



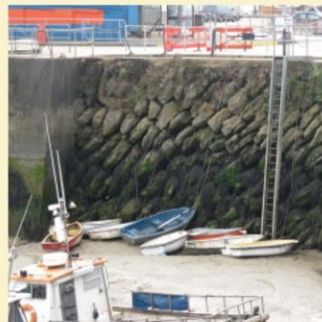
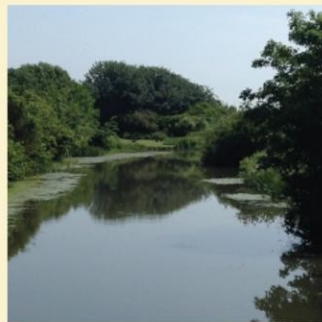
Princes Parade, Hythe

Planning Application Y17/1042/SH

Additional Information and Clarification - April 2018

Appendix 03

Viability Cost Appraisal Report



RIBA Stage 2 Cost Plan Report (Rev 1)

Shepway Sports Centre Viability Report

BETTERIDGE & MILSOM

27th February 2018

T: (01227) 471186

W: www.betteridge-milsom.co.uk

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

B&M Ref. 3495

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3. Statement of Cost
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1 - Executive Summary

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

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

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

2 - Project Description

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

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

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

3 - Status of Cost Plan

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

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

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

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4 - Statement of Cost

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

	Nickolls Quarry – 3397m2 Scheme	Princes Parade – 3397m2 Scheme
NQ s106	£5,175,120.00	£4,792,344.50
South Road Site	██████████	██████████
CIL - Princes Parade Site	-	£1,184,533.00
Affordable Housing S106	-	£1,400,000.00
Princes Parade Land Value	-	██████████
Total Income Source	██████████	██████████
	Nickolls Quarry – 3397m2 Scheme	Princes Parade – 3397m2 Scheme
Project Cost estimate	██████████	██████████
Less total source income	██████████	██████████
Total SDC Contribution	£15,863,171.00	£4,046,068.50

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

	Nickolls Quarry – 3013m2 Scheme	Princes Parade – 3013m2 Scheme
NQ s106	£5,175,120.00	£4,792,344.50
South Road Site	██████████	██████████
CIL - Princes Parade Site	-	£1,184,533.00
Affordable Housing S106	-	£1,400,000.00
Princes Parade Land Value	-	██████████
Total Income Source	██████████	██████████
	Nickolls Quarry – 3013m2 Scheme	Princes Parade – 3013m2 Scheme
Project Cost estimate	██████████	██████████
Less total source income	██████████	██████████
Total SDC Contribution	£13,866,171.00	£2,108,068.50

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5 - Cost Plan

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

6 - Conclusions & Recommendations

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

Based on the above information / costs Shepway District Council will currently need to contribute **£13,866,171** for the 3013m² Nickolls Quarry option or **£2,108,068.50** for the 3013m² Princes Parade option, with the following breakdown shown below: -

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

██████████	Expenditure for construction of Option 3
██████████	Income from External Sources (S106 / South Road Site Works)
£13,866,171.00	Shepway District Council Contribution

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

██████████	Expenditure for construction of Planning Application Option
██████████	Income from External Sources (S106 / South Road Site Works / Princes Parade Site)
£2,108,068.50	Shepway District Council Contribution

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

Annexe A

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

RIBA Stage 2 Cost Plan Report (Rev 2)

Shepway Sports Centre Nickolls Quarry

BETTERIDGE & MILSOM

27th February 2018

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**STAGE 2 COST PLAN REPORT
Updated 27/02/2018**

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Appendices

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

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1 - Executive Summary

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

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

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

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

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

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

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

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2 - Project Description

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

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

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

Option 1 Site Plan Layout:



Source: GT3 Nickolls Quarry Site Feasibility Study

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Option 2 Site Plan Layout:



Source: GT3 Nickolls Quarry Site Feasibility Study

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

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3 - Project Budget

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

4 - Status of Cost Plan

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

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

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

5 - Statement of Cost

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

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

Definitions: -

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

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

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

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

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

Option 1 – SDC Contribution		
Project Cost Estimate		Cost Plan 1
Less total source income		
Total SDC Contribution	£15,863,171.00	

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

Option 2 – SDC Contribution		
Project Cost Estimate		Cost Plan 2
Less total source income		
Total SDC Contribution	£21,542,171.00	

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

Option 3 – SDC Contribution		
Project Cost Estimate		Cost Plan 3
Less total source income		
Total SDC Contribution	£13,866,171.00	

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

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6 - Information on which the Cost Plan was prepared

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

GT3 (Architect)

Information provided:

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

Henley Camland

Information provided:

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

7 - Statement of Floor Areas

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

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

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

8 - Cost Plan

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

9 - Basis of Cost Estimates

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

Site Clearance

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

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Preparatory Groundworks

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

Leisure Centre

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

External Works Generally

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

Drainage

Allowances made for surface and foul water drainage.

Services

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

Soft Landscaping

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

Fencing, Railings & Walls

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

Off Site Highway Works

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

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

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Construction Preliminaries and Overheads & Profit

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

Inflation

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

Risk Allowances

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

Project/Design Team Fees and Other Fees/Surveys

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

Client Direct Costs

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

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

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

Abnormal Development Costs

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

Exclusions

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

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

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10 - Risk Allowances

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

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

11 - Changes to Previous Cost Targets

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

12 - Decisions on Alternative Proposals

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

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

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

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

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

Quantity – review the areas being provided within the scheme.

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

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

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

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13 - Value Engineering Criteria

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

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

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

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

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

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

14 - Conclusions & Recommendations

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

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

Option 1

██████████	Expenditure for construction of Option 1
██████████	Income from External Sources (S106 / South Road Site Works)
£15,863,171.00	Shepway District Council Contