	
1.1b	Contaminated Ground Works		See Breakdown	
1.2	Substructure		See Breakdown	
1.3	Superstructure		See Breakdown	
1.4	Internal Finishes		See Breakdown	
1.5	Fittings, Furnishings & Equipment		See Breakdown	
1.6	Services		See Breakdown	
1.7	Site Works		See Breakdown	
	Sub-Total			
2	Main Contractor's Preliminaries Estimate		based on 13.0%	
	Sub-Total			
3.1	Main Contractor's Overheads & Profit		based on 7.0%	
3.2	Scape OHP (?)		not applicable	
3.3	Framework Fee (?)		based on 1.5%	
(A) Construction Works Estimate (Total)				
4	Inflation			
4.1	Tender Inflation Estimate		based on 0.0%	
4.2	Construction Inflation Estimate		on commence Q3 2020	
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate		based on 5.0%	
5.2	Construction Risks Estimate		based on 5.0%	
5.3	Dayworks		See Breakdown	
	Sub-Total			
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees		included in 6.2	
6.2	Professional / Design Fees		based on 9.0%	
6.3	Surveys / Reports		based on 1.0%	
(B) Contract Cost Estimate (Total)				
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees		based on 3.0%	
7.2	Other Fees / Surveys		based on 2.0%	
	Sub-Total			
8	Other Development / Project Costs			
8.1	Client Direct Costs		Funding Costs	
8.2	Loose Fittings and Equipment		See Breakdown	
	Sub-Total			
9	Employer Risk Allowance		based on 9.0%	
(C) Project Cost Estimate (excl VAT)				



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works		
Ground remediation and stabilisation - Excluded		
Remediation - Capping works to Princes Parade Site		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		

Appendix C

Cost Plan Estimate Option 3 – Three Storey Scheme (3013m2 GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018	
Gross Internal Floor Area	3013 m2	
Construction Works Estimate	16,285,300.00	Total (A) - see details below
Contract Cost Estimate	20,830,300.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	24,041,291.00	Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works		See Breakdown	
1.1b	Contaminated Ground Works		See Breakdown	
1.2	Substructure		See Breakdown	
1.3	Superstructure		See Breakdown	
1.4	Internal Finishes		See Breakdown	
1.5	Fittings, Furnishings & Equipment		See Breakdown	
1.6	Services		See Breakdown	
1.7	Site Works		See Breakdown	
	Sub-Total			
2	Main Contractor's Preliminaries Estimate		based on 13.0%	
	Sub-Total			
3.1	Main Contractor's Overheads & Profit		based on 7.0%	
3.2	Scape OHP (?)		not applicable	
3.3	Framework Fee (?)		based on 1.5%	
(A) Construction Works Estimate (Total)				
4	Inflation			
4.1	Tender Inflation Estimate		based on 0.0%	
4.2	Construction Inflation Estimate		on commence Q3 2020	
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate		based on 5.0%	
5.2	Construction Risks Estimate		based on 5.0%	
5.3	Dayworks		See Breakdown	
	Sub-Total			
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees		included in 6.2	
6.2	Professional / Design Fees		based on 9.0%	
6.3	Surveys / Reports		based on 1.0%	
(B) Contract Cost Estimate (Total)				
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees		based on 3.0%	
7.2	Other Fees / Surveys		based on 2.0%	
	Sub-Total			
8	Other Development / Project Costs			
8.1	Client Direct Costs		Funding Costs	
8.2	Loose Fittings and Equipment		See Breakdown	
	Sub-Total			
9	Employer Risk Allowance		based on 9.0%	
(C) Project Cost Estimate (excl VAT)				



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works	2,090,300	
Ground remediation and stabilisation - Excluded	0	
Remediation - Capping works to Princes Parade Site		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		



