



Review of the Viability Report on the Development of Arlington Works 23-27 Arlington Road TW1 2BB

On behalf of The London Borough of Richmond upon Thames

November 2018

Report by S.Devitt

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1.0 Instructions

- 1.1 Bespoke Property Consultants (BPC) has been instructed by the London Borough of Richmond upon Thames to review the applicant's viability assessment of the proposed development at Arlington Works Arlington Road TW1 2BB
- 1.2 In carrying out this review, BPC has been issued with a report dated August 2018 by Grimshaw Consulting which assesses the viability of the proposed development.
- 1.3 BPC have not inspected the property.
- 1.4 This assessment is provided for the purposes of agreeing appropriate S.106 and affordable housing obligations and is not a valuation of the subject site or scheme. It is provided for the sole use of the party to whom it is addressed. It is confidential to the addressee (save that the Executive Summary can be extracted and made publicly available in line with para 10 of the NPPG (July 2018)) and their professional advisors. Bespoke Properties Ltd accepts responsibility to the Client named at the start of this report alone that this report has been prepared with the skill, care and diligence reasonably to be expected of a competent consultant, but accept no responsibility whatsoever to any person other than the client themselves.
- 1.5 Neither the whole nor any part of the report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the prior written approval of Bespoke Properties Ltd of the form and context in which it may appear and should remain confidential in accordance with the terms of the Freedom of Information Act, with the exception of the Executive Summary as noted above.

2.0 Executive Summary

- 2.1 We have reviewed the report by Grimshaw Consulting dated August 2018 and concluded that the main issues relating to the viability of the scheme are the base build cost used in the applicant's appraisal and the benchmark land value of the site.
- 2.2 We have reviewed the inputs and assumptions used by Grimshaw Consulting as set out in Section 4 below and found them on the whole to be reasonable, with the exception of
- a) The build cost allowance, which is £606,737 above the cost assessed by K2 Rider Hunt on behalf of the Council.
 - b) The Benchmark Land Value for the site we have derived as £1,665,000 based on its existing use value (EUV) plus a premium which is lower than the applicant's assumption by £135,000
- 2.3 We have carried out our own appraisal based on the K2 Rider Hunt cost analysis but maintaining the other inputs adopted by the applicant and the results of this appraisal are shown at Appendix A.
- 2.4 This appraisal shows a residual land value of £3,353,000 after allowing for CIL of £625,000. This land value is above the benchmark land value by £1,588,000, and therefore the proposed scheme is viable and could provide additional S. 106/affordable housing contributions
- 2.5 Please note the comment in para 4.8.5 of this report that the CIL allowance has been provided by the applicant and should be confirmed by the Council
- .
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3.0 Policy Context

3.1 The Local Plan for the London Borough of Richmond upon Thames

- 3.1.1 The Local Plan was adopted 3rd July 2018 and the affordable housing policies are contained in Policy LP36. This states that a contribution towards affordable housing is expected from all sites. Where onsite housing is required the Council expects 50% of housing will be affordable and of the affordable units 40% should be for rent and 10% intermediate housing. On former employment sites at least 50% affordable housing is required. For schemes providing less than 10 units a financial contribution commensurate with the scale of the development is required
- 3.1.2 The policy goes on to say the Council will seek the maximum reasonable amount of affordable housing having regard to economic viability; individual site costs; the availability of public subsidy and the overall mix of uses and any other planning benefits.
- 3.1.3 If the proposals are unviable the applicant will be expected to demonstrate this with a detail open book provision of all the financial information, sufficient to enable the council or independent consultant to assess the viability position. This accords with para 10 of the NPPG which states that a financial viability assessment should be supported by appropriate evidence.
- 3.1.4 Existing Use Value plus a premium should be used to determine Benchmark Land Value.
- 3.1.5 Local Plan Viability Assessment Assumptions for the subject scheme typology

Item	Local Plan Allowance
Sales values / m ²	£5,257 - £9,231
Base build / m ²	£1,297 – £2,915
Professional fees	12%
Contingency	5%
Sales & Marketing costs	3%
Finance interest rate	6.75%
Finance fees	No allowance
Profit margin:	
Open market	20%
Affordable	6%

3.2 National Planning Policy Framework July 2018

3.2.1 Para 55 sets out that *“Planning conditions should be kept to a minimum and only imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects. Agreeing conditions early is beneficial to all parties involved in the process and can speed up decision making. Conditions that are required to be discharged before development commences should be avoided, unless there is a clear justification.*

3.2.2 The framework, in paragraph 56, states that planning obligations normally required under S.106 agreements should only be sought where they meet all of the following tests:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Fairly and reasonably related in scale and kind to the development.

3.2.3 Para 57 goes on to say; *“Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”*

3.3 National Planning Practice Guidance (July 18)

3.3.1 Paragraph 2 states that the role of a financial viability assessment (FVA) is primarily at the plan-making stage. It is the responsibility of site promoters to engage in plan making and the price paid for land is not relevant justification for failing to accord with the relevant policies of the plan.

3.3.2 Paragraph 6 states that developers should have regard to the total cost of the relevant planning policies when buying land.

3.3.3 Paragraph 8 requires that the FVA should refer back to the information that supported the Local

-
- Plan making and explain the differences. Ultimately it is for the decision-maker having regard to the transparency of assumptions made in the FVA as to the weight to be applied to the FVA in coming to the final decision.
- 3.3.4 Paragraph 9 of the guidance advises that review mechanisms should be used where appropriate and there is no mention in the guidance of whether these should be pre or post-implementation or whether the size of a scheme impacts on the decision whether to use one.
- 3.3.5 Paragraph 10 states that any FVA should be supported by appropriate evidence and that the FVAs should be proportionate, simple, transparent and publicly available. This ethos is expanded upon in paragraphs 11-15 where the relative values and costs (including land value) are discussed in further detail.
- 3.3.6 Paragraph 13 states that the benchmark land value should primarily be based on Existing Use Value (EUV) plus a premium and paragraph 14 expands upon this to say that the EUV should reflect the implications of abnormal costs, infrastructure, professional fees and be informed by market evidence.
- 3.3.7 Paragraph 15 states that the EUV is the value of the land in its existing use together with the right to implement any policy compliant extant consents including realistic deemed consents but without regard to alternative uses.
- 3.3.8 Paragraph 16 advises that the premium to be applied to the EUV should be a reasonable incentive to the land owner to bring forward the development whilst allowing for policy compliance. As a practice we have always taken this to mean that EUV plus a premium would equal market value as defined by the RICS Guidance Note 94/2012.
- 3.3.9 The guidance advises at para 17 that AUV should be based on an existing implementable permission or development that would comply with plan policies. To such a value no land owner premium is to be added. If such an alternative use is being utilised as the benchmark, then the applicant should give a justification for why it is not being pursued.

4.0 Assessment Inputs and Assumptions

4.1 Assessment methodology

4.1.1 The applicant's appraisal uses the Argus Developer (version 6) appraisal model, whereas the alternative model used by Bespoke Property Consultants was the GLA Development Control Toolkit. Both appraisal models are acceptable and should give similar answers if the same inputs are used.

4.2 Unit Mix

4.2.1 The scheme comprises 24 residential units and 624m² of commercial uses as set out in the accommodation schedule included in the applicant's report.

4.3 Values of residential units

4.3.1 The values used within the applicant's appraisal are based on comparable evidence based on new homes sales since 2016 and sales of flats in the vicinity between June 2017 and June 2018

4.3.2 The comparative data used by Bespoke Property Consultants is based on market research undertaken on the internet, for similar properties in the locality of the proposed development (listed with floor areas in Appendix C.)

4.3.3 Having looked at the values proposed we believe allowing for a new build premium, the values proposed by Grimshaw Consulting are reasonable and are replicated in our appraisal. We note that the figures quoted in the body of their report as the average value of the units by bedroom size are actually significantly higher than the value per square foot used in their Argus appraisal and we have adopted the latter for our appraisal

4.3.4 The assumptions used by the applicant and BPC for Ground Rents are different. Grimshaw Consulting have allowed a flat rate of £350 p.a. The assumptions made by BPC are as follows:

	£/pa	No	Total pa
1 bed	275	5	1,375
2 bed	300	12	3,600
3 bed	350	7	2,450
Total			7,425

4.3.5 We have capitalised the total annual income at 5% to give a capital value less purchase costs of 3.5% equals £143,000. The yield used by the applicant is also 5% and the resultant capital value is £168,000 due to the higher average rents.

4.4 Commercial uses (if applicable)

4.4.1 The commercial elements comprise 608m² net of office space

4.8.2 A rent of £25/ft² (£269/m²) has been assumed by the applicant and we agree that this is supported by market evidence from Featherstone Leigh reflecting similar sized accommodation in similar locations and of a similar quality.

4.4.3 The applicant's appraisal capitalises the rent with a yield of 6.5% which we consider to be appropriate for this type of use, and location.

4.5 Gross Development Value

4.5.1 By combining the capital value of the apartments, commercial space and ground rents gives a total gross development value (GDV). The BPC estimate is £17,198,000 and the applicant's estimate is £17,263,612.

4.6 Development Timescale

4.6.1 Both the Grimshaw Consulting and BPC appraisals assumptions for development timescale for pre-construction planning/building contractor selection, the building period, and the selling period are acceptable.

4.7 Build costs

4.7.1 A summary build cost analysis is included in the report by Grimshaw Consulting. This estimate was based on a cost plan by Stace resulting a total build cost figure of £7,769,404.

4.7.2 The cost plan has been reviewed by K2Rider Hunt on behalf of the Council and they assess the appropriate build cost as £7,162,667 and this has been adopted for the BPC appraisal.

4.8 Other assumptions

4.8.1 Professional Fees – a figure of 12% has been used for professional fees by the applicant. This will vary according to the size and complexity of the scheme. The applicant's assumption is a reasonable allowance, as an all-in figure and this is also used in the BPC appraisal.

4.8.2 Contingency – is allowed for in the cost plan figure.

4.8.3 S.106 Contributions - Section 106 costs have not been allowed at this stage, as we wished to establish what, if any surplus would be generated by the appraisal.

4.8.4 CIL – The CIL has been estimated using the information supplied by the applicant, and the Council should verify this figure before the application is decided.

4.8.5 Sales and Marketing – 2% plus £700 legal fees per dwelling has been allowed for by the applicant. The BPC allowance is 3% inclusive of legal fees. 4.8.6 Site acquisition costs – the applicant's site acquisition costs have been set within the normal range for this type of site.

4.8.6 Finance costs – an interest rate of 6.5% has been used by the applicant, which is within the range of current market activity (6-7% depending on whether arrangement and surveyors' fees are allowed for separately). We have allowed 7% inclusive of all fees.

4.8.7 Profit – the applicant has adopted a figure of 20% of GDV for the return for risk and profit. For this development we consider 20% is appropriate in the current market and that is the figure adopted in our appraisal which reflects the risks involved in the scheme.

4.9 Benchmark Land Value

4.9.1 Grimshaw Consulting have based their assessment of viability on an Existing Use Value of £1,800,000 This is an opinion of value based on actual rents being paid according to the applicant. The use of EUV plus a premium (land owner's incentive) is in accordance with the NPPF / NPPG (July 18). However, given the normal range for premiums of 15%-30% we do not consider the application of 30% is justified in this instance.

4.9.2 We believe the rents quoted and the yield applied are reasonable and appropriate for the type of property. We have carried out a check calculation which shows that with a premium of 20% to reflect an incentive for the landowner to sell, the benchmark land value would be £1,665,000 We consider that this is a reasonable figure and have used this as our comparator for viability purposes.

4.10 Local Plan FVA Assumptions

Local plan viability assessment assumptions for same scheme typology

Item	Local Plan Allowance	Applicant's Allowance	Comments
Sales values / m ²	£5,257 - £9,231	£8,611	Scheme type
Base build / m ²	£1,297 -£2,915	£2,848	Cost plan
Professional fees	12%	12%	
Contingency	5%	5%	
Sales & Marketing costs	3%	2%plus £700 per unit	Reasonable
Finance interest rate	6.75%	6.5%	Reasonable
Finance fees	-	-	
Profit margin:			
Open market	20%	20%	
Affordable	6%	6%	

5.0 BPC Assessment and Conclusions

- 5.1 We have re-run the appraisal, taking account of all the comments on the applicant's inputs and assumptions as noted above. The results of this analysis are shown at Appendix A to this report. The main changes between our assessment and the applicant's submission are as follows:
- a) We have reduced the Build Cost £7,162,667
 - b) We have reduced the benchmark land value (Existing Use Value) to £1,665,000 from the applicant's view of £1,800,000
- 5.2 Grimshaw Consulting's assumptions are generally within the broad range of the assumptions used in assessing the Whole Plan viability when the Local Plan was revised.
- 5.3 CIL has been allowed for at £625,000 and the Council should verify this allowance is correct.
- 5.4 Our own assessment of the scheme shows a residual site value of £3,253,000 which is above the benchmark land value by £1,588,000 without any allowance for affordable housing or S.106 contributions. This suggests that the scheme is viable and could support additional affordable housing or S.106 contributions.
- 5.5 We have modelled the scheme as all market sale to establish the extent of the surplus. Grimshaw Consulting have submitted an appraisal proposing 4 shared ownership units as on-site affordable housing. Our appraisal shows more on-site housing can be provided
- 5.6 It appears that no RP has been involved in discussions with regard to this site which is a requirement of the Council's Affordable Housing Policy. Also, no contact has been made with the Council's Housing Department to discuss the availability of funding which is also a requirement to demonstrate that on-site affordable housing has been maximized in accordance with policy. Both of these actions are required in order to assess the level of on-site housing; its tenure and the appropriate rent levels that can be provided.

Appendix A

----- **Site Details** -----

Use these arrows to navigate Toolkit pages. You should ensure there are no warning messages on a page before continuing.

Site Address	Arlington Works Arlington Road TW1 2BB
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Site Reference	
Application Number	
NLUD Reference	
UPRN or Grid Reference	

Scheme Description	24 residential units plus office space
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Development Control Model - Greater London Authority - 2014

For queries on viability, development schemes and the Toolkit generally, please contact Dr Andrew Golland - Tel: 01162 701 772 and E-Mail: drajg@btopenworld.com

For queries on spreadsheets and technical aspects of the Toolkit (including bug reports and feature requests), please contact Dr Adam Watkins - Tel: 07746 809 748, and E-Mail: Toolkits@Dread-IT.co.uk

----- **Basic Site Information** -----

You must complete this page

Site Area	
Total Size of Site In Hectares	0.3

Dwellings	
<input type="checkbox"/> Number of Dwellings (Density is then calculated)	24
<input type="checkbox"/> Density (Enter a value, or choose from the listbox)	80.00 users own value

You can test a percentage increase or decrease on the resulting density by either entering a value in the box below, or by using the buttons.

Percentage increase/decrease	%	Reset
Resulting Number of Dwellings	24	
Resulting Density	80 dph	

----- Toolkit Application -----

There are two ways to use the Toolkit;

Choose from either:-



Option 1 - Forward Planning

Select this option for policy testing and development control using benchmark unit types and data

or



Option 2 - Scheme Specific Appraisal

Select this option for assessing a scheme using specific unit types and data. Some benchmark data is available

Market Values

Ensure you enter market values for all unit types in the scheme under the Sale Tenure.

Ref.	Description of Unit Type	Sale		Low Cost Sale		Equity Share		Shared Ownership	
		Total Units	User Market Value	Adjusted Market Value	Total Units	Adjusted Market Value	Total Units	Adjusted Market Value	Total Units
1	1 bed	5	£ 439,200	£ 439,200	28%	£ -	£ -	68%	£ -
2	2 bed	12	£ 600,000	£ 600,000		£ -	£ -		£ -
3	3 bed	7	£ 716,000	£ 716,000		£ -	£ -		£ -
4				£ -		£ -	£ -		£ -
5				£ -		£ -	£ -		£ -
6				£ -		£ -	£ -		£ -
7				£ -		£ -	£ -		£ -
8				£ -		£ -	£ -		£ -
9				£ -		£ -	£ -		£ -
10				£ -		£ -	£ -		£ -
11				£ -		£ -	£ -		£ -
12				£ -		£ -	£ -		£ -
13				£ -		£ -	£ -		£ -
14				£ -		£ -	£ -		£ -
15				£ -		£ -	£ -		£ -
16				£ -		£ -	£ -		£ -
17				£ -		£ -	£ -		£ -
18				£ -		£ -	£ -		£ -
19				£ -		£ -	£ -		£ -
20				£ -		£ -	£ -		£ -
21				£ -		£ -	£ -		£ -
22				£ -		£ -	£ -		£ -
23				£ -		£ -	£ -		£ -
24				£ -		£ -	£ -		£ -
25				£ -		£ -	£ -		£ -
26				£ -		£ -	£ -		£ -
27				£ -		£ -	£ -		£ -
28				£ -		£ -	£ -		£ -
29				£ -		£ -	£ -		£ -
30				£ -		£ -	£ -		£ -
31				£ -		£ -	£ -		£ -
32				£ -		£ -	£ -		£ -
33				£ -		£ -	£ -		£ -
34				£ -		£ -	£ -		£ -
35				£ -		£ -	£ -		£ -
36				£ -		£ -	£ -		£ -
37				£ -		£ -	£ -		£ -
38				£ -		£ -	£ -		£ -
39				£ -		£ -	£ -		£ -
40				£ -		£ -	£ -		£ -

← --- Mix of Units and Tenures --- →

There are two ways to determine how the total number of units in the scheme is distributed between the different dwelling types and tenures.

You can either enter units:-

By Percentage

Enter the percentage of units to assign to each dwelling type and the percentage to assign to each tenure.

or

By Quantity

Enter the number of dwellings to assign to each dwelling type and tenure combination

← Unit Types by Percentage →

Select a previously saved percentage mix from the list below or select "Scheme Specific Values" from the list and enter your own values in the white cells

Scheme Specific Values

		Warning: Total Percentage must equal 100%	
	Percentage of total	Number of units of this type	
Studio flat		0.0	
Flats	1 bed	0.0	
	2 bed	0.0	
	3 bed	0.0	
	4 bed	0.0	
Terrace / town house	2 bed	0.0	
	3 bed	0.0	
	4 bed	0.0	
		0.0	
Semi / detached	2 bed	0.0	
	3 bed	0.0	
	4 bed	0.0	
Total	0.0%	0.0	

----- Tenure Mix by Quantity -----

Enter the number of units in the white cells of the table below.

Warning: Total units does not match that previously given	Sale	Affordable					Total Affordable	Overall Total (Affordable plus Sale Units)
		Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable rent		
Studio flat								
Flats								
1 bed								
2 bed								
3 bed								
4 bed								
Terrace/ town house								
2 bed								
3 bed								
4 bed								
Semi/ detached								
2 bed								
3 bed								
4 bed								
Total units								
% of Total								

Expected Total Number of Units 24

Percentage purchased by purchaser for Shared Ownership	
Percentage purchased by purchaser for Low Cost Sale	
Percentage purchased by purchaser for Equity Share	

← --- Tenure Mix by Percentage --- →

Enter the percentage of the total number of dwellings to assign to each tenure in the white cells below. The percentage is applied evenly across all dwelling types, this may lead to values which are not whole numbers.

Percentages must all add to 100%

	Sale	Affordable						Total Affordable	Overall Total (Affordable plus Sale Units)
		Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable rent	Social Rent		
Studio flat									
Flats	1 bed								
	2 bed								
	3 bed								
	4 bed								
Terrace/town house	2 bed								
	3 bed								
	4 bed								
Semi/detached	2 bed								
	3 bed								
	4 bed								
Total Units									
% of Total									

Percentage purchased by purchaser for Shared Ownership	
Percentage purchased by purchaser for Low Cost Sale	
Percentage purchased by purchaser for Equity Share	



----- **Flats** -----

The Toolkit needs to have additional information about flats.
Enter the number of storeys in the box below

Total number of floors in the scheme:

←
→
Market Values

Select a previously saved set of market values from the list below or Select "Scheme Specific Values" from the list and enter your own values in the white cells

Scheme Specific Values ▼

You can adjust all market values by entering a percentage in the box to the right.

Description of Unit Type	Total Units	Market Value	Adjusted Market Value
Studio flat			
Flats	1 bed		
	2 bed		
	3 bed		
	4 bed		
Terrace / town house	2 bed		
	3 bed		
	4 bed		
Semi / detached	2 bed		
	3 bed		
	4 bed		

100%

Rents

For the Affordable and Intermediate tenures you can either apply a percentage reduction to the benchmark rental value or enter your own value. For Social Rent you can enter your own rental value per week. If you leave any blank then the benchmark value for that row will be used.

	Benchmark MARKET values £ per week	Affordable Rent		Intermediate Rent		Social Rent				
		Total Units	Benchmark Reduction	User values £ per week	Total Units	Benchmark Reduction	User values £ per week	Total Units	Benchmark values £ per week	User values £ per week
Studio flat	£161.69	-			-			-		
Flats	1 bed	-			-			-		
	2 bed	-			-			-		
	3 bed	-			-			-		
	4 bed	-			-			-		
Terrace / town house	2 bed	-			-			-		
	3 bed	-			-			-		
	4 bed	-			-			-		
		-			-			-		
Semi / detached	2 bed	-			-			-		
	3 bed	-			-			-		
	4 bed	-			-			-		
		-			-			-		

-- Rental Costs & Capitalisation --

These values are used to calculate capitalised value when no grant is available. If you wish to use your own values then you can enter them in the white cells below. If you leave any blank then the Toolkit Value for that row will be used

Social Rent	Benchmark	User Values
Management	£555.00	per dwelling (+30% for flats)
Maintenance	£550.00	per dwelling (+10% for flats)
Voids/bad debts	4.38%	of gross rent
Repairs reserve	0.38%	of development costs
Capitalisation	7.00%	of net rent

Shared Ownership	Benchmark	User Values
Rent	2.75%	of gross rent
Capitalisation	7.00%	of net rent

Affordable Rent	Benchmark	User Values
Management costs	6.00%	of gross rent
Maintenance	£1,260.00	per dwelling
Voids/bad debts	6.00%	of gross rent
Capitalisation	7.00%	of gross rent

Intermediate Rent	Benchmark	User Values
Management costs	6.00%	of gross rent
Maintenance	£1,260.00	per dwelling
Voids/bad debts	6.00%	of gross rent
Capitalisation	7.00%	of gross rent

Development Costs

Toolkit values will be used unless you enter your own value in the white cells. The CSH level is for reference purposes only.

