

Report for IM Properties
Report on Costs for Blythe Valley Park
as part of a review of the CIL Draft Charging Schedule
15 October 2015


Prepared By: Paul Beeston
Rider Levett Bucknall UK Ltd |
Cathedral Court | 15 Colmore Row | Birmingham | B3 2BH

T: 0121 503 1500 | F: 0121 503 1501

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

AUTHORISATION

This report has been prepared by:



Paul Beeston BSc(Hons) FRICS
Partner

and reviewed by:



Steve Potter BSc(Hons) MRICS
Associate

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

CONTENTS

1.0	INTRODUCTION	1
1.1	Executive Summary	1
1.2	Background	1
2.0	COST ESTIMATE – HIERARCHY OF COSTS	2
2.1	Structure of project costs	2
3.0	COST OF ENABLING WORKS	4
3.1	Background to costs	4
3.2	Benchmarks	4
3.3	Sensitivity Testing	4
3.4	Cost Estimate and Benchmarking	5
3.5	Specific Inclusions	5
3.6	Exclusions	6
4.0	COST OF POLICY COMPLIANCE	7
4.1	Background	7
4.2	Cost Estimates	7

APPENDICES

MARKED UP PLANS

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

1.0 INTRODUCTION

1.1 Executive Summary

This report provides an estimate of the Enabling Works and Policy Compliance of the residential development at Blythe Valley Park. It summarises a number of cost estimates prepared by Rider Levett Bucknall over the last six months.

1.2 Background

Following the Public Examination of the CIL Draft Charging Schedule IM Properties were asked to:

“Provide general costs for enabling works and policy compliance at Blythe Valley Park”

Our understanding of this request is as follows:

Enabling Works means Strategic Infrastructure (both on and off site) necessary to open up the site and provide serviced parcels suitable for onward development.

Policy Compliance means the cost of complying with Solihull MBC’s various planning policies for the development of the site.

Further details of these costs is provided in Section 2.0 of this report.

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

2.0 COST ESTIMATE – HIERARCHY OF COSTS

2.1 Structure of project costs

CBRE, on behalf of Solihull MBC have prepared an appraisal of various sites on a “traffic light” basis that has informed the CIL Draft Charging Schedule. This appraisal contained a number of costs that were commented on by Turley (on behalf of IM Properties) at the Examination in Public.

Given a number of representations were made, but that only parts of the overall development cost have been requested to be commented on, it is considered beneficial to put the costs commented on here in the context of the overall cost estimate for the project.

REF	COST HEADING	INCLUDES / BASIS	ASKED TO COMMENT	REFERENCE PLAN
1	On Plot Works			
1.1	Cost of dwelling	Building elements only. CBRE in their initial appraisal have used BCIS costs that exclude external works.	No	Plan 1
1.2	External works demised to dwelling	Cost of gardens, drives, fencing, drainage and other items demised to the dwelling. CBRE in their initial appraisals have used percentage uplifts to BCIS to cover this element. RLB do not believe that percentage to be sufficient to cover all the components of cost required, but limited their comments to the specific costs requested.	No	Plan 1
1.3	Cost of planning policy	Additional costs over BCIS benchmarks that cover compliance with Specific Planning Policies. CBRE did not appear to consider these costs in their initial appraisal work.	Yes	N/A