Appendix D

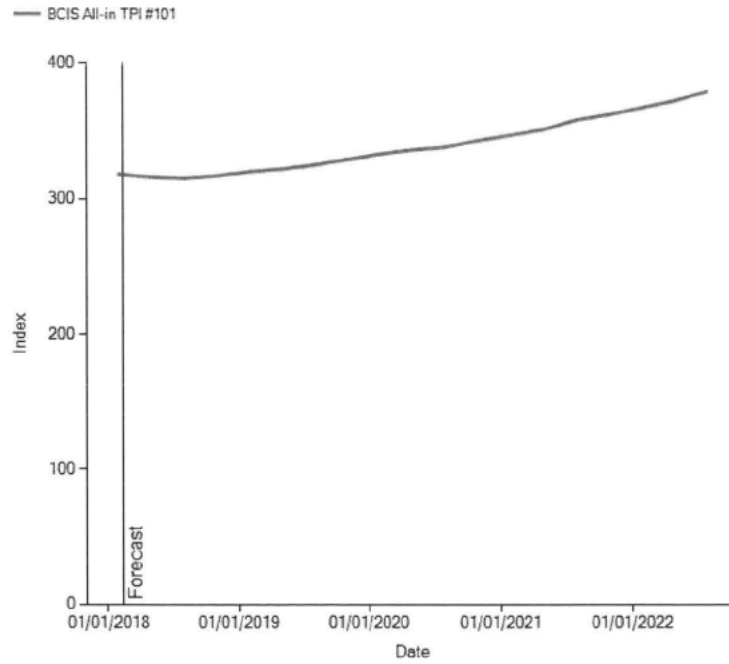
BCIS Cost Indices

BCIS All-in TPI #101

Base date: 1985 mean = 100 | Updated: 02-Feb-2018 | #101

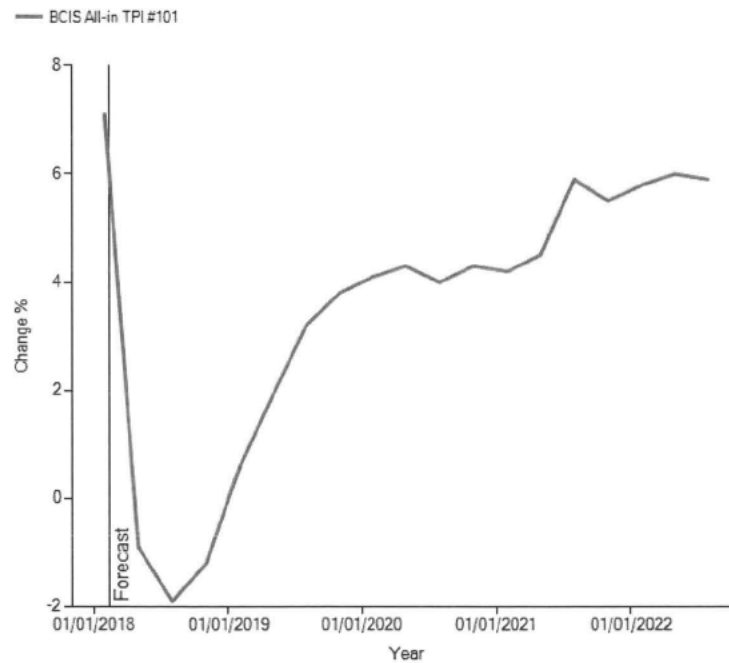
Date	Index	Sample	Percentage change		
			On year	On quarter	On month
1Q 2018	318	Forecast	7.1%	-0.9%	
2Q 2018	316	Forecast	-0.9%	-0.6%	
3Q 2018	315	Forecast	-1.9%	-0.3%	
4Q 2018	317	Forecast	-1.2%	0.6%	
1Q 2019	320	Forecast	0.6%	0.9%	
2Q 2019	322	Forecast	1.9%	0.6%	
3Q 2019	325	Forecast	3.2%	0.9%	
4Q 2019	329	Forecast	3.8%	1.2%	
1Q 2020	333	Forecast	4.1%	1.2%	
2Q 2020	336	Forecast	4.3%	0.9%	
3Q 2020	338	Forecast	4.0%	0.6%	
4Q 2020	343	Forecast	4.3%	1.5%	
1Q 2021	347	Forecast	4.2%	1.2%	
2Q 2021	351	Forecast	4.5%	1.2%	
3Q 2021	358	Forecast	5.9%	2.0%	
4Q 2021	362	Forecast	5.5%	1.1%	
1Q 2022	367	Forecast	5.8%	1.4%	
2Q 2022	372	Forecast	6.0%	1.4%	
3Q 2022	379	Forecast	5.9%	1.9%	

Index value over time



Percentage change over time

Percentage change: Year on year



Appendix B

Princes Parade Viability Cost Appraisal Report (Phases 1 - 2)



**Princes Parade Development
(Full Scheme)**

**Initial Viability Costs Appraisal
(including phasing; Phases 1 - 2)**

For

Shepway District Council

BETTERIDGE & MILSOM

Updated: 24/01/2018

B&M Ref. 3375

Introduction

Betteridge & Milsom have been appointed to review initial viability costs for the Princes Parade Development following agreement of a draft phasing strategy. Further details can be found in Betteridge & Milsom's Initial Validation of Strategic Phasing Report (updated 20/08/2017). The following draft phasing strategy is currently proposed:

Phase 1

- a. Site Remediation Works (full site)

Phase 2

- b. Construction of Leisure Centre (*3397m2 GIFA Scheme*)
- c. Realignment of Princes Parade Road (including Relocation of Combined Sewer Drain)
- d. Construction of New Promenade
- e. Associated External Works and Drainage (including public car park space) for the above (items b to d inclusive)
- f. Associated Main Incoming Services

Phase 3

- g. Residential plots - Excluded

Phase 4

- h. Residential plots - Excluded

Cost Appraisal

The costs detailed in Betteridge and Milsom's Stage 1 Cost Plan (updated on 10th May 2017) have been updated to align with the above phases to ascertain the viability of the full scheme for Shepway District Council. Appendix A contains the detailed build-up of the costs below.

In summary, the headline costs are:

Construction Costs

Based on Betteridge and Milsom's Stage 1 Cost Plan (updated on 24th January 2019), the following construction costs have been calculated:

Phase 1 (Project Cost Estimate)	£ [REDACTED]
Phase 2 (Project Cost Estimate)	£ [REDACTED]
Total Construction Cost:	£ [REDACTED]

Revenue

**Shepway District Council
Princes Parade Development (Full Scheme)**



**Initial Viability Cost Appraisal (including phasing)
Updated: 24/01/2018**

B&M Ref. 3375

Income Source

Based on NQ's S106 (including index link adjustment), South Road Site, CIL, Affordable Housing S106c (all costs provided by Shepway District Council) and this schemes land value (selling 2 residential parcels, hotel and 6 custom plots) the following income source has been calculated:

Total Income Source: £ [REDACTED]

Conclusion

Based on the above information / costs Shepway District Council will currently need to contribute circa £4.05million, which has been calculated as follows:

-£ [REDACTED]	Expenditure for Construction of Phase 1 & 2
£ [REDACTED]	Income from External Sources (excluding Princes Parade land sale)
£ [REDACTED]	Income from Princes Parade Land Value (residential parcels & 6 custom build plots)
£ [REDACTED]	Shepway District Council Contribution

The income from the land sale of the residential parcels assumes a developer's profit. Shepway District Council could ascertain additional income if they decided to construct the 45nr. affordable residential units (phase 3) themselves. Thus, saving the developer's profit on cost. However, there would be potential stamp duty, legals, marketing and sales costs.

**Shepway District Council
Princes Parade Development (Full Scheme)**



**Initial Viability Cost Appraisal (including phasing)
Updated: 24/01/2018**

B&M Ref. 3375

The viability of the scheme is solely dependant on successfully ascertaining the revenues proposed (as a minimum) for the residential units. If the strategy for the residential units or valuation changes or alters in any way the viability status may change. Thus, as validation of the scheme is still being developed, the above costs are subject to change.

Prepared by:



For Betteridge & Milsom
Date: 24/01/2018



Appendix A

Betteridge & Milsom Initial Viability Cost Appraisal (including phasing) – Build-Up



PROJECT: Riverside Parade Development (Full Scheme)
 PROJECT NO: 3375
 COST PLAN RIBA STAGE 1
 REVISION: - Initial Viability Costs Appraisal (including phasing)
 Based on 3377m2 GFA Scheme

1.00 CONSTRUCTION COST ESTIMATE SUMMARY

Elemental Cost Summary

Code	Description	Units	Value	Value	Value
1.00	Phase 1				
1.10	Site Remediation Works				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Client Direct Costs (C1)				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				
2.00	REVENUE				
2.10	Affordable - PHASE 3				
	1 bed flats				
	2 bed flats				
	3 bed houses				
	4 bed houses				
	sub total				
	NI Values as per ES viability schedule July 2017				
2.20	Rented/Private - PHASE 4				
	1 bed flats				
	2 bed flats				
	3 bed m/noudu				
	3 bed houses				
	4 bed houses				
	sub total				
	NI Values as per ES viability schedule July 2017				
2.30	Total Revenue (Income less sales fees)				
3.00	INCOME SOURCE				
	RQ L10B				
	South East RP				
	Central RP				
	Affordable Housing S106				
	sub total				
	Riverside Land Value (residential parcels)				
3.10	Total Income Source				
4.00	SDC Contribution				
	Phase 1 Project Cost Estimate				
	Phase 2 Project Cost Estimate				
	Less Total Income Source				
4.10	Total SDC Contribution				

Code	Description	Units	Value	Value	Value
1.00	Phase 2				
1.10	Construction of Leisure Centre (Based on 303,262 GFA scheme)				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Client Direct Costs (C1)				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				
1.00	Phase 3				
1.10	Construction of Residential Units (East Parcel)				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Developer Direct Costs (C1) Zone C @ £100/unit				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				
1.00	Phase 4				
1.10	Construction of Residential Units (West Parcel)				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Developer Direct Costs (C1) Zone C @ £100/unit				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				