Build Costs per sq m		
Building Type	Toolkit Values	User Values
Flats (40+ storeys)	£3,494	
Flats (16-40 storeys)	£2,623	
Flats (6-15 storeys)	£2,037	
Flats (5 & less storeys)	£1,497	£3,334.64
Houses <= 75m2	£1,113	
Houses > 75m2	£976	
Code for Sustainable Homes level (3-6)		

Other Development Costs		
Additional Cost	Toolkit Values	User Values
Professional Fees %	12.0%	of build costs
Interest rate (Market)	6.75%	7.0% of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Housing)	6.75%	of build costs Rental tenures and Shared Ownership)
Marketing Fees	3.0%	of market value
Developers Return	20.0%	of market value applies to market housing
Contractors Return	6.0%	of development costs (excl finance) (affordable housing)
Construction Period (1+ Years)		2.50

You may also enter SCHEME totals for other exceptional costs. Enter the name of the cost in the left hand cells and the SCHEME value in the right hand cell

Exceptional Development Costs	
Total For Scheme	
Cost per dwelling	
Cost per hectare	
Cost per habitable room	No Info

Costs incurred for Sustainable homes level of 3, 4, 5 or 6	£	-
acquisition costs	£	97,546
<Enter cost description>	£	-
<Enter cost description>	£	-

----- Planning Obligations -----

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

	Input by Total		Input by Unit						Calculated Total (Affordable and Sale)	
	Enter Total?	User Total	Sale	Affordable				Social Rent		
				Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent			Affordable Rent
Education Contribution	<input type="checkbox"/>									£0
Highway works	<input type="checkbox"/>									£0
Contribution to public transport	<input type="checkbox"/>									£0
Contribution to community facilities	<input type="checkbox"/>									£0
Provision for open space	<input type="checkbox"/>									£0
Contribution to public art	<input type="checkbox"/>									£0
Environmental improvements	<input type="checkbox"/>									£0
Town centre improvements	<input type="checkbox"/>									£0
Waterfront improvements	<input type="checkbox"/>									£0
Support for employment development	<input type="checkbox"/>									£0
Employment related training	<input type="checkbox"/>									£0
Other	<input checked="" type="checkbox"/>									£0

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked

Does CIL apply on this scheme? Yes No Please select Yes or No

Total for Scheme	£0
Total for Scheme per hectare	£0
Total for Scheme divided by total number of units	£0
Total for Scheme divided by number of sale units	£0

← - Community Infrastructure Levy - →

You must enter CIL in one of two ways. Either as a calculated figure or by entering a pre-calculated figure.

CIL is a calculated figure

CIL is a pre-calculated figure

Overall Borough CIL	£	510,000
Overall Mayoral CIL	£	115,000

Total pre-calculated CIL	£	625,000
--------------------------	---	---------

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked

	Input by Total		Input by Unit						Calculated Total (Affordable and Sale)	
	Enter Total?	User Total	Sale	Affordable				Social Rent		
				Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent			Affordable rent
European Union funding										£0
Local Authority capital grant	<input type="checkbox"/>									£0
Other regeneration funding										£0
English Heritage grant										£0
Lottery grant										£0
Contribution from Payment in Lieu fund										£0
Employer contribution										£0
Capitalised ground rent figure	<input type="checkbox"/>	£143,000								£143,000
Other (1)	<input type="checkbox"/>									£0
Other (2)										£0
Other (3)										£0

Total for Scheme	£143,000
Total for Scheme per hectare	£476,667
Total for Scheme divided by total number of units	£5,958
Total for Scheme divided by number of sale units	£5,958

← - Revenue from Affordable Housing - →

Please choose the method by which the payment is made by the affordable housing provider to the developer

Payment by affordable housing provider to developer based on fixed assumption on social housing grant (including no grant)

Payment by affordable housing provider to developer fixed. No information available on grant availability or affordable housing provider's revenue income.

Known Payments for Affordable Housing

Enter the fixed payments for each tenure below.

Affordable Housing Tenures							Total
Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	No. Of Affordable Units	
0.0	0.0	0.0	0.0	0.0	0.0	0	
Number of units							
Payment By Unit							
Or Payment By Tenure							
Enter a lump sum payment for all Affordable Housing Tenures							
£	£	£	£	£	£		
Tenure Total							
Method by which Affordable Housing Revenue is calculated							
N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Known Payment for Affordable Housing							
£							

Please select one of the below options;

- There is no grant, or it is included in the above values
(in which case grant will not be shown separately on the results page)
- Grant is included in the above value and I would like to show it separately on the Results page for information (Total revenue for the tenure will use figures in table above, grant shown on the next page will not be added)

----- Grant -----  

Please choose whether a grant is available for the scheme

No - Grant is not available

Yes - Grant is available and is a known value

Specify grant by unit or tenure

Specify total grant

Affordable Housing Tenure	Number of units	Grant	Per Unit or by Tenure
Social Rent	0.0		per unit
Shared Ownership	0.0		per unit
Intermediate Rent	0.0		per unit
Affordable Rent	0.0		per unit

Total known Affordable Housing Grant	£ -
--------------------------------------	-----

-- Oncosts for Affordable Tenures --

If applicable, the user can provide information about on-costs. You have one of 3 options: i) use the Toolkit benchmark percentages ii) enter your own % iii) enter your own on-cost value (in £s) per unit. If there are no on-costs, either clear the tick box called 'Apply on-costs' or enter '0' in the User rate per unit for that tenure (shown as '£ -', press delete to clear the box and allow oncosts).

Affordable Housing Tenures							Total
Apply On-costs	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Affordable Units
<input checked="" type="checkbox"/>	0.0	0.0	0.0	0.0	0.0	0.0	0
Number of units							
Toolkit benchmark on-costs rate			9.00%	9.00%	9.00%	9.00%	
User on-cost rate (%)							
User rate per unit (£)							
On-cost per unit	£ -	£ -	£ -	£ -	£ -	£ -	-
Intermediate calculation	£ -	£ -	£ -	£ -	£ -	£ -	-
Total on-cost per tenure	£ -	£ -	£ -	£ -	£ -	£ -	-
Total on-costs for affordable housing	£ -						

----- Contribution from -----
-- Commercial Elements --

This page allows the user to input data relating to a commercial property element of a scheme. The user will need to complete the white boxes relating to size of scheme, rent, yield and capital value. In addition cost related data will need to be inputted

Revenues	Office	Industrial	Retail	Hotel	Leisure/Community Services	Other
Net area in Sq. m	608					
Rent (£ per sq.m per annum)	£ 282.00					
Yield (%)	6.5%					
Capital value	£ 2,637,785	£ -	£ -	£ -	£ -	£ -

##

Costs

Gross Internal Area in Sq. m	624
Build costs (£ per GIA sq m)	£ 2,479
Professional fees (% of Build Costs)	12.00%
Interest Rate (% of Build Costs)	7%
Marketing fees (% of Capital Value)	15%
Return (% of Capital Value)	15%

Total build costs	£ 1,546,896	£ -	£ -	£ -	£ -	£ -
Professional, other fees and finance costs	£ 689,578	£ -	£ -	£ -	£ -	£ -
Return	£ 395,668	£ -	£ -	£ -	£ -	£ -

#

Total development costs	£ 2,632,142	£ -	£ -	£ -	£ -	£ -
Site value for commercial element	£ 5,643	£ -	£ -	£ -	£ -	£ -

Total site value for all commercial Elements	£ 5,643
--	---------

Land Finance & Site Value Comparisons

Land Finance

Reduction of Residual (%)

13%

Guide Values

Values entered below will be shown on the results page compared to the scheme residual. These values cannot be calculated by the toolkit.

Existing use value	£	1,665,000
Acquisition cost	£	-
Value for offices	£	-
Value for industrial	£	-
Value as hotel site	£	-
Value as other alternative use	£	-

***** Results *****

Site Address	Arlington Works Arlington Road TW1 2BB
Scheme Description	24 residential units plus office space

Site Reference Number	
Application Number	
NLUD Ref. Number	
UPRN or Grid Ref.	

[View Results](#)

RESIDUAL before land finance	£3,739,000
RESIDUAL after land finance	£3,253,000
Per hectare	£10,843,000
Per dwelling	£136,000
Per market dwelling	£136,000
Per habitable room	£44,000
Per bedspace	£65,000

SCHEME UNITS		per ha.
No. of Dwellings	24	80
No. of Habitable rooms	74	247
No. of Bedrooms	50	167
Total floorspace (m ²)	1,684	5614
% Wheelchair Units		

SCHEME REVENUE	£17,189,000
Contribution to revenue from:	
Market housing	£14,408,000
Affordable Housing	
- Low Cost Sale	
- Equity Share	
- Shared Ownership (inc. grant)	
- Intermediate Rent (inc. grant)	
- Affordable Rent (inc. grant)	
- Social Rent (inc. grant)	
Grant	
Capital Contribution	£143,000
Commercial Elements	£2,638,000

LAND FINANCE	
Total land finance	£486,000

	AFFORDABLE UNITS				Total
	Low Cost	Equity Share	Shared	Intermediate	
Units					
Units %					
Hab rooms					
Bedrooms					
Persons					
Floorspace					

SCHEME COSTS	£13,450,000
Contribution to costs from:	
Market housing	
Affordable Housing	£10,095,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	
- Social Rent	
Planning Obligations	
Community Infrastructure Levy	£625,000
Exceptional Development Costs	£98,000
Commercial Elements	£2,632,000

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	
Per Shared Ownership dwelling	
Per Intermediate Rent dwellings	
Per Affordable Rent dwelling	

Alternative Site Values		Against residual
Existing Use Value	£ 1,665,000	£1,588,000
Acquisition Cost	£ -	
Value for offices	£ -	
Value for industrial	£ -	
Value as hotel site	£ -	
Value as other alternative	£ -	

[Discounting Function](#)

[Floor Space Analysis](#)

[Costs Analysis](#)

[Child Occupancy & Bedrooms](#)