Cost Commentary in response to Public
Examination of CIL Draft Charging Schedule

2.0 COST ESTIMATE – HIERARCHY OF COSTS (CONT'D)

2.1 Structure of project costs (Cont'd)

REF	COST HEADING	INCLUDES / BASIS	ASKED TO COMMENT	REFERENCE PLAN
2	Works within serviced parcels			
2.1	Infrastructure Costs with serviced parcels of land	<p>Roads, sewers and services layout to suit the development.</p> <p>CBRE in their initial appraisals have used percentage uplifts to BCIS to cover this element. RLB do not believe that percentage to be sufficient to cover all the components of cost required, but limited their comments to the specific costs requested.</p>	No	Plan 1
3	Strategic Infrastructure			
3.1	On site works	<p>Infrastructure within the site boundary necessary to create serviced parcels of land suitable for development. Includes roads, drainage, utilities together with Strategic elements of Public Open Space.</p> <p>CBRE did not appear to consider these costs in their initial appraisal work.</p>	Yes	Plan 2
3.2	Off site works	<p>Works to off site junctions</p> <p>CBRE did not appear to consider these costs in their initial appraisal work.</p>	Yes	Plan 3
3.3	"Connecting" on site works	<p>Infrastructure between the site boundary and development area. Roads, drainage and utilities between the development site and the site boundary. These are works only necessary as a result of the residential allocation (and resulting need for adoption).</p> <p>CBRE did not appear to consider these costs in their initial appraisal work.</p>	Yes	Plan 3
4	Section 106 and CIL costs			
4.1	Section 106	Anticipated cost of complying with Section 106 agreements	No	N/A
4.2	CIL	Cost of CIL (if appropriate)	No	N/A

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

3.0 COST OF ENABLING WORKS

3.1 Background to costs

Rider Levett Bucknall have been undertaking detailed cost estimates of the project in conjunction with the emerging masterplan for Blythe Valley Park. These cost estimates include detailed cost plans for the various component parts, but have been undertaken subject to the constraints of the early stages of the design.

3.2 Benchmarks

In compiling this report, I have been mindful in my analysis of the Harman Report (Viability Testing Local Plans – Advice for planning practitioners by the Local Housing Delivery Group Chaired by Sir John Harman June 2012). At Appendix B the report states that:

“Strategic infrastructure and utility costs

Many models use construction cost information provided by BCIS or other sources. While this is regarded as a legitimate starting point, care is needed in understanding what is both included and excluded from such cost indices. Cost indices rarely provide data on the costs associated with providing serviced housing parcels, ie. strategic infrastructure costs which are typically in the order of £17,000 - £23,000 per plot for larger scale schemes.”

I believe these costs to be comparable with those elements of our cost at 3.1 and 3.3 of my table in Section 2 of my report above (Strategic on and off site infrastructure), but excluding those elements of cost that would be outside of the typical benchmarks (the “connecting onsite infrastructure”).

In order to provide a comparison to these benchmarks I have uplifted these benchmarks by BCIS All in Tender Price Inflation to current day costs (3Q2015). These costs therefore become £19,720 – £26,680 per plot

3.3 Sensitivity Testing

In order to put the costs in the context of the developing masterplan, we have been asked to test the sensitivity of our costs to an increased density scheme above that stated in the Local Plan DPD.

Generally it is anticipated (at this stage in the design) that the Strategic Infrastructure planned could cope with an increased density scheme without significant impact on the costs. Clearly more detailed design and traffic modelling would be required to verify this, but for the purposes of sensitivity testing we state the cost of the current anticipated design over an increased density scheme of 700 units to illustrate the potential impact on “per unit” rates.

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

3.0 COST OF ENABLING WORKS (CONT'D)

3.4 Cost Estimate and Benchmarking

We therefore summarise the current cost estimate for strategic infrastructure at Blythe Valley Park, together with the Harman Benchmarking and Sensitivity Testing as follows:

REF	ELEMENT	COST (£)	COST PER UNIT (£/unit)	
	RLB ESTIMATE		Local Plan DPD 600 units	Increased Density 700 units
	Strategic Infrastructure			
3.1	On Site	10,228,000	17,047	14,611
3.2	Off Site	4,753,000	7,922	6,790
	Sub Total - Like for like with Harman	14,981,000	24,968	21,401
3.3	"Connecting" On Site (Outside of benchmark norms)	2,201,000	3,668	3,144
	Total Strategic Infrastructure	17,182,000	28,637	24,546
	Harman Benchmark		Upper Range	Lower Range
	Strategic Infrastructure			
	As at report date of June 2012		23,000	17,000
	Current Day 3Q 2015		26,680	19,720

3.5 Specific Inclusions

REF	COST HEADING	INCLUDES	REFERENCE PLAN
3.1	Strategic On Site Works	Strategic infrastructure including the main spine road, strategic landscaping (public open space), drainage and utilities and associated works necessary to open up the site with serviced residential plots suitable for onward development.	Plan 2
3.2	Off Site Works	Modifications to the A3400 and A34 junctions to make each suitable to be an adoptable ingress and egress, together with the associated modifications to feeder roads up to the Blythe Valley Gatehouse. Modifications to Illshall Heath Road to create a footpath link to the rear of the site.	Plan 3
3.3	Strategic "Connecting" On Site Works	Works to the existing spine roads to get to an adoptable standard and suitable for residential development of the site beyond.	Plan 4

All the costs specifically include: professional fees, local authority inspection fees and contingencies.