Code	Description	Units	Value	Value	Value
2.00	REVENUE				
2.10	Affordable - PHASE 3				
	1 bed flats				
	2 bed flats				
	3 bed houses				
	4 bed houses				
	sub total				
	NI Values as per ES viability schedule July 2017				
2.20	Rented/Private - PHASE 4				
	1 bed flats				
	2 bed flats				
	3 bed m/noudu				
	3 bed houses				
	4 bed houses				
	sub total				
	NI Values as per ES viability schedule July 2017				
2.30	Total Revenue (Income less sales fees)				
3.00	INCOME SOURCE				
	RQ L10B				
	South East RP				
	Central RP				
	Affordable Housing S106				
	sub total				
	Riverside Land Value (residential parcels)				
3.10	Total Income Source				
4.00	SDC Contribution				
	Phase 1 Project Cost Estimate				
	Phase 2 Project Cost Estimate				
	Less Total Income Source				
4.10	Total SDC Contribution				

Code	Description	Units	Value	Value	Value
1.00	Phase 1				
1.10	Construction of Leisure Centre (Based on 303,262 GFA scheme)				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Client Direct Costs (C1)				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				
1.00	Phase 2				
1.10	Construction of Residential Units (East Parcel)				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Developer Direct Costs (C1) Zone C @ £100/unit				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				
1.00	Phase 3				
1.10	Construction of Residential Units (West Parcel)				
1.11	sub total				
1.20	Main contractors preliminaries @ 13%				
1.30	Main contractors OHP @ 8.5%				
1.40	Construction Works estimate				
1.50	Risk allowance @ 10%				
1.60	Contract Cost Estimate				
1.70	Project design/Team fees @ 15%				
1.80	Developer Direct Costs (C1) Zone C @ £100/unit				
1.90	Employers risk allowance @ 9%				
1.91	Contingency				
1.10	Project cost estimate				

Code	Description	Units	Value	Value	Value
2.00	REVENUE				
2.10	Affordable - PHASE 3				
	1 bed flats				
	2 bed flats				
	3 bed houses				
	4 bed houses				
	sub total				
	NI Values as per ES viability schedule July 2017				
2.20	Rented/Private - PHASE 4				
	1 bed flats				
	2 bed flats				
	3 bed m/noudu				
	3 bed houses				
	4 bed houses				
	sub total				
	NI Values as per ES viability schedule July 2017				
2.30	Total Revenue (Income less sales fees)				
3.00	INCOME SOURCE				
	RQ L10B				
	South East RP				
	Central RP				
	Affordable Housing S106				
	sub total				
	Riverside Land Value (residential parcels)				
3.10	Total Income Source				
4.00	SDC Contribution				
	Phase 1 Project Cost Estimate				
	Phase 2 Project Cost Estimate				
	Less Total Income Source				
4.10	Total SDC Contribution				

Princes Parade, Hythe

Cost Estimate

Updated 20/08/2017 - Phasing Split



Phasing Split											
Phase 1	Phase 2	Phase 3	Phase 4								
Extra over for Piled foundations; residential only - PHASE 3		3470 m2	£	[REDACTED]						Notes	
Extra over for Piled foundations; residential only - PHASE 4		10111 m2	£	[REDACTED]						Assumed that piling is not accounted for within costs per m2 for unit construction	
						£ [REDACTED]					
						Residential Units Total:		£ [REDACTED]			
3.00	<u>Leisure Centre</u>										
3.01	Unit Construction										
	Leisure Centre	1 item	£	12,381,900.0	£	12,381,900					B&M Construction Works Estimate Based on 3397m2 GIFA scheme
						£ [REDACTED]					
						Leisure Centre Total:		£ [REDACTED]			
4.00	<u>Boutique hotel and restaurant building - Excluded</u>										
4.01	Unit Construction										
	Boutique hotel and restaurant building	1 item	£	1,993,681.0	£	1,993,681					Based on BCIS analysis for a shell & core only build.
						£ [REDACTED]					
						Boutique Hotel & Café Building Total:		£ [REDACTED]		EXCLUDED	
5.00	<u>Canoe Club - Excluded</u>										
5.01	Unit Construction										
	Canoe Club	1 item	£	-	£	-					
						£ -					
						Canoe Club Total:		£ -		EXCLUDED	
6.00	<u>Information / food kiosk - Excluded</u>										
6.01	Unit Construction										
	Information / food kiosk	1 item	£	-	£	-					
						£ -					
						Information / Food Kiosk Total:		£ -		EXCLUDED	
7.00	<u>External Works</u>										
7.01	<u>Diversion of Princes Parade</u>										
	Say 1200mm diameter pipe	1155 item	£	[REDACTED]						B&M Review Combined Rising Main Costs dated 23rd September 2016 (construction costs)	
	Extra over for disposal of excavated material (contaminated subsoil)	3465 m	£	[REDACTED]						Foul water drainage diversion	
	Manholes and connections to existing system	2 m2	£	[REDACTED]							
	Manholes within line of new run;additional for orientation	4 m2	£	[REDACTED]							
	Formation of new Princes Parade road to the North of site:including traffic calming, kerbing and street lighting	866 m	£	[REDACTED]							
	Extra over for disposal of excavated material (contaminated subsoil)	3118 m3	£	[REDACTED]							
	Reinstatement of road surface; including preparation works; line markings (at ends)	180 m2	£	[REDACTED]							
						£ [REDACTED]					
7.02	<u>Other External Works</u>										