Costs Analysis

	Sale	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Commercial Elements
Number of units	24							
Base build costs	£5,616,134							£1,547,000
Prof fees	£673,936							£690,000
Finance	£491,412							
Marketing	£432,240							
Developer's Return	£2,881,600							
Contractor's Return	-							£396,000
Total Costs	£10,095,000							£2,632,000
Exceptional Development Costs	£98,000							

NB: Exceptional Development Costs are apportioned across tenures and all values rounded to nearest thousand

Site Reference Details	
Site Reference Number	
Application Number	
NLUD Reference Number	
UPRN or Grid Reference	

Site Details	
Site Address	Arlington Works Arlington Road TW1 2BB
Scheme Description	24 residential units plus office space

Result set:
Basic Site Information
Size of site in Hectares (Gross)
Total Number of Dwellings
Total Number of Habitable rooms
Total Number of Bedrooms

Site Notes
Use these boxes to record any notes on the scheme variation (eg. % change in houseprices or additional CIL values)

Tenure Division
Sale
Low Cost Sale
Equity share
Shared Ownership
Intermediate Rent
Affordable rent
Social Rent
Total affordable

Key Economics
Revenue
Costs
Land Finance
Residual
Per hectare
Per dwelling
Per market dwelling
Per habitable room
Per bedspace

Cost Contributions
Planning Obligations
Community Infrastructure Levy
Exceptional Development Costs
Commercial Elements

Residual Contributions
Subsidy
Total for scheme
per SF unit
per SO unit
per IR unit
per AR unit
Capital Contributions
Commercial Elements

Market Tenures' Revenue		Time span (years)				
		1	2	3	4	5
Inflation	House price inflation					
	- Expected house price inflation rate (%) (All market tenures)					
	- Compound house price inflation rate	100.00%	100.00%	100.00%	100.00%	100.00%
Annual Build Rate and Revenue		Total Entered	Total Expected			
	- Annual sale completion	140 of:	24.00	40.00	60.00	40.00
	- Annual sale percentage		100%	166.67%	250.00%	166.67%
	- Revenue for that year		£14,408,000	£24,013,333.33	£36,020,000.00	£24,013,333.33
	- Revenue with inflation		£	£	£	£
Low Cost Sale	- Annual sale completion	42 of:	0.00	20.00		12.00
	- Annual sale percentage		100%	0.00%	0.00%	0.00%
	- Revenue for that year		£0	£0.00	£0.00	£0.00
	- Revenue with inflation		£	£	£	£
Equity Share	- Annual sale completion	52.5 of:	0.00		50.00	2.50
	- Annual sale percentage		100%	0.00%	0.00%	0.00%
	- Revenue for that year		£0	£0.00	£0.00	£0.00
	- Revenue with inflation		£	£	£	£
Total Revenue with Inflation for these Market Tenures			£	£	£	£

 **Child Occupancy -----**
& Bedroom Count

BEDROOM MIX								
	Sale	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Total units by bedroom
Total Studio Flats								
Total 1 bed units	5							5
Total 2 bed units	12							12
Total 3 bed units	7							7
Total 4+ bed units								
Total units by tenure	24							

ANTICIPATED CHILD OCCUPANCY									
	No. Of Units	Sale	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Total Child Occupancy by Unit Type
Flats	Studio	24							
	1 bed	5							
	2 bed	12							1
	3 bed	7							3
	4 bed								
Houses	1 bed								
	2 bed								
	3 bed								
	4 bed								
	5 bed								
	6+ bed								
Total Child Occupancy by Tenure									4

Total Child Occupancy for this Scheme **4**

Benchmark Data - January 2014

This page shows the benchmark data compiled for each of the London Boroughs. Some of this data is unique to the borough whilst the rest is applicable across all the boroughs. All of these values can be overridden in the Toolkit by your own values.

Data Source	AG1213	Date	27.12.2013
Borough	Redbridge		

band specific data
borough specific data
fixed data

	Market Rents	Size in m2	Market Value	Social Rent
Studio flat	£162	37	£136,000	£88.14
Flats	1 bed	50	£227,000	£88.14
	2 bed	66	£284,000	£107.40
	3 bed	86	£341,000	£123.48
	4 bed	95	£409,000	£145.66
Terrace / town house	2 bed	83	£327,000	£107.40
	3 bed	96	£424,000	£123.48
	4 bed	103	£510,000	£145.66
	2 bed	83	£354,000	£107.40
Semi / detached	3 bed	96	£460,000	£123.48
	4 bed	103	£552,000	£145.66

Area Type	Outer
Band	B1

Oncosts	
Social Rent	9%
Shared Ownership	9%
Intermediate/Affordable Rent	9%

Shared Ownership Costs	
Rent	2.75%
Capitalisation	7.00%

Development Costs	
Professional Fees %	12%
Finance (Market)	7%
Finance (Affordable Housing)	7%
Marketing Fees	3%
Developers Return	20%
Contractors Return	6%

Social Rent (by Bedrooms)	
1	£88.14
2	£107.40
3	£123.48
4	£145.66
5	£153.66
6	£0.00

Social Rent Costs	
Location	Outer
Management	£555.00
Maintenance	£550.00
Voids/bad debts	£0.04
Repairs Res	0.384%
Capitalisation	7.00% of mantment & maintenance

Build Costs per sq m	
Flats (Over 40 storeys)	£3,494
Flats (16-40 storeys)	£2,623
Flats (6-15 storeys)	£2,037
Flats (5 stories)	£1,497
Houses <= 75m2	£1,113
Houses > 75m2	£976

Affordable/Intermediate Rent Costs	
Managment costs	6.00%
Maintenance	£1,260
Voids/bad debts	6.00%
Capitalisation	7.00%

 Saved Densities

You can use this page to store a series of default densities. These can be recalled on the Basic Site Information page.

	Name of benchmark	DENSITY
user benchmark 1	My Benchmark 30	30
user benchmark 2	User density benchmark 2	
user benchmark 3	User density benchmark 3	
user benchmark 4	User density benchmark 4	
user benchmark 5	User density benchmark 5	
user benchmark 6	User density benchmark 6	

← --- Saved Dwelling Type Mixes ---

You can use this page to store a series of default mixes. These can be recalled on the Mixes page when using the Toolkit as a Forward Planning tool.

	User Mix set 1	user Mix set 2	user Mix set 3	user Mix set 4	user Mix set 5	user Mix set 6
	name					
Studio flat						
Flats						
	1 bed					
	2 bed					
	3 bed					
	4 bed					
Terrace / town house						
	2 bed					
	3 bed					
	4 bed					
Semi / detached						
	2 bed					
	3 bed					
	4 bed					
Total	0%	0%	0%	0%	0%	0%

← Saved Market Values -----

You can use this page to store a series of default market values for the given unit types. These can be recalled on the Market Values page when using the Toolkit as a Forward Planning tool.

name	Main Défaut				
	user MV set 1	user MV set 2	user MV set 3	user MV set 4	user MV set 5
Studio flat					
Flets					
1 bed	£136,000				
2 bed	£227,000				
3 bed	£284,000				
4 bed	£341,000				
Terrace / town house					
2 bed	£409,000				
3 bed	£327,000				
4 bed	£424,000				
Semi/detached					
2 bed	£510,000				
3 bed	£354,000				
4 bed	£460,000				
	£552,000				

Appendix B



Commercial Review

Version 01

25 October 2018

23-27 Arlington Road

Issued by:

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DOCUMENT ISSUE SHEET

Version	Issue Date	Issued By	Approved By	Comments on Version
1	25 October 2018	AB	AB	

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EXECUTIVE SUMMARY

K2 Rider Hunt are appointed to undertake a review of the Order of Cost Estimate included as Appendix 4 of the Financial Viability Assessment produced by Grimshaw Consulting dated August 2018. This report is a commentary on the appropriateness of the Order of Cost Estimate, a copy of which is included in Appendix 1 of this report. A schedule of all information used to undertake our review is contained within Appendix 2.

The following sections of the report detail our assessment of the Order of Cost Estimate where we have recommended the following adjustments to the estimated construction costs to reduce the total to £7,162,667:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	
Order of Cost Estimate Total			£7,769,404
Recommended adjustments			
<u>Office units</u>			
Remove roof covering & structure	£25,700	£8,995	(£16,705)
Remove staircases	£3,000	£1,500	(£1,500)
Frame & upper floors to extension	£28,800	£19,200	(£9,600)
External walls – new external walls	£41,700	£29,190	(£12,510)
		Adjustment to prelims @ 18%	(£7,257)
		Adjustment to risk @ 7.5%	(£3,568)
<u>Residential buildings</u>			
Main building – floor finishes	£137,840	£120,610	(£17,230)
Small block – floor finishes	£30,480	£26,670	(£3,810)
Main building – FFE	£160,000	£120,000	(£40,000)
Small block – FFE	£32,000	£24,000	(£8,000)
Main building – M&E	£654,740	£559,975	(£94,765)
Small block – M&E	£144,780	£123,825	(£20,955)
Main building – BWIC	£37,737	£19,800	(£17,937)
Small block – BWIC	£7,239	£3,715	(£3,524)
		Adjustment to prelims @ 18%	(£37,120)
		Adjustment to risk @ 5%	(£12,167)
<u>External Works</u>			
Demolition of existing workshops	£100,000	£48,000	(£52,000)
		Adjustment to prelims @ 18%	(£9,360)
		Adjustment to risk @ 5%	(£4,602)
<u>Remediation</u>			
Extra over general site reduction	£180,375	nil	(£180,375)
		Adjustment to prelims @ 18%	(£32,468)
		Adjustment to risk @ 5%	(£21,284)
K2 Rider Hunt Assessment of Construction Cost			£7,162,667

1.0 COST PLAN

The Order of Cost Estimate totals £7,769,404, and has been priced by building use, summarised as follows:

Element	Construction Cost
Office B1(A) Units C1 – C4	£748,181
Office B1(A) Units C5 – C7	£522,096
Residential Small Block	£866,569
Residential Main Building	£3,746,081
External Works	£904,477
Extra over for Remediation	£982,000
Total Development Cost	£7,769,404

Main contractors' preliminaries, overheads and profit have been priced at 18%.

Risk has been priced differently for each of the above elements and ranges between 5% and 10%.

Project/design team fees and inflation are all excluded from the Order of Cost Estimate.

2.0 PROGRAMME

The Order of Cost Estimate excludes an assessment of the construction programme.

The Financial Viability Assessment produced by Grimshaw Consulting assumes an 18 month construction period.