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

3.0 COST OF ENABLING WORKS (CONT'D)

3.6 Exclusions

The costs specifically exclude:

- Inflation beyond current day 3Q 2015,
- VAT
- Land acquisition
- Finance, legal and agency fees and costs

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

4.0 COST OF POLICY COMPLIANCE

4.1 Background

Turley Planning have provided a list of Solihull MBC's Planning Policy in respect of the proposed residential development at Blythe Valley Park.

The policies include a number of open obligations that are subject to feasibility testing and design that has not yet been commenced due to the early nature of the project. These policies will be tested as part of the working up of an Outline Planning Application.

We are therefore at present unable to provide definitive costs for compliance with the Planning Policy, but instead provide a range of costs for each policy. All costs are extra over to the base dwelling costs, and such the rate used for that purpose should be considered in the context of the policy compliance issues.

All policies identified to me by Turley Planning have been extracted from the 2013 Solihull Local Plan or from Meeting Housing Needs Supplementary Planning Document (SPD) 2014.

4.2 Cost Estimates

REF	COST HEADING	COST PER UNIT (£/unit)	
		Lower Range	Upper Range
P9	<p>Climate Change</p> <p>Consider Decentralised Energy and Heating Networks. Aim to achieve zero carbon.</p> <p>Where viable achieve greater than Code for Sustainable Homes Level 4</p> <p>Monitor energy use and carbon emissions</p>	£5,000	£15,000
P10	<p>Natural Environment</p> <p>Mitigate impact of development to provide a net gain in biodiversity.</p> <p><i>Note: Cost excluded. Assumed that this is achieved through the onsite strategic landscaping and/or Section 106 contribution.</i></p>	Excluded	Excluded
P11	<p>Water Management</p> <p>Incorporate SUDS (<i>Note: swales and ponds included in strategic infrastructure costs, also consider porous paving, soakaways and waterbutts</i>)</p> <p>Provide water efficient fittings and appliances</p> <p>Consider greywater and rainwater recycling</p>	£1,000	£9,000
P15	<p>Securing Design Quality</p> <p>Built to Lifetime Homes Standard, including Building for Life 12.</p>	£1,000	£4,000

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

4.0 COST OF POLICY COMPLIANCE (CONT'D)

4.2 Cost Estimates (Cont'd)

REF	COST HEADING	COST PER UNIT (£/unit)	
		Lower Range	Upper Range
P20	Provision of Open Space, Space for Play, Sport, Recreation and Leisure <i>Note: Costs excluded as they are incorporated into strategic infrastructure costs</i>	Excluded	Excluded
P21	Developer Contributions and Infrastructure Provision See Strategic Infrastructure Costs.	Excluded	Excluded
SPD	Meeting Housing Needs – SPD 2014 The cost impact of smaller dwellings has not been considered in this review.	Excluded	Excluded

It is considered inappropriate to sum the cost of the upper and lower ranges; compliance with each policy heading will need to be sequentially tested.