Appendix C

Princes Parade Cost Plan Summary 3397m2 GIFA Scheme



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3397 m2
Construction Works Estimate	[REDACTED] Total (A) - see details below
Contract Cost Estimate	[REDACTED] Total (B) - see details below
Project Cost Estimate (Exc. VAT)	[REDACTED] Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works	[REDACTED]		[REDACTED]
1.1	Enabling Works	[REDACTED]	Ground Remediation	[REDACTED]
1.2	Substructure	[REDACTED]	See Breakdown	[REDACTED]
1.3	Superstructure	[REDACTED]	See Breakdown	[REDACTED]
1.4	Internal Finishes	[REDACTED]	See Breakdown	[REDACTED]
1.5	Fittings, Furnishings & Equipment	[REDACTED]	See Breakdown	[REDACTED]
1.6	Services	[REDACTED]	See Breakdown	[REDACTED]
1.7	Site Works	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
2	Main Contractor's Preliminaries Estimate	[REDACTED]	based on 13.0%	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
3.1	Main Contractor's OHP (total 7.0%)	[REDACTED]	based on 7.0%	[REDACTED]
3.2	Scape OHP (?)	[REDACTED]	not applicable	[REDACTED]
3.3	Framework Fee (1.5%)	[REDACTED]	based on 1.5%	[REDACTED]
(A) Construction Works Estimate (Total)				
4	Inflation	[REDACTED]		[REDACTED]
4.1	Tender Inflation Estimate	[REDACTED]	above figures based	[REDACTED]
4.2	Construction Inflation Estimate	[REDACTED]	above figures based	[REDACTED]
5	Risk Allowances Estimate	[REDACTED]		[REDACTED]
5.1	Design Development Risks Estimate	[REDACTED]	based on 5.0%	[REDACTED]
5.2	Construction Risks Estimate	[REDACTED]	based on 5.0%	[REDACTED]
5.3	Dayworks	[REDACTED]	not applicable	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
6	Main Contractor Fees / Surveys	[REDACTED]		[REDACTED]
6.1	Pre Construction Fees	[REDACTED]	included in 6.2	[REDACTED]
6.2	Professional / Design Fees	[REDACTED]	based on 9.0%	[REDACTED]
6.3	Surveys / Reports	[REDACTED]	based on 1.0%	[REDACTED]
(B) Contract Cost Estimate (Total)				
7	Project/Design Team Fees	[REDACTED]		[REDACTED]
7.1	Client Direct Consultant Fees	[REDACTED]	based on 3.0%	[REDACTED]
7.2	Other Fees / Surveys	[REDACTED]	based on 2.0%	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
8	Other Development / Project Costs	[REDACTED]		[REDACTED]
8.1	Client Direct Costs	[REDACTED]	Funding Costs	[REDACTED]
8.2	Loose Fittings and Equipment	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
9	Employer Risk Allowance	[REDACTED]	based on 9.0%	[REDACTED]
(C) Project Cost Estimate (excl VAT)				



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works		
Ground remediation and stabilisation		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		



Appendix D

Princes Parade Cost Plan Summary 3013m2 GIFA Scheme

B&M Ref. 3375

Introduction

Betteridge & Milsom have been appointed to review initial viability costs for the Princes Parade Development following agreement of a draft phasing strategy. Further details can be found in Betteridge & Milsom's Initial Validation of Strategic Phasing Report (updated 20/08/2017). The following draft phasing strategy is currently proposed:

Phase 1

- a. Site Remediation Works (full site)

Phase 2

- b. Construction of a 3013m2 GIFA Leisure Centre
- c. Realignment of Princes Parade Road (including Relocation of Combined Sewer Drain)
- d. Construction of New Promenade
- e. Associated External Works and Drainage (including public car park space) for the above (items b to d inclusive)
- f. Associated Main Incoming Services

Phase 3

- g. Residential plots - Excluded

Phase 4

- h. Residential plots - Excluded

Cost Appraisal

The costs detailed in Betteridge and Milsom's Stage 1 Cost Plan (updated on 10th May 2017) have been updated to align with the above phases to ascertain the viability of the full scheme for Shepway District Council. Appendix A contains the detailed build-up of the costs below.

In summary, the headline costs are:

Construction Costs

Based on Betteridge and Milsom's Stage 1 Cost Plan (updated on 24th January 2018), the following construction costs have been calculated:

Phase 1 (Project Cost Estimate)	£ [REDACTED]
Phase 2 (Project Cost Estimate)	£ [REDACTED]
Total Construction Cost:	£ [REDACTED]

Revenue

**Shepway District Council
Princes Parade Development (3013m2 Scheme)**



**Initial Viability Cost Appraisal (including phasing)
Updated: 24/01/2018**

B&M Ref. 3375

Income Source

Based on NQ's S106 (including index link adjustment), South Road Site, CIL, Affordable Housing S106c (all costs provided by Shepway District Council) and this schemes land value (selling 2 residential parcels, hotel and 6 custom plots) the following income source has been calculated:

Total Income Source: £ [REDACTED]

Conclusion

Based on the above information / costs Shepway District Council will currently need to contribute circa £2.1million, which has been calculated as follows:

-£ [REDACTED]	Expenditure for Construction of Phase 1 & 2
£ [REDACTED]	Income from External Sources (excluding Princes Parade land sale)
£ [REDACTED]	Income from Princes Parade Land Value (residential parcels & 6 custom build plots)
£ [REDACTED]	Shepway District Council Contribution

The income from the land sale of the residential parcels assumes a developer's profit. Shepway District Council could ascertain additional income if they decided to construct the 45nr. affordable residential units (phase 3) themselves. Thus, saving the developer's profit on cost. However, there would be potential stamp duty, legals, marketing and sales costs.

**Shepway District Council
Princes Parade Development (3013m2 Scheme)**



**Initial Viability Cost Appraisal (including phasing)
Updated: 24/01/2018**

B&M Ref. 3375

The viability of the scheme is solely dependant on successfully ascertaining the revenues proposed (as a minimum) for the residential units. If the strategy for the residential units or valuation changes or alters in any way the viability status may change. Thus, as validation of the scheme is still being developed, the above costs are subject to change.

Prepared by:



For Betteridge & Milsom

Date: 24/01/2018



Appendix A

Betteridge & Milsom Initial Viability Cost Appraisal (including phasing) – Build-Up



PROJECT: Phoenix Parade Development (Full Scheme)
 PROJECT NO: 3375
 COST PLAN RIBA STAGE 1
 REVISION: - Initial Viability Costs Appraisal (Including Phasing)
 Based on 30.3m2 GFA as per Planning Submission

1.00 CONSTRUCTION COST ESTIMATE SUMMARY

Elemented Cost Summary	
1.00	Construction Works
1.10	Sub total
1.20	Main contractors preliminaries @ 13%
1.30	Main contractors OHP @ 4.5%
1.40	Construction Works estimate
1.50	Risk allowance @ 10%
1.60	Contract Cost Estimate
1.70	Project design/Team fees @ 15%
1.80	Client Direct Costs (CI1)
1.90	Employers risk allowance @ 9%
1.91	Funding Costs
1.10	Project cost estimate
2.00	RV/NONE
2.10	Additional - PHASE 3
2.20	Additional - PHASE 4

Phase	Description	Units	Value
Phase 1	Construction of Residential Units (West Parcel)	1 bed flats	100
Phase 2	Construction of Future Centre	1 bed flats	100
Phase 3	Construction of Residential Units (East Parcel)	1 bed flats	100
Phase 4	Construction of Residential Units (West Parcel)	1 bed flats	100

Category	Sub-category	Units	Value
1.00 INCOME SOURCE	Total Income		
	Sales Fees		
	Total Revenue (Excludes less sales fees)		
	Income linked from 01.2010 to 01.2017 (RCS/PI) investment assessment		
3.00 Total Income Source	Total Income Source		
	Phase 1 Project Cost Estimate		
	Phase 2 Project Cost Estimate		
	Less Total Income Source		
4.00 IDC Contribution			

Category	Sub-category	Units	Value
2.10 Additional - PHASE 3	1 bed flats	100	
	2 bed flats	100	
	3 bed flats	100	
	4 bed houses	100	
2.20 Additional - PHASE 4	1 bed flats	100	
	2 bed flats	100	
	3 bed flats	100	
	4 bed houses	100	