3.0 AREAS

The development will provide the following areas:

Floor	Total
Offices B1(A) Units C1 – C4	352m ²
Offices B1(A) Units C5 – C7	272m ²
Residential Small Block	381m ²
Residential Main Building	1,723m ²
Total	2,728m²

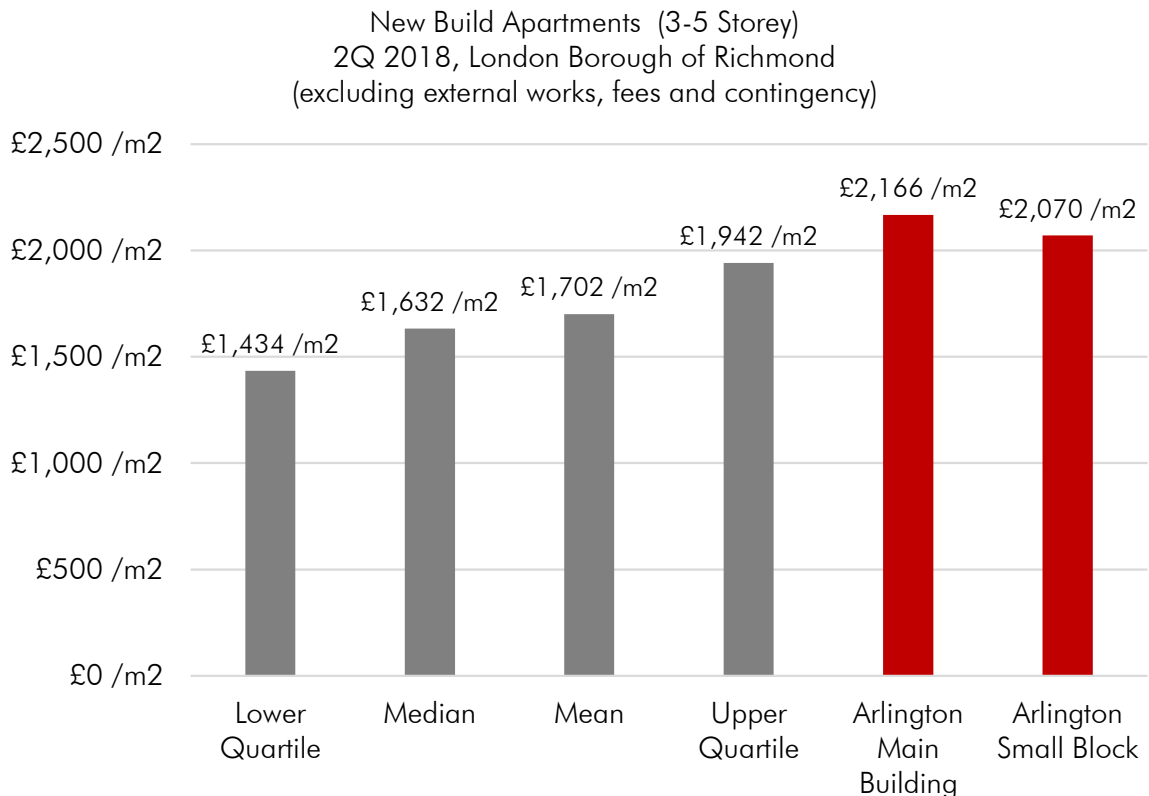
4.0 ESTIMATED CONSTRUCTION COST

The Order of Cost Estimate has been priced by building use, with consistent rates applied depending on the building type (i.e. offices and residential). In the following sections of this report we have reviewed the rates used for each building type, alongside the documentation and drawings submitted with the planning application.

Benchmarking conversion projects, (i.e. the office units in this case) is generally not an accurate method of comparison as each conversion project will have its own unique areas of cost pressure. As a result, for the portion of work that comprises conversion of the Victorian Mews buildings to office spaces, we have only assessed the rates used within the Order of Cost Estimate.

For new build residential development, benchmarking can be an accurate assessment of the suitability of costs, and we have benchmarked this portion of the work below.

The BCIS benchmark for 3-5 storey new build apartments shows the two residential blocks within this project benchmark higher than the BCIS Upper Quartile. This suggests the costs may be excessive.



Benchmarking alone is not an accurate measure of cost allowance therefore we have also reviewed the rates used in more detail within section 5 of this report.

5.0 DETAILED COST ANALYSIS

To analyse the construction costs in greater detail, and to try and identify any areas where the construction cost provisions may be inadequate or excessive, we have reviewed the items, quantities and rates included within the Order of Cost Estimate.

We have summarised our detailed review of the Order of Cost Estimate below, and our findings correspond to the recommendations within the Executive Summary at the front of this report.

Office Units

We have reviewed the rates used to estimate the works required to convert the existing mews buildings to office units. The rates used for the two blocks are consistent with each other, therefore our assessment of each rate considers its use for both blocks.

Generally, we have found the rates used for the office conversion works to be reasonable with the exception of the following:

Demolition and alterations

Removal of roof coverings

Removal of the roof structure and coverings has been priced at £100/m², which we consider excessive given that there are separate, significant allowances, for isolated structural repairs and waterproofing works. We have reviewed this item and arrived at a rate of £35/m², as below:

Remove existing roof covering	£15/m ²
Remove tile battens	£2/m ²
Remove roofing felt	£6/m ²
Remove existing roof structure	£12/m ²
Total	£35/m² : applied to 257m² = £8,995

Remove stair cases

The removal of the existing staircases also attracts a premium on rates we would expect to see, with each staircase priced at £500 per flight for removal. Given the structural repairs allowed for elsewhere and the relatively simple nature of staircase removal, we would expect to see this priced at a rate of £250 per flight.

Our assessment of these items results in the following adjustment to the Order of Cost Estimate:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Remove roof covering & structure	£25,700	£8,995	(£16,705)
Remove staircases	£3,000	£1,500	(£1,500)

Frame and Upper Floors to Extension

The extension to the existing mews building includes for upper floors priced at £300/m². Although this item also includes the label of frame, technically as the building is a traditional construction the external and internal wall provisions will cover the vertical elements of the frame.

The result of this is a rate of £300/m² for what is likely to be a suspended timber floor to match what we assume is the case in the existing building. We consider this rate to be significantly higher than is required for this form of construction and recommend it is reduced to £200/m².

The resulting adjustment to the Order of Cost Estimate is as follows:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Frame & upper floors to extension	£28,800	£19,200	(£9,600)

External Walls

From the elevations provided we assume the extension to the existing mews building will be a traditional construction to match the existing.

The order of cost estimate allows a rate of £300/m² for new external walls. To match the existing portion of the building, we assume the external walls will be a cavity wall, with blockwork internal face and brickwork to match the existing on the outside face.

For a standard cavity wall, we would expect to see a rate of around £180/m², however in this instance it is likely that the external face brickwork will require a special brick to match the existing.

To provide for this we would add approximately £30/m² to our base rate of £180/m² to arrive at an allowance of £210/m².

We therefore recommend the following adjustment to the Order of Cost Estimate:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
External walls – new external walls	£41,700	£29,190	(£12,510)

Residential buildings

We have reviewed the rates used to estimate the works required to construct the two new residential buildings. The rates used for the two buildings are consistent with each other therefore our assessment of each rate considers its use for both blocks.

Generally, we have found the rates used for the construction of the new residential buildings to be reasonable except for the following:

Floor finishes

Floor finishes to the new residential apartments have been priced on a flat rate of £80/m² across the entire gross internal floor area.

Whilst we found that the wall and ceiling finishes allowance benchmark close to the median level, the floor finishes come out at a 15% premium to the median benchmark rate, as shown in the graph below.



We therefore recommend adjusting the floor finish rate to £70/m² to align with the median benchmark (in line with the wall and ceiling finishes) as follows:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Main building – floor finishes	£137,840	£120,610	(£17,230)
Small block – floor finishes	£30,480	£26,670	(£3,810)

Furniture, furnishings and equipment

There is an allowance of £8,000 per apartment for this element, which from looking at the floor plans will cover kitchens and wardrobes.

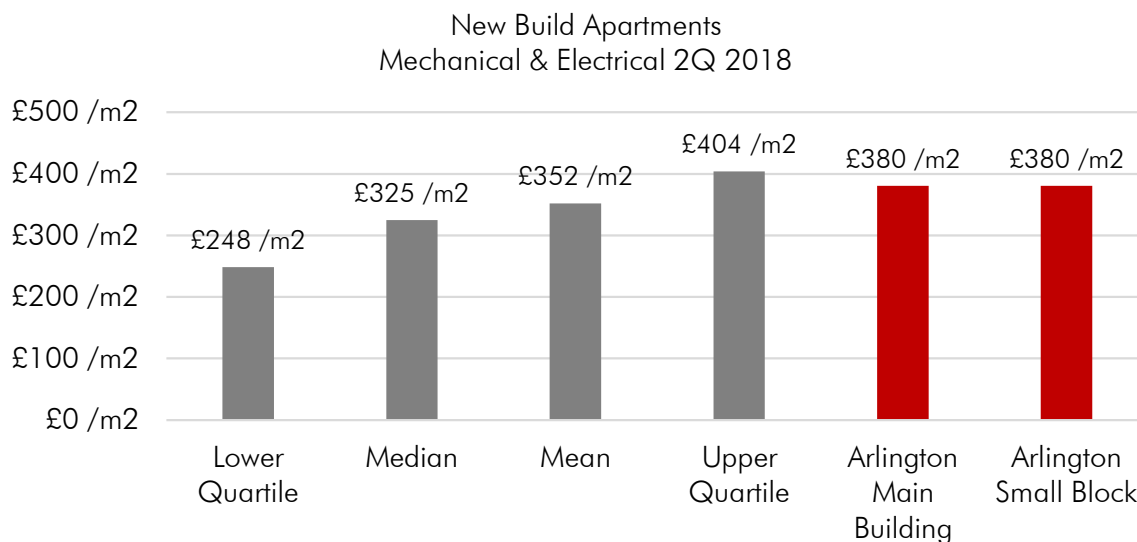
Based on an allowance of £5,000 per kitchen, and £750 per wardrobe we arrive at an allowance of approximately £6,000 per apartment for this element. We therefore recommend the Order of Cost Estimate is adjusted as follows:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Main building – FFE	£160,000	£120,000	(£40,000)
Small block – FFE	£32,000	£24,000	(£8,000)

Mechanical and electrical installations

The Mechanical & Electrical installations have been priced on a flat rate of £380/m² across the entire gross internal floor area.

Generally other elements that have been priced in this way align to a benchmark median rate, however this element is priced almost 20% higher than the median as shown in the graph below.



We therefore recommend adjusting the allowance for this element to £325/m² to align with the median benchmark as there does not appear to be any complex M&E provision in either building

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Main building – M&E	£654,740	£559,975	(£94,765)
Small block – M&E	£144,780	£123,825	(£20,955)

Builders work in connection

This element has been priced at 5% of the value of the mechanical, electrical and lift installations for both the offices and residential buildings.

For new build projects the cost of builders work in connection is typically lower than for refurbished buildings as there is a cost benefit in the works taking place in a new building, where some elements of the required works can naturally be incorporated into the building as it is constructed.

We therefore recommend that the builders work in connection allowance to the new residential buildings is reduced to 3% to reflect works in a new build scenario.