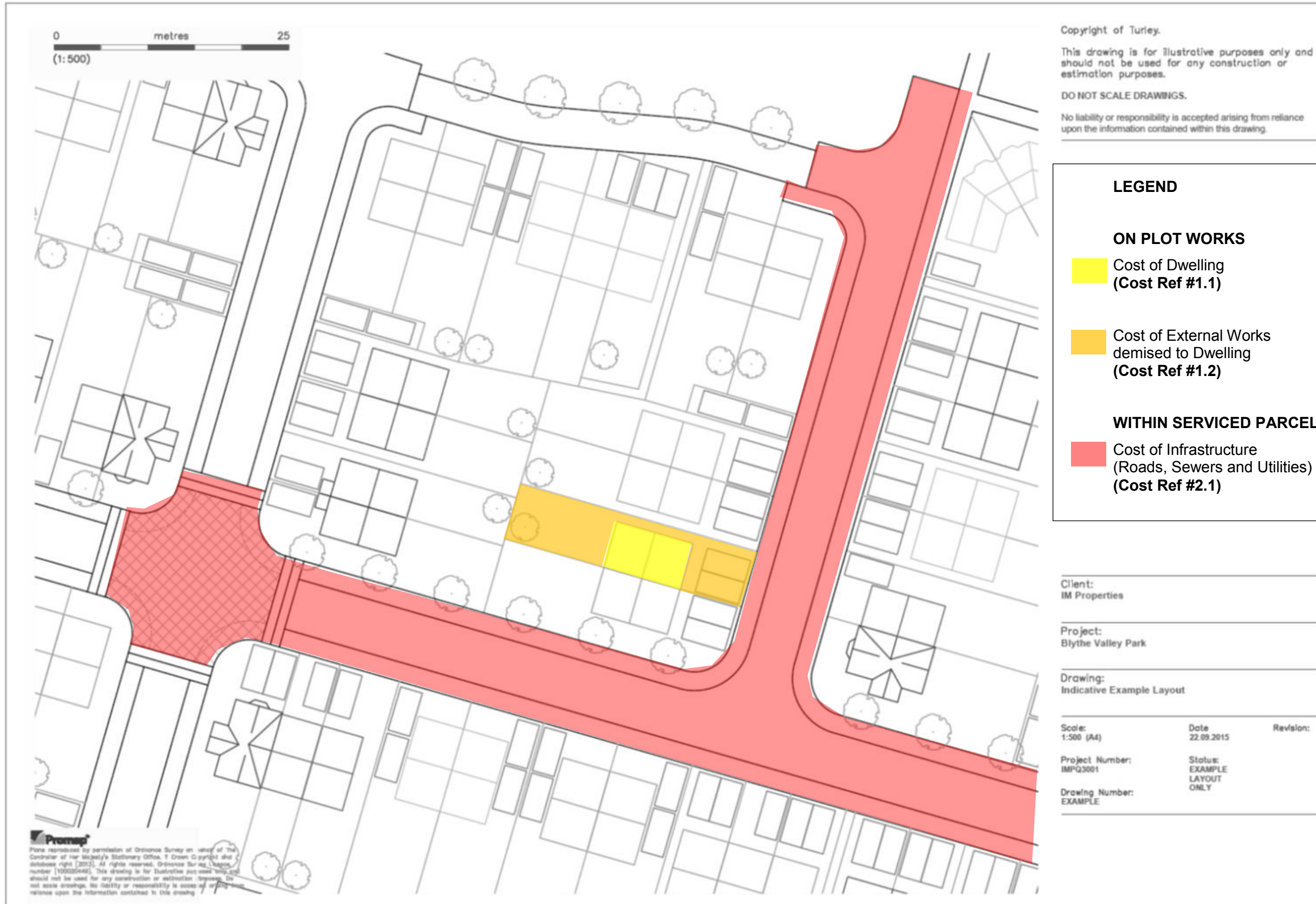
Cost Commentary in response to Public
Examination of CIL Draft Charging Schedule

APPENDICES

Appendix A – Marked up plans

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

PLAN 1 – Example On Plot Works and Within Serviced Parcel Works



Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

PLAN 2 – STRATEGIC ON SITE INFRASTRUCTURE



LEGEND

-  Strategic Landscaping and Public Open Spaces (Cost Ref #3.1)
-  Spine Roads, Drainage and Utilities (Cost Ref #3.1)

Client:
IM Properties

Project:
Blythe Valley Park

Drawing:
Illustrative Layout

Scale:
1:5,000 (A3)

Project Number:
BPG201

Drawing Number:
4108

Date:
MAY

Status:
DRAFT

Rev-Date:
01

Turley

Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

PLAN 3 – OFF SITE INFRASTRUCTURE WORKS



Cost Commentary in response to Public Examination of CIL Draft Charging Schedule

PLAN 4 – CONNECTING INFRASTRUCTURE WORKS