Category	Sub-category	Units	Value
3.00 Total Income Source	Total Income		
	Sales Fees		
	Total Revenue (Excludes less sales fees)		
	Income linked from 01.2010 to 01.2017 (RCS/PI) investment assessment		
4.00 IDC Contribution	Total Income Source		
	Phase 1 Project Cost Estimate		
	Phase 2 Project Cost Estimate		
	Less Total Income Source		



COST SUMMARY

Base Date of Cost Plan	13-Feb-2018
Gross Internal Floor Area	3013 m2
Construction Works Estimate	[REDACTED] Total (A) - see details below
Contract Cost Estimate	[REDACTED] Total (B) - see details below
Project Cost Estimate (Exc. VAT)	[REDACTED] Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works	[REDACTED]		[REDACTED]
1.1	Enabling Works	[REDACTED]	Ground Remediation	[REDACTED]
1.2	Substructure	[REDACTED]	See Breakdown	[REDACTED]
1.3	Superstructure	[REDACTED]	See Breakdown	[REDACTED]
1.4	Internal Finishes	[REDACTED]	See Breakdown	[REDACTED]
1.5	Fittings, Furnishings & Equipment	[REDACTED]	See Breakdown	[REDACTED]
1.6	Services	[REDACTED]	See Breakdown	[REDACTED]
1.7	Site Works	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
2	Main Contractor's Preliminaries Estimate	[REDACTED]	based on 13.0%	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
3.1	Main Contractor's OHP (total 7.0%)	[REDACTED]	based on 7.0%	[REDACTED]
3.2	Scape OHP (?)	[REDACTED]	not applicable	[REDACTED]
3.3	Framework Fee (1.5%)	[REDACTED]	based on 1.5%	[REDACTED]
(A) Construction Works Estimate (Total)		[REDACTED]		[REDACTED]
4	Inflation	[REDACTED]		[REDACTED]
4.1	Tender Inflation Estimate	[REDACTED]	above figures based	[REDACTED]
4.2	Construction Inflation Estimate	[REDACTED]	above figures based	[REDACTED]
5	Risk Allowances Estimate	[REDACTED]		[REDACTED]
5.1	Design Development Risks Estimate	[REDACTED]	based on 5.0%	[REDACTED]
5.2	Construction Risks Estimate	[REDACTED]	based on 5.0%	[REDACTED]
5.3	Dayworks	[REDACTED]	not applicable	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
6	Main Contractor Fees / Surveys	[REDACTED]		[REDACTED]
6.1	Pre Construction Fees	[REDACTED]	included in 6.2	[REDACTED]
6.2	Professional / Design Fees	[REDACTED]	based on 9.0%	[REDACTED]
6.3	Surveys / Reports	[REDACTED]	based on 1.0%	[REDACTED]
(B) Contract Cost Estimate (Total)		[REDACTED]		[REDACTED]
7	Project/Design Team Fees	[REDACTED]		[REDACTED]
7.1	Client Direct Consultant Fees	[REDACTED]	based on 3.0%	[REDACTED]
7.2	Other Fees / Surveys	[REDACTED]	based on 2.0%	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
8	Other Development / Project Costs	[REDACTED]		[REDACTED]
8.1	Client Direct Costs	[REDACTED]	Funding Costs	[REDACTED]
8.2	Loose Fittings and Equipment	[REDACTED]	See Breakdown	[REDACTED]
	Sub-Total	[REDACTED]		[REDACTED]
9	Employer Risk Allowance	[REDACTED]	based on 9.0%	[REDACTED]
(C) Project Cost Estimate (excl VAT)		[REDACTED]		[REDACTED]



ELEMENTAL BREAKDOWN

Description	Total	£/m2
Enabling Works	363,653	121
Ground remediation and stabilisation		
Building Works		
<i>Substructure</i>		
Substructure		
<i>Superstructure</i>		
Frame		
Upper Floors		
Roof		
Stairs		
External Walls		
Windows and External Doors		
Internal Walls and Partitions		
Internal Doors		
<i>Internal Finishes</i>		
Wall Finishes		
Floor Finishes		
Ceiling Finishes		
<i>Fittings, Furnishings & Equipment</i>		
Fittings, Furnishings & Equipment		
<i>Services</i>		
Sanitary Installations		
Services Equipment		
Disposal Installations		
Water Installations		
Heat Source		
Space Heating and Air Conditioning		
Ventilation		
Electrical Installations		
Fuel Installations		
Lift and Conveyor Installations		
Fire and Lightning Protection		
Communication, Security and Control Systems		
Specialist Installations		
Builders Work in Connection with Services		
Site Works		
External Works		
Drainage		
External Services		
Total		

Wignall, Peter

From: [REDACTED] <[REDACTED]@shepway.gov.uk>
Sent: 04 April 2018 11:33
To: [REDACTED]
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS
Attachments: image001.png; image002.png; image005.png; image006.png

[REDACTED]

Thanks for the quick turn-around. I will take a look and get back to you if the planning team require anything further. Did you manage to get to the bottom of the 2961 sqm figure used by GT3 and the 3013 sqm figure used in the cost plan?

Thanks

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

Folkestone & Hythe District Council, Civic Centre,
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From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]
Sent: 04 April 2018 11:22
To: [REDACTED]
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

Wignall, Peter

From: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Sent: 06 April 2018 10:34
To: [REDACTED]@shepway.gov.uk
Subject: 3495 - Princes Parade Viability Report
Attachments: BM3495 - Stage 2 - SDC - Viability Report (27 02 2018).pdf

[REDACTED]

Further to our telephone conversation, please find attached report with Annexe/Appendix adjustment, and Appendix flysheet adjustments.

Kindest regards,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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Wignall, Peter

From: [redacted] <[redacted]@betteridge-milsom.co.uk>
Sent: 09 April 2018 09:47
To: [redacted]@folkestone-hythe.gov.uk
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS
Attachments: image001.png; image002.png; image003.png; image630000.png; image761001.png; image727002.png

[redacted] - It was from the report that looked at different size options at VE stage. Prior to Planning Application. It was the last scheme that Willmott Dixon priced.

[redacted] | BSc. MRICS
Director

T. [redacted]
E. [redacted]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: [redacted]@folkestone-hythe.gov.uk <[redacted]@folkestone-hythe.gov.uk>
Sent: 09 April 2018 09:11
To: [redacted] <[redacted]@betteridge-milsom.co.uk>
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[redacted]

Thanks – Do you know where the figure of 2909 m2 came from? The figure referred to in the planning application description is 2961 m2.

[redacted]

[redacted]

Strategic Development Projects Manager

t: [redacted]

m: [redacted]

f: [redacted]

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From: [REDACTED] [mailto:[REDACTED]@betteridge-milsom.co.uk]
Sent: 05 April 2018 08:47
To: [REDACTED]
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

Checking through documentation, the 3013m2 area is the GIFA that we were all using based on a 2909m2 Nett Area. This is measured over voids (lift, staircases, risers and the like). I am not sure if GT3 then made some small adjustments to some of the areas prior to planning application.