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Main building – BWIC	£37,737	£19,800	(£94,765)
Small block – BWIC	£7,239	£3,715	(£20,955)

Please note the K2 Rider Hunt Assessment provides for the application of the BWIC percentage to the revised services allowance outlined earlier in this report.

External works

We have reviewed the allowances for external works and recommend adjustment to the following item.

Demolition of existing workshops

The Order of Cost Estimate allows £100,000 for the demolition of the existing workshops.

The Grimshaw Financial Viability Assessment describes the existing workshops as 400m² of dilapidated workshops, and the existing ground floor site plan labels them as being predominantly corrugated metal in structure.

We would typically allow £40/m³ for demolition, which if applied to the 400m², based on an assumed 3m storey height, would equate to a demolition cost of £48,000.

Given the removal and decommissioning of the tank farm and surrounding tank storage, alongside removal of contaminated materials are allowed for elsewhere we recommend the allowance for this item in the Order of Cost Estimate is adjusted as follows:

Description	Budget Costing	K2 Rider Hunt Assessment	Adjustment
Demolition of existing workshops	£100,000	£48,000	(£52,000)

Remediation

We have reviewed the allowances in the Order of Cost Estimate for remediation and recommend adjustment to the following items.

Extra over general site reduction for disposal of hazardous waste

There is an allowance for 2,775m² of ground to be cleared at the rate of £65/m² for this item. We have measured the existing site and this area approximately equates to the site area excluding the footprint of the mews buildings.

Within the remediation section of the Order of Cost Estimate there are also the following allowances:

Description	Area	Depth	Footprint
Stripping hydrocarbon ground	1052m ³	800mm	1,315m ²
Excavate and dispose asbestos ground	200m ³	?	?
Excavate and backfill garden areas	480m ³	400mm	1,200m ²
Total (excluding Asbestos Ground item above)			2,515m²

The calculation above leaves a possible 260m² of land on the site for the 2nd item (Excavate and dispose asbestos impacted ground). Based on the calculation of 200m³ of ground being disposed of for this purpose that would equate to a depth of 770mm being excavated and disposed of for this item.

The Order of Cost Estimate therefore allows for the entire site to have any exposed land excavated and disposed of to depths of between 400mm and 800mm.

We cannot therefore see any requirement for the item that allows for “extra over general site reduction for disposal of hazardous waste,” when the entire site already has significant allowances for remediation.

We therefore recommend that the Order of Cost Estimate is adjusted as follows:

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Extra over general site reduction	£180,375	nil	(£180,375)

Allowance for further investigation

Based on the previous element, where we ascertained that there is provision to remediate the entire site we would consider that any further investigation might only mitigate the need for some of the remediation works and therefore be cost neutral or negative. Any requirement post remediation should be covered by certification provided by the contractors remediating the land. We therefore recommend this item is excluded from the Order of Cost Estimate.

Description	Order of Cost Estimate	K2 Rider Hunt Assessment	Adjustment
Allowance for further investigation	£20,000	nil	(£20,000)

Preliminaries, overheads and profit

The Order of Cost Estimate allows a combined rate of 18% for Preliminaries, Overheads and Profit.

We would typically allow 13% for preliminaries, and 5% for overheads and profit, which aligns with the provision made.

We therefore agree with the provision of 18%, subject to the recalculation of the overall allowance being based on the adjustments we have recommended earlier in our report.

Risk allowance

Risk has been priced differently for each section.

Office Units

The risk allowance for the office units is 7.5%, which we consider to be a reasonable allowance for existing buildings that are being refurbished.

Residential buildings

A lower risk provision is made for the new residential buildings at 5%, which we also consider to be a reasonable allowance, taking into consideration the nature of the work and the remediation that is priced elsewhere.

External works

The risk allowance for the external works is 7.5%, which we consider to be a reasonable allowance for this element of the work.

Remediation

The risk allowance for the remediation is 10%. This is a high risk element of the work and we are therefore satisfied with the allowance made.

We are therefore satisfied with the risk percentages applied, however the application of these to each section will need to be adjusted based on the changes we have recommended earlier in this report.

APPENDIX 1 – Order of Cost Estimate

Order of Cost Estimate

Project	Redevelopment of Arlington Works
Client	Sharpes Refinery Service (Hydro-Carbons) Ltd.
Date	28 June 2018
Prepared by	Paul Burns / Monica Kadandara

Contact Details

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Comp' Checked

Approved

1.00 Document Issue Register

	Document Name	Rev	Issue Date	Issued to
.1	Order of Cost Estimate 1		28/06/18	Grimshaw Consulting Limited

Comments

First Issue

2.00 Introduction

- .1 This document represents an Order of Cost Estimate for the proposed redevelopment of the Arlington Works site, Twickenham.
- .2 The proposed scheme comprises of the construction of two new residential building blocks, the conversion of existing Victorian mews to provide new office spaces and associated external works. Further allowances have been provided for the additional cost of Site remediation.
- .3 Order of Cost Estimates are produced as an intrinsic part of Royal Institute of British Architects (RIBA) Work Stage 1. The core objectives of this RIBA stage as described in the RIBA Plan of Work 2013 is as follows: -
 - Stage 1 Preparation and Brief - Develop project objectives, including quality objectives and project outcomes, sustainability aspirations, project budget, other parameters or constraints and develop initial project brief. Undertake feasibility studies and review of site information.
- .4 The purpose of an Order of Cost Estimate is to establish a realistic cost limit for the building project. The cost limit being the maximum expenditure that the Client is prepared to make in relation to the completed building project, which will be managed by the project team (i.e. authorised budget).
- .5 Stace Order of Cost Estimates use industry benchmarking data to provide an order of cost typically expected of a project of this type The benchmarking data takes into account the nature/specification of the project, the expected method of construction, the location and defined uses.
- .6 The data considered in providing the benchmarking Order of Cost Estimate relates to second quarter 2018 (2Q18) and has been sourced from:
 - Stace Projects
 - BCIS data
 - Industry published cost data
- .7 This Order of Cost Estimate is based on information noted in Section 6.0
- .8 We draw your attention to the notes in Section 7.0
- .9 We draw your attention to the exclusions in Section 8.0
- .10 Increased cost projections are excluded.
- .11 The costs are based on the assumption of a single stage competitive tender to main contractors using the design and build form of contract. It should be noted that an alternative form of procurement would require a review of the budget.
- .12 Fees are excluded.
- .13 VAT is excluded.

2.00 Introduction

- .14 Estimating works to existing buildings introduce many sources of uncertainty and these can affect the scope of the works, the cost and the programme. The risks include:
- The availability of information about the buildings original design and construction including the existence of unrecorded alterations
 - The condition of the existing building, the quality of the original construction and the effects of settlement, wear and tear
 - The effects of demolition, alterations and temporary works on the progress of the works and the retained fabric
 - The scale of anticipated temporary works and protection
 - The presence of existing occupiers within the building

RIBA Work Stage	0	1	2	3	4	5	6	7
RICS Estimate Stage/ Stace Document	Preparation and Brief	Order of Cost Estimate	Formal Cost Plan 1	Formal Cost Plan 2	Pre-Tender Estimate	Cost Reports	Final Account	In Use

3.00 Schedule of Areas

		Units nr	NSA m ²	GIA m ² ft ²	
<u>Office B1(A) Units C1 - C4</u>					
.1	Ground Floor	4	171	176	1,894
.2	First Floor		171	176	1,894
Total GIA Office B1(A) Units C1 - C4		4	342	352	3,788
<u>Office B1(A) Units C5 - C7</u>					
.3	Ground Floor	3	134	136	1,464
.4	First Floor		134	136	1,464
Total GIA Office B1(A) Units C5 - C7		3	268	272	2,928
<u>Residential Main Building</u>					
.5	Ground Floor	5	325	480	5,167
.6	First Floor	6	406	479	5,156
.7	Second Floor	6	406	479	5,156
.8	Third Floor	3	221	285	3,068
Total GIA Residential Main Building		20	1,358	1,723	18,547
<u>Residential Small Block</u>					
.9	Ground Floor	2	125	154	1,658
.10	First Floor	2	115	138	1,485
.11	Second Floor		87	89	958
Total GIA Residential Small Building		4	327	381	4,101
Grand Total Gross Internal Floor Area (GIA)				2,728	29,364

Notes:

The above areas have been taken or interpolated from Brookes Architects drawings.

The above areas should be considered approximate.

The above areas have been measured to the internal face of the perimeter walls at each floor level in accordance with the RICS Code of Measuring Practice (6th edition).

4.00 Overall Summary

Ref	Element Summary	Area m ²	£/m ² £	£/ft ² £	Total £
.1	Office B1(A) Units C1 - C4	352	2,126	197.47	748,181
.2	Office B1(A) Units C5 - C7	272	1,919	178.32	522,096
.3	Residential Small Block	381	2,274	211.30	866,569
.4	Residential Main Building	1,723	2,174	201.99	3,746,081
.5	External Works				904,477
.6	Extra over for Remediation				982,000
Total Order of Cost Estimate		2,728 m²		£	7,769,404
Aggregate Cost / m²				£	2,848.02
Aggregate Cost / ft²				£	264.59

5.01 Office B1(A) Units C1 - C4

GIA m² ft²
352 3,788

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²
					£	£	£
.1	Demolition and alterations						
	Remove roof coverings and structure	128	m ²	100	12,800	36.36	3.38
	Remove stair cases	3	nr	500	1,500	4.26	0.40
	Demolish external walls	93	m ²	75	6,975	19.82	1.84
	Demolish internal walls	60	m ²	50	3,000	8.52	0.79
	Remove telephone mast		item		5,000	14.20	1.32
	Remove windows and make good opening	12	nr	250	3,000	8.52	0.79
	Remove external doors and make good opening	2	nr	300	600	1.70	0.16
	Remove unit front and make good opening	2	nr	500	1,000	2.84	0.26
	General stripping out including redundant M&E	256	m ²	50	12,800	36.36	3.38
.2	Substructure; new foundations to extension	48	m ²	450	21,600	61.36	5.70
.3	Frame &)						
.4	Upper Floors; to extension)	96	m ²	300	28,800	81.82	7.60
.5	Allowance for isolated structural repairs		item		25,000	71.02	6.60
	Allowance for Waterproofing works		item		25,000	71.02	6.60
.6	Roof; pitched roof with slate coverings	176	m ²	175	30,800	87.50	8.13
.7	Stairs; new stairs assumed timber	4	nr	3,000	12,000	34.09	3.17
.8	External Walls; new external walls	139	m ²	300	41,700	118.47	11.01
.9	External Walls; clean, repoint & dry line	309	m ²	140	43,260	122.90	11.42
.10	Windows and External Doors	69	m ²	500	34,500	98.01	9.11
.11	Internal Walls and Partitions	352	m ²	60	21,120	60.00	5.58
.12	Internal Doors	352	m ²	25	8,800	25.00	2.32
.13	Wall Finishes	352	m ²	20	7,040	20.00	1.86
.14	Floor Finishes	352	m ²	60	21,120	60.00	5.58
.15	Ceiling Finishes	352	m ²	50	17,600	50.00	4.65
.16	Furniture, Furnishings and Equipment	4	nr	5,000	20,000	56.82	5.28
.17	Mechanical & Electrical Installations incl solar panel allowance	352	m ²	500	176,000	500.00	46.46
.18	Builders work in connection			5%	8,800	25.00	2.32
					589,815	1,675.59	155.71
.19	Preliminaries, Overheads and Profit			18.0%	106,167	301.61	28.03
Total Building Works Estimate					£ 695,982	1,977.20	183.74

5.01 Office B1(A) Units C1 - C4

GIA m² ft²
352 3,788

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²
					£	£	£
	Total Building Works Estimate		B/F		695,982	1,977.20	183.74
.20	Risk allowance estimate:						
	• Design Development Risks Estimate			2.5%	17,400	49.43	4.59
	• Construction Risks Estimate			5.0%	34,799	98.86	9.19
	• Employer Change Risks Estimate				Excluded		
	• Employer Other Risks Estimate				Excluded		
	Total Building Works Estimate incl. Risk				£ 748,181	2,125.49	197.52
.21	Inflation estimate				Excluded		
	Total Building Works Estimate incl. Risk & Inflation				£ 748,181	2,125.49	197.52

5.02 Office B1(A) Units C5 - C7

GIA m² ft²
272 2,928

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²
					£	£	£
.1	Demolition and alterations						
	Remove roof coverings and structure	129	m ²	100	12,900	47.43	4.41
	Remove stair cases	3	nr	500	1,500	5.51	0.51
	Demolish external walls	27	m ²	75	2,025	7.44	0.69
	Remove windows and make good opening	8	nr	250	2,000	7.35	0.68
	Remove external doors and make good opening	2	nr	300	600	2.21	0.20
	Remove unit front and make good opening	2	nr	500	1,000	3.68	0.34
	General stripping out including redundant M&E	258	m ²	50	12,900	47.43	4.41
.2	Substructure; Allowance for foundation works		item		5,000	18.38	1.71
.3	Frame)				
.4	Upper Floors)				
.5	Allowance for isolated structural repairs		item		15,000	55.15	5.12
	Allowance for Waterproofing works		item		20,000	73.53	6.83
.6	Roof; pitched roof with slate coverings	136	m ²	175	23,800	87.50	8.13
.7	Stairs; new stairs assumed timber	3	nr	3,000	9,000	33.09	3.07
.8	External Walls; allowance for new external walls		item		3,000	11.03	1.02
.9	External Walls; clean, repoint & dry line	422	m ²	140	59,080	217.21	20.18
.10	Windows and External Doors	55	m ²	500	27,500	101.10	9.39
.11	Internal Walls and Partitions	272	m ²	60	16,320	60.00	5.57
.12	Internal Doors	272	m ²	25	6,800	25.00	2.32
.13	Wall Finishes	272	m ²	20	5,440	20.00	1.86
.14	Floor Finishes	272	m ²	60	16,320	60.00	5.57
.15	Ceiling Finishes	272	m ²	50	13,600	50.00	4.64
.16	Furniture, Furnishings and Equipment	3	nr	5,000	15,000	55.15	5.12
.17	Mechanical & Electrical Installations incl solar panel allowance	272	m ²	500	136,000	500.00	46.45
.18	Builders work in connection			5%	6,800	25.00	2.32
					411,585	1,513.19	140.54
.19	Preliminaries, Overheads and Profit			18.0%	74,085	272.37	25.30
Total Building Works Estimate					£ 485,670	1,785.56	165.84

5.02 Office B1(A) Units C5 - C7

GIA m² ft²
272 2,928

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²
					£	£	£
	Total Building Works Estimate		B/F		485,670	1,785.56	165.84
.20	Risk allowance estimate:						
	• Design Development Risks Estimate			2.5%	12,142	44.64	4.15
	• Construction Risks Estimate			5.0%	24,284	89.28	8.29
	• Employer Change Risks Estimate				Excluded		
	• Employer Other Risks Estimate				Excluded		
	Total Building Works Estimate incl. Risk				£ 522,096	1,919.48	178.28
.21	Inflation estimate				Excluded		
	Total Building Works Estimate incl. Risk & Inflation				£ 522,096	1,919.48	178.28

5.03 Residential Small Block

GIA m² ft²
381 4,101

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²	
					£	£	£	
.1	Substructure; piled/suspended	171	m ²	400	68,400	179.53	16.68	
.2	Frame)						
.3	Upper Floors)	393	m ²	250	98,250	257.87	23.96
.4	Roof; zinc roof construction and covering	125	m ²	225	28,125	73.82	6.86	
.5	Stairs; flights to stair core	1	nr	8,000	8,000	21.00	1.95	
.6	Stairs; timber stairs to duplex	2	nr	3,000	6,000	15.75	1.46	
.7	External Walls; facing brickwork	276	m ²	275	75,900	199.21	18.51	
.8	External Walls; metal cladding	143	m ²	450	64,350	168.90	15.69	
.9	EO for acoustics due to railway				Incl			
.10	Windows and External Doors	87	m ²	550	47,850	125.59	11.67	
.11	Decking to balconies	12	m ²	160	1,920	5.04	0.47	
.12	Balconies; balustrades assumed brick clad honeycomb bond	12	m	350	4,200	11.02	1.02	
.13	Internal Walls and Partitions	381	m ²	40	15,240	40.00	3.72	
.14	Internal Doors	381	m ²	60	22,860	60.00	5.57	
.15	Wall Finishes	381	m ²	70	26,670	70.00	6.50	
.16	Floor Finishes	381	m ²	80	30,480	80.00	7.43	
.17	Ceiling Finishes	381	m ²	45	17,145	45.00	4.18	
.18	Furniture, Furnishings and Equipment	4	nr	8,000	32,000	83.99	7.80	
.19	Mechanical & Electrical Installations	381	m ²	380	144,780	380.00	35.30	
.20	Builders work in connection			5%	7,239	19.00	1.77	
					699,409	1,835.72	170.54	
.21	Preliminaries, Overheads and Profit			18.0%	125,894	330.43	30.70	
Total Building Works Estimate					£ 825,303	2,166.15	201.24	
.22	Risk allowance estimate:							
	• Design Development Risks Estimate			2.5%	20,633	54.15	5.03	
	• Construction Risks Estimate			2.5%	20,633	54.15	5.03	
	• Employer Change Risks Estimate				Excluded			
	• Employer Other Risks Estimate				Excluded			
Total Building Works Estimate incl. Risk					£ 866,569	2,274.45	211.30	
.23	Inflation estimate				Excluded			
Total Building Works Estimate incl. Risk & Inflation					£ 866,569	2,274.45	211.30	

GIA m² ft²
1,723 18,547

5.04 Residential Main Building

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²
					£	£	£
.1	Substructure; piled/suspended	519	m ²	400	207,600	120.49	11.19
.2	Frame)					
.3	Upper Floors) 1,949	m ²	250	487,250	282.79	26.27
.4	Roof; zinc roof construction and covering	324	m ²	225	72,900	42.31	3.93
.5	Roof; flat roof construction in terrace	156	m ²	200	31,200	18.11	1.68
.6	Stairs; flights to stair core	6	nr	8,000	48,000	27.86	2.59
.7	External walls; brickwork/metsec	598	m ²	275	164,450	95.44	8.87
.8	External walls; metal cladding	341	m ²	450	153,450	89.06	8.27
.9	External walls; brickwork privacy screens	41	m ²	150	6,150	3.57	0.33
.10	External walls; parapet in brickwork with rainscreen cladding capping to terrace	110	m	650	71,500	41.50	3.86
.11	EO for acoustics due to railway				Incl		
.12	Windows and External Doors	372	m ²	550	204,600	118.75	11.03
.13	Decking to balconies	152	m ²	160	24,320	14.11	1.31
.14	Decking to ground floor terraces	74	m ²	160	11,840	6.87	0.64
.15	Balconies; balustrades assumed brick clad honeycomb bond	227	m	350	79,450	46.11	4.28
.16	Internal Walls and Partitions	1,723	m ²	40	68,920	40.00	3.72
.17	Internal Doors	1,723	m ²	60	103,380	60.00	5.57
.18	Wall Finishes	1,723	m ²	70	120,610	70.00	6.50
.19	Floor Finishes	1,723	m ²	80	137,840	80.00	7.43
.20	Ceiling Finishes	1,723	m ²	45	77,535	45.00	4.18
.21	Furniture, Furnishings and Equipment	20	nr	8,000	160,000	92.86	8.63
.22	Mechanical & Electrical Installations	1,723	m ²	380	654,740	380.00	35.30
.23	Lift Installation	2	nr	50,000	100,000	58.04	5.39
.24	Builders work in connection			5%	37,737	21.90	2.03
					3,023,472	1,754.77	163.00
.25	Preliminaries, Overheads and Profit			18.0%	544,225	315.86	29.34
Total Building Works Estimate					£ 3,567,697	2,070.63	192.34

GIA m² ft²
1,723 18,547

5.04 Residential Main Building

Ref	Item	Qty	Unit	Rate	Total	£/m ²	£/ft ²
					£	£	£
	Total Building Works Estimate	B/F			3,567,697	2,070.63	192.34
.26	Risk allowance estimate:						
	• Design Development Risks Estimate			2.5%	89,192	51.77	4.81
	• Construction Risks Estimate			2.5%	89,192	51.77	4.81
	• Employer Change Risks Estimate				Excluded		
	• Employer Other Risks Estimate				Excluded		
	Total Building Works Estimate incl. Risk	C/F			£ 3,746,081	2,174.17	201.96
.27	Inflation estimate				Excluded		
	Total Building Works Estimate incl. Risk & Inflation				£ 3,746,081	2,174.17	201.96

5.05 External Works

Ref	Item	Qty	Unit	Rate	Total
					£
.1	Demolition of existing workshops (light industrial units)		item		100,000
.2	Take down existing bund wall	67	m ²	100	6,700
.3	Break up existing hard surfacing & dispose. EO for hazardous waste incl at 5.06	2,775	m ²	30	83,250
.4	Car park and access; block paving	1,041	m ²	100	104,100
.5	Car park and access; main road assumed macadam	395	m ²	85	33,575
.6	Soft landscaping	480	m ²	40	19,200
.7	Allowance for planting, trees and hedges etc.		item		15,000
.8	Allowance for fence to boundary	288	m ²	50	14,400
.9	New masonry wall to commercial area	69	m ²	200	13,800
.10	Allowance for foul water drainage	2,728	m ²	18	49,104
.11	Allowance for surface water drainage	1,436	m ²	25	35,900
.12	Allowance for white lines, road marking and demarcation		item		5,000
.13	Site lighting		item		25,000
.14	Allowance for statutory services		item		150,000
.15	Builders works in connection with statutory services, trenches etc.		item		25,000
.16	Service diversions		item		Excluded
.17	Sub-station base and housing		item		10,000
.18	Bin store fittings		item		10,000
.19	Cycle store fittings to residential		item		10,000
.20	Cycle stands to commercial		item		3,000
					713,029
.21	Preliminaries, Overheads and Profit			18.0%	128,345
Total Building Works Estimate					£ 841,374
.22	Risk allowance estimate:				
	• Design Development Risks Estimate			2.5%	21,034
	• Construction Risks Estimate			5.0%	42,069
	• Employer Change Risks Estimate				Excluded
	• Employer Other Risks Estimate				Excluded
Total Building Works Estimate incl. Risk					£ 904,477
.23	Inflation estimate				Excluded
Total Building Works Estimate incl. Risk & Inflation					£ 904,477