I am not sure if that answers the question.

Thanks,

[REDACTED] | BSc. MRICS
Director

T. [REDACTED]
E. [REDACTED]@betteridge-milsom.co.uk

Betteridge & Milsom

The Old Bakehouse, 18A Ivy Lane, Canterbury, Kent, CT1 1TU



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From: [REDACTED]@shepway.gov.uk <[REDACTED]@shepway.gov.uk>
Sent: 04 April 2018 11:33
To: [REDACTED] <[REDACTED]@betteridge-milsom.co.uk>
Subject: RE: RE: Viability Assessment, Princes Parade - URGENT QUESTIONS

[REDACTED]

Wignall, Peter

From: [REDACTED] <[REDACTED]@folkestone-hythe.gov.uk>
Sent: 25 May 2018 12:14
To: [REDACTED]@betteridge-milsom.co.uk'
Subject: Princes Parade - viability cost appraisal
Attachments: Planning Application for the development of Princes Parade - Tibbalds Monroe letter dated 19th March 2018.eml; ANALYSIS of Sports Centre Viability Cost Appraisal.pdf

[REDACTED]

In advance of our discussion on 6th June please find attached copies of the representations from [REDACTED] and Mr [REDACTED]

Regards

[REDACTED]

[REDACTED]

Strategic Development Projects Manager

t: [REDACTED]

m: [REDACTED]

f: [REDACTED]

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PRINCES PARADE, HYTHE, PLANNING APPLICATION Y17/1042/SH

Additional Information and Clarification – April 2018

ANALYSIS of: Appendix 3 – Viability Cost Appraisal Report

EXECUTIVE SUMMARY

In support of FHDC's Planning Application, Betteridge & Milsom (B&M) have produced a Viability Cost Appraisal that compares the funding shortfall for building a leisure centre on Nickolls Quarry (NQ) with that projected for building it on Princes Parade (PP).

Their appraisal concludes that the District Council will need to contribute circa £2.1 million to build the proposed size of leisure centre on PP and £13.87 million if built on NQ, making the latter alternative appear unviable. Those figures include allowances for cash receipts from a section 106 Agreement and from the sale of the existing swimming pool site. Additionally, in the case of PP, the net cost of £2.1m has been further offset by sales receipts from the proposed residential and commercial development that aims to provide 'enabling' money.

The financial appraisal has been heavily redacted by the local authority prior to its public release, obliterating the data that forms the basis of the B&M calculations. Their figures are in serious conflict with previous data and other independent estimates. Nonetheless it has been possible to extract sufficient data from the B&M appraisal and combine this with detailed knowledge of the PP and NQ projects to identify the errors within their analysis. Those errors can be attributed to the way in which the cash allowances have been used to offset the true build costs for the leisure centre; plus, in the case of PP, a failure to make sufficient allowance for site-specific external works that impact on both the leisure centre and residential build.

This report takes the form of a detailed analysis of the above factors.

Nickolls Quarry. The detailed analysis shows that in order for the Nickolls Quarry £13.87 figure to be correct, the true cost estimate for building the leisure centre would need to be approximately **£21.7m**. Such a high cost is inconceivable for a facility that has previously been estimated by the council to be about £8.5m. For comparison, the analysis considers the recommendations of Sport England, which leads to a cost estimate of **£12.4m** for a sports centre with exactly the same facilities, but is 30% larger with the addition of a sports hall.

Shortfall (after receipts) - B&M – errors retained = £11.0m – not viable

Shortfall (after receipts) - Sport England – realistic = **£1.6m – Potentially viable**

Princes Parade. The analysis determines whether there is sufficient financial headroom to accommodate the cost of the additional site work that has to be undertaken on Princes Parade. The total budget is calculated to be **£71.8m** including receipts. After deducting the leisure centre cost and the most optimistic cost for the residential build, the headroom is calculated as **£2.4m** using B&M's leisure centre figures. If the Sport England lower cost estimate is applied to the leisure centre the headroom is improved to **£11.8m** but that figure will be insufficient to cover more than three items from a long list, such as the road diversion, remediation, and raising site levels above the flood plain.

The Planning Application proposal for PP is therefore **not viable** by a large margin.

General

The B&M cost appraisal has failed to consider the cost of financing the project. For PP this will significantly exacerbate the non-viability due to the magnitude of the necessary loan and its duration for repayment. This will be much less of a problem for NQ.

The B&M financial viability conclusions are seriously in error and need to be challenged.

PRINCES PARADE, HYTHE, PLANNING APPLICATION Y17/1042/SH

Additional Information and Clarification – April 2018

ANALYSIS of: Appendix 3 – Viability Cost Appraisal Report

This report critiques the Betteridge & Milsom viability cost appraisal report (24/01/2018) for the proposed Princes Parade development and shows conclusively that:

- 1. The appraisal being used to inform the planning decision is seriously flawed and has reached incorrect conclusions.*
- 2. The Princes Parade leisure centre option is non-viable by a large financial margin.*
- 3. The Nickolls Quarry alternative is the most viable option and can provide significantly better sports and leisure facilities.*

A. Leisure Centre Build Cost on Nickolls Quarry

Betteridge & Milsom's stated build "cost to FHDC" is £13.866m for their 3,013 sqm leisure centre on Nickolls Quarry. However, that is not the true build cost of the leisure centre since we need to include their so called "source income" items.

To determine the true build cost we first need to deduct the allowance of £2.9m for remediating/capping Princes Parade since that is not being spent on the leisure centre itself. (That figure is taken from HE's published objection). We need therefore to add the NQ s106 contribution of £5.175m plus the (redacted) sales receipt from the sale of the South Road site, which is likely to be in the range £5 to 6 million. I have assumed £5.5m and then proceeded to undertake calculations based on the B&M figures.

That analysis yields the total cost to build the leisure centre on NQ as **£21.7m¹**, including the external works for which an approximate cost of **£6.0m** can be derived mathematically² from the B&M figures. The latter is exceptionally high for a site for which the land will be prepared by the NQ developer, ready for construction to commence, together with the provision of all utility services, as per the s106 Agreement.

The basic build cost, as implied by the B&M "cost to FHDC" figure for the leisure centre building alone, is therefore approximately **£15.7m**.

The B&M leisure centre and external works figures are very much higher than previous estimates by the council and others, suggesting that they must have been founded on incorrect assumptions or simply made a mistake.

It is appropriate to consider the nearest equivalent recommended by Sport England, namely their 3,906 sqm sports centre (Option C) which they have costed at £7.12m (at Q4 2014 prices) based upon previous projects. That design comprises a 6 lane 25m swimming pool and secondary pool + 4 court sports hall + 100 station health & fitness gym + 2 studios, which can readily be fitted onto the NQ site without the space constraints of PP.

The Sport England total including the external works and internal equipment fit-out is **£8,606m** at Q4 2014 prices.

¹ 13.9 – 2.9 + 5.2 + 5.5 = £21.7m.

² The net costs for 3 sizes of leisure centre enables the cost breakdown calculation using 3 simultaneous equations.

Cost Estimates for Leisure Centre on Nickolls Quarry
using the same all-in Tender Price Indices and dates as B&M

	B&M Q3 2017 (3,013 sqm)	Sport Engl Q4 2014 (3,906 sqm)	Sport Engl Q3 2020 fcast (3,906 sqm)	
Leisure Centre	£15.7m	£7.12m	£10.3m *	* £1m has been added for piled foundations.
External works	£6.0m	£1.49m	£1.95m	Car park, paths, landscaping, drainage.
Total	£21.7m	£8.61m	£12.3m **	** As appropriate to NQ.
Net cost for NQ	£11.0m	NA	£1.6m	After deduction of receipts of £10.7m, as applicable to NQ.

The net cost of £1.6m based upon the Sport England leisure centre design is considered to be a fair and reasonable assessment of the projected overall net cost to FHDC and shows this option to be potentially viable. That design also delivers a more spacious facility for users, plus a sports hall.

NOTE: B&M have made no allowance for the asset value for the new leisure centre land (1.4 - 1.6 Ha) that will be transferred to FHDC for the sum of £1, whereas a (redacted) land value appears to have been included for the Princes Parade option.

Since there can be little doubt that the B&M calculations for Nickolls Quarry are substantially in error, it is appropriate to apply both their figures and those of Sport England to the case of Princes Parade in order to assess fairly the site's financial viability.

B. Financial Viability of proposed Princes Parade development

The same basic build cost will apply for building the leisure centre on Princes Parade, if site specific costs are excluded. But the proposed Princes Parade development involves a range of major cost items that are not required for NQ, many of which have been omitted from B&M's PP financial appraisal. The following summary analysis shows that the net cost to FHDC will be substantially greater than the £2.1m derived by B&M.

Financial headroom available for the proposed development based on the B&M figures:

Gross revenue from residential sales (less sales fees) (including 45 Affordable Homes)	=	£57.9m	
NQ s106 (indexed to Q3 2020 – <u>not</u> Q3 2017) (NB. This has been indexed to the same date as for NQ because no payment can be claimed until the 250 th residence has been completed)	=	£5.175m >>	£63.1m
Sale of South Rd site	=	£5.5m >>	£68.6m
CIL Princes Parade site (NB. The basis for including this figure is unknown. If it arises as a receipt from the PP residential development and then recycled back into the leisure centre part of the project then that receipt will appear as a loss elsewhere in the project. I have nonetheless retained this but it is unlikely to be valid.)	=	£1.184m >>	£69.8m

Affordable Housing s106 (I have excluded the £1.4m included by B&M since it is not new money and if allocated to this development it would not remain available to be spent elsewhere.)	=	Nil	>>	£69.8m
Princes Parade Land Value (my allowance) (NB. It is not clear what B&M have included here but it appears that the residential element is not valid since it has already been included within the 150 homes. I have allowed £2m as capitalisation for the commercial element).	=	£2m	>>	£71.8m
TOTAL site construction budget (Excludes financing costs)	=	£71.8m		

Princes Parade Construction Costs Based on B&M figures

Basic Leisure Centre building (3,013 sqm) including external works as for NQ	=	£21.7m	>>	£50.1m
Residential Build Costs (This is 78% of full market sales value, which would be the typical baseline costs for a development on straightforward land if profit is ignored but including all fees. In this case no land purchase is involved, which would normally equate to about half of normal profit. This figure therefore allows in principle both the land value plus half the profit to be re-cycled back into the project. However a saving of half profit is unlikely to be achievable in practice. 45 Affordable Homes have been included in this figure.)	=	£47.7m	>>	£2.4m

This leaves only £2.4m for all other site work on Princes Parade – clearly insufficient by a very large margin.

(For example the diversion of the road alone will cost more than double this).

Construction Costs applying Sport England figures to Princes Parade

Basic Leisure Centre building (3,906 sqm) including piled foundations & external works as for NQ.	=	£12.3m	>>	£59.5m
Residential Build Costs	=	£47.7m	>>	£11.8m

Even though the leisure centre will cost less, this leaves only £11.8m financial headroom for all the other site work on Princes Parade.

So let's identify the principal items of additional site work that need to be accommodated within the financial headroom in order make it possible to deliver the planning application.

Additional site work specific to Princes Parade Planning Application

1. Site preparation/clearance work (planning application states 11 months duration).
2. Personnel protection expenses for work on contaminated site.
3. Remediation of contamination & disposal of excavated contaminated subsoil.
4. Importing soil to raise site level by 1 metre to 7.8m AOD.
5. Provision of new utility infrastructure to site.
6. Surface water drainage system with attenuation tanks & discharge outfalls into sea.
7. Diversion of road and retaining structure.
8. New promenade with primary and secondary sea wall/flood protection.
9. Provision of residential open space areas, playground & car parking.

These items alone swamp even the £11.8m financial headroom offered by the Sport England figures. My overall estimate for the listed items exceeds £19m. The costs listed against just three of the items are sufficient to exceed the headroom (3. Remediation, 4. Raising site levels and 7. Road diversion). The Princes Parade scheme proposed in the planning application is therefore non-viable for both sets of data.

B&M have stated that they have ignored the financing costs, which is remiss of them since those costs will significantly exacerbate the loss. The project phasing requires that the up-front costs will build up rapidly and require a loan for which repayment will rely on downstream receipts from the residential and commercial developments.