5.06 Extra over for Remediation

All Provisional

Ref	Item	Qty	Unit	Rate	Total
					£
.1	Removal and decommissioning of tank farm and surrounding tank storage		Budget		100,000
.2	Stripping hydrocarbon in area of made ground under oil storage tanks and loading/unloading bay to an average depth of 800mm; backfill with MOT 1	1,052	m ³	285	299,820
.3	Excavation disposal and backfill of asbestos impacted ground Say 200 m ³	200	m ³	300	60,000
.4	Excavate and backfill with topsoil in garden areas; extra over 400 mm; mixed contamination levels	480	m ³	180	86,400
.5	Extra over general site reduction for disposal of hazardous waste	2,775	m ²	65	180,375
.6	Allowance for further groundwater monitoring		Item		5,000
.7	Allowance for risk assessment		Item		5,000
.8	Allowance for further investigation		Item		20,000
					756,595
.9	Preliminaries, Overheads and Profit			18.0%	136,187
Total Building Works Estimate					£ 892,782
.10	Risk allowance estimate:				
	• Design Development Risks Estimate			5.0%	44,639
	• Construction Risks Estimate			5.0%	44,639
	• Employer Change Risks Estimate				Excluded
	• Employer Other Risks Estimate				Excluded
Total Building Works Estimate incl. Risk					£ 982,060
.11	Inflation estimate				Excluded
Total Building Works Estimate incl. Risk & Inflation (Rounded)					£ 982,000

6.00 Information Used for Order of Cost Estimate

Project Information Used for the Order of Cost Estimate

.1	Location of Site	Arlington, Twickenham, TW1 2BB
.2	Building Use	Mixed Use: Residential and Commercial
.3	Floor Areas (GIA)	2,728 m ² 29,364 ft ²
.4	New Build/Remodelling/Refurbishment	New Build Residential and Remodelling / Refurbishment to Offices
.5	Project/Design Brief	Refer to drawings
.6	Enabling Works	Part demolition, decontamination and remedial works and site clearance
.7	Indicative Programme <ul style="list-style-type: none"> • Pre Contract • Contract 	To be confirmed To be confirmed
.8	Restraints	Neighbours, site conditions
.9	Site Conditions	Brown site
.10	Budget/Cashflow restraints	To be confirmed
.11	Assumed Procurement Route	Single stage design and build
.12	Building Life Span	60 years
.13	Proposed/Assumed Storey Height	Refer to drawings
.14	Proposed/Assumed M&E Installation	To be advised
.15	Project Team Fees	Excluded
.16	Other Development/Project Costs	Excluded
.17	Inflation	Excluded
.18	Value Added Tax	Excluded
.19	Other Considerations:	Remediation tax credits

6.00 Information Used for Order of Cost Estimate

Architect - Brookes Architects			
		Rev	Ref
.20	Site Location Plan	-	4786-2-01
.21	Site Plan - Ground Floor Existing	2	4786-1-15
.22	Site Plan - Ground Floor Proposed	P4	4786-3-10
.23	Floor Plans	P3	4783-3-11
.24	Elevations - Main Block	P2	4783-3-20
.25	Telephone Conversation 26/06/18		

Services Engineer - No Information Available			
		Rev	Ref

Structural Engineer - No information Available			
		Rev	Ref

Other (Various)			
		Rev	Ref
.26	Arlington Works - Preapp Advice Letter	12th Feb 2018	-
.27	Arlington Works Existing Layout & Tenant List	-	-
.28	LP851 Sharpes Recycle Oil Site Investigation Report	2nd March 2015	-
.29	Permitted area of waste oil activities at Arlington Works	A01	WE-SA-80-01

7.00 Notes

- .1 This Order of Cost Estimate is a desktop study and should only be used as a guide to the potential cost of the scheme. Should the scheme proceed to the next stage the design and specification of the facility should be undertaken. At this stage a more detailed cost plan will be produced which will provide a more representative guide as to the target cost of this scheme.
- .2 No site visit has been undertaken, this represents a desktop order of cost.
- .3 No structural or services information was available for the preparation of this Order of Cost Estimate.
- .4 No topographical survey was available at the time of preparation of this study.
- .5 No surveys were available for the preparation of this Order of Cost Estimate.
- .6 The Order of Cost Estimate assumes no BREEAM rating required or any sustainability requirement above current building regulations.
- .7 In our assessment of the refurbishment to the offices, we have assumed the buildings are in reasonable condition and therefore not allowed for significant repairs.

8.00 Exclusions and Risk Commentary

.1 Exclusions

- .1.1 Professional fees
- .1.2 VAT
- .1.3 Insurances
- .1.4 Legal Fees
- .1.5 Finance costs and interest charges
- .1.6 Planning / Building regulation fees
- .1.7 Rights of light cost or alterations to accommodate affected parties
- .1.8 Site investigation costs and/or asbestos survey
- .1.9 106/278 Agreements
- .1.10 Party wall awards / costs
- .1.11 Works outside of the site boundary
- .1.12 Tenant fittings, loose furniture or other equipment not specifically described
- .1.13 Tenant costs as a result of lease negotiations or re- negotiations
- .1.14 Marketing
- .1.15 IT wiring and equipment including media and audio visual equipment
- .1.16 Fire fighting appliances
- .1.17 Major work to the highways including realignment of existing carriageway
- .1.18 Decanting, temporary accommodation and moving / relocation costs of existing tenants
- .1.19 Income loss during construction and vacant tenant periods

.2 Risk Commentary

As the project develops risk analyses will be undertaken and properly considered assessment of risks will be calculated. At this stage of the project we prefer to highlight all the potential risks associated with a project and utilise our experience of project type, site conditions, level of design etc to provide a considered percentage against each heading.

- .2.1 Design Development Risks (allowances against risk in design process)
- .2.1.1 Scheme design, structure and services proposals
- .2.1.2 Planning requirements & restrictions
- .2.1.3 Legal agreements
- .2.1.4 Covenants
- .2.1.5 Environmental issues
- .2.1.6 Statutory requirements
- .2.1.7 Procurement methodologies
- .2.1.8 Tendering delays
- .2.1.9 Site cut and fill

8.00 Exclusions and Risk Commentary

.2 Risk Commentary (continued)

.2.2 Construction Risk (allowances for risk associated with site conditions)

- .2.2.1 Extensive service diversions/upgrades unusually high requirements from statutory authorities
- .2.2.2 Restrictions on access
- .2.2.3 Remediation of contaminated land
- .2.2.4 Decontamination surveys) associated with any existing buildings that may be present on site
- .2.2.5 Abnormal structural / substructure works to the proposed or existing buildings
- .2.2.6 Archaeological cost or associated delays
- .2.2.7 Site specific planning requirements
- .2.2.8 Abnormal acoustic measures
- .2.2.9 Measures to deal with air quality
- .2.2.10 Additional cost of consequential upgrading for Building Regulations Compliance
- .2.2.11 Additional cost of compliance with future changes in Building Regulations

.2.3 Employer Changes (allowance for risks associated with Employer changes)

- .2.3.1 Employer changes brief, scope of works, quality, time etc

.2.4 Employer Other Risks

- .2.4.1 Funding and the availability of funds
- .2.4.2 Special contractual arrangements
- .2.4.3 Early handover
- .2.4.4 Postponement
- .2.4.5 Acceleration
- .2.4.6 Availability of funds
- .2.4.7 Liquidated damages
- .2.4.8 Premiums on associated contracts for late delivery etc

.2.5 Other Considerations

- .2.5.1 Capital allowances for taxation purposes
- .2.5.2 Land remediation relief
- .2.5.3 Grants

APPENDIX 2 – Documentation Used

The following documentation has been considered in preparation of this report.

- Financial Viability Assessment produced by Grimshaw Consulting dated August 2018
- Order of Cost Estimate prepared by Stace LLP dated 28th June 2018
- Brookes Architects drawing 4786/3/20/A - Elevations - Main Block
- Brookes Architects drawing 4786/2/21/A Elevations - Small block
- Brookes Architects drawing 4786/2/22/A Elevations B1 Commercial Units 1
- Brookes Architects drawing 4786/2/23/A Elevations B1 Commercial Units 2
- Brookes Architects drawing 4786/3/11/A Floor plans
- Brookes Architects drawing 4786/3/15/A Roof plan
- Brookes Architects drawing 4786/2/01/A Site Location plan
- Brookes Architects drawing 4786/2/02/A Site Plan Ground Floor Existing
- Brookes Architects drawing 4786/3/10/A Site Plan Ground Floor Proposed
- Brookes Architects drawing 4786/3/24/A Site Section North East to South West

Appendix C

Arlington Works Arlington Road Market Research

Prices achieved for 1 bed flats

Address	Price (£)	Area (m ²)	£/m ²
88 Heathcote Road	339,000	35.6	9,522
61b St Margarets Road	418,500	48.1	8,701
15b St Margarets Road	365,000	44.1	8,277
3 St Margarets Road	300,000	58.15	5,159
52 Heathcote Road	350,000	43.1	8,120
Average			7,956

Prices achieved for 2 bed flats

Address	Price (£)	Area (m ²)	£/m ²
7 Cumberland Close	535,000	83	6,446
6 Norfolk Close	515,000	78.6	6,552
37 Crown Road	640,000	98.3	6,511
5 Westmoreland Close	420,000	61.1	6,874
4 Westmoreland Close	528,000	82.8	6,256
2 Sussex Close	525,000	61.3	8,564
Average			6,867

Asking Prices for 1 bed flats

Address	Price (£)	Area (m ²)	£/m ²
Bridle Lane	450,000	54	8,333
St Margarets Road	535,000	61.5	8,537
Amyand Park Road	450,000	46.6	9,657
Arlington Road	450,000	42.5	10,588
Arlington Road	435,000	44.87	9,695
Arlington Road	379,950	44.5	8,538
Average			9,225

Asking prices for 2 bed flats

Address	Price (£)	Area (m ²)	£/m ²
Roslyn Road	775,000	82.7	9,371
Winchester Road	609,950	77.9	7,830
Winchester Road	599,950	68.84	8,715
Crown Road	599,950	75	7,999
St Margarets Road	580,000	88.4	6,561
Winchester Road	550,000	81.7	6,832
			7,868