C. Observations on the Betteridge & Milsom Cost Appraisal

1. The cost appraisal has been heavily redacted, even obliterating data that cannot reasonably be claimed to be commercially sensitive. It is therefore not possible to establish with any degree of certainty the breakdown of costs being claimed by B&M nor the true basis of their calculations. Their report fails to provide any details of the cost inputs used for deriving the residual land value. The receipts from the land sales will be highly dependent on who takes on responsibility for, and the timing of, the substantial amount of ground work, including major cost elements such as the diversion of the road.
2. Nonetheless it has been possible to identify the areas where some of the false assumptions have been made. While the B&M figures will inevitably differ from those I have derived, it is anticipated that this analysis should enable anyone with full access to the data to compare and understand the true reasons for the different conclusions.
3. The appraisal makes no allowance for the very substantial cash-flow needs in the early stages of the project. It is inevitable that a major loan will be required and will need servicing for the entire duration of the project and possibly beyond. Much preparatory enabling work needs to be funded before any construction can take place on Princes Parade, and possibly before any land sale takes place. Repayment will rely on returns generated some years later from the sale of the land and/or dwellings.
4. The timescales / phasing needs, as proposed in the planning application, are incapable of being met. The start date of Q3 2017 (Oct – Dec 2017), as assumed by B&M, has already passed and the leisure centre construction work cannot commence until phase 2 of the Tibbalds programme, which is at least 11 months after the start date. It is unlikely therefore that the leisure centre construction work could commence until early 2020, meaning that the BCIS indexed cost used by B&M will be too low. They state that for NQ: *“Construction inflation estimate has been included for works to commence 3Q 2020. Inflation has been calculated from tender price index from the BCIS database and is the main cause of the cost increase to the scheme, this represents a 6.29% increase to the project costs”*. In reality there is likely to be very little difference between the construction start dates for the two options, and PP will suffer the same inflation conditions, or possibly worse, due to the long duration of the residential build. After construction has commenced on the leisure centre, it can be expected to proceed at a significantly faster pace on NQ because of the landfill conditions on PP. Further there is no need to pre-fund the essential major preparatory work, such as raising the land above the flood plain, diverting the road, and installing a major drainage system; also the NQ option will not be reliant on a major residential development to provide retrospective funding.
5. The implications of the NQ s106 Agreement appear to have been misunderstood:
 - a. The cash release date is the same for both sites (after 250th house completion).
 - b. If requested by FHDC the NQ owner is required to make the land available prior to completing the 250th dwelling.
 - c. The NQ owner is required to *“remediate the Sport Leisure & Community land of any contamination, grade and compact the Sport Leisure & Community land above the flood plain in preparation for development and Provide Services for the benefit of the Sport Leisure & Community land”*.

6. B&M's appraisal assumes incorrectly the ability to connect into a non-existing combined (foul & surface water) drainage system; their costings will therefore differ substantially from the planning application. Their appraisal has not addressed the need for the proposed drainage scheme that will discharge surface water into the sea through new outfalls, while protecting the RMC water-course from the risk of contaminated water leakage via the disturbed landfill. Nor have they made allowance for flood protection measures raising the site levels to 7.8m AODN for flood protection – this is a major cost item.
7. £2.9m has been attributed to the NQ option for remediation / capping of Princes Parade. However in the planning application, the contamination consultant has stated that the contamination risk is currently low on PP because of the existing vegetation, which however needs to be removed for the development. The proposed so-called capping method (300mm cover with topsoil) would leave the contaminants in situ; for the PP development that mitigation method fails to address the risks arising from disturbance of the landfill by construction work that involves deep piling. For the NQ option there would be no practical benefit in spending £2.9m to mitigate a contamination problem that will not arise if PP remains undeveloped.

D. Conclusions

The B&M figures have been shown to be seriously in error, leading to totally incorrect conclusions. The company needs to be challenged on this.

Even without detailed knowledge of the input assumptions and data used by Betteridge & Milsom, sufficient information has been released to undertake this analysis, from which it has been possible to determine the viability of both sites.

This analysis shows that the Princes Parade scheme presented in planning application Y17/1042/SH is not financially viable by a very large margin. This is contrary to B&M's conclusion. In practice the funding shortfall will be exacerbated yet further when the cash-flow needs for the early stages of the project are addressed.

Contrary to the claim made in the B&M report, the Nickolls Quarry option is extremely close to being viable and does not suffer from the anticipated long timescale required for the acquisition of funds from a residential development, as is the case for Princes Parade. Further, the positive assessment for Nickolls Quarry relates to the provision of a leisure centre with more comprehensive facilities as recommended by Sport England. A saving would of course be possible were the leisure centre to be reduced in size to match the lesser facilities capable of being offered on Princes Parade, as in the planning application.

██████████

Hythe

10 May 2018

Wignall, Peter

From: [REDACTED] <[REDACTED]@[REDACTED].co.uk>
Sent: 21 May 2018 16:52
To: [REDACTED]
Cc: Monk, David Cllr
Subject: Planning Application for the development of Princes Parade - Tibbalds Monroe letter dated 19th March 2018

Dear Mr. [REDACTED]

I hope you are well and managing to wade through the 600+ objections to the development of Princes Parade.

With regard to the planning application by the Council to develop Prince's Parade, I have a further objection that the financial information used to support the viability of the proposed scheme is not correct:

I have reviewed Tibbald's additional information letter dated 19th March 2018 and subsequently, the redacted version of Appendix 3 to that letter which has been made available.

It is noted that the section of the Tibbald's letter entitled Site Selection states "there is a substantial difference in terms of the cost to SDC between the current proposal at Princes Parade and an option to develop at Nickolls Quarry, the quarry site being the more expensive." Appendix 3 states this difference as approx. £11.7m.

I believe there are a number of fundamental flaws in the appraisal at Appendix 3, one of which is particularly significant, which casts doubt on the conclusion arrived at in the aforementioned letter.

The major flaw in the approach adopted by Tibbalds and B&M is that no development profit has been considered in their appraisal. This is strictly not in accordance with the RICS Guidance note on this subject: "Financial Viability in Planning". The appraisal has adopted sales incomes which a typical national housebuilder would seek to make at least 20% development profit against. This required profit figure has not been included and as such, against £58m sales values there is, in the region of £12m 'cost', that has not been accounted for in the appraisal. If the financial viability calculation is being presented to you in support of the planning application, then it should be in accordance with the RICS Guidance note "Financial Viability in Planning".

Therefore, simply including a reasonable developer's profit, by itself, would make the Nickolls Quarry option more viable than the Prince's Parade option.

There are further flaws which compound this position:

1. There are numerous cost items not included in the Princes Parade assessment which would further make the PP development unviable – no allowances have been made for the sea wall, promenade, ground consolidation, knotweed, ground gas management system or attenuation systems. In addition, because of its location next to a Scheduled Monument, it is likely that the external treatments to the PP leisure centre are likely to be more expensive. All these items will have a cost impact that should be considered.
2. Absolutely no consideration of cashflow and the costs associated to that cashflow has been made. This is particularly important given the phased nature of PP and the S106 funding availability which is only triggered at certain points.

There are a number of other concerns, the impact of which are difficult to ascertain the extent of, due to the heavily redacted nature of the Appendix 3 report.

1. The differences in cost between the different size schemes referred to would appear that the cost of the extra area is over £5,000 per m2. This seems quite unusually high.
2. The import and disposal quantities for excavated material do not appear to be sufficient.
3. The valuation of the private sales units appears to have valued 1, 2 and 3 bed flats at the same value.
4. There appear to be some inconsistencies in how inflation has been applied throughout the report.

One last point of concern is timing. Tibbald's letter indicates that Nickoll's Quarry will not be delivered until 2022 – realistically the leisure centre at Princes Parade will not be delivered any earlier, allowing for the time required to obtain all necessary consents, extensive ground works, services, diversion of the road, sea defence works and then a two year build period.

I would therefore question the conclusions that have been arrived at in the Tibbald's letter.

I am happy to answer any questions you may have.

BSc Dip Proj Man FRICS



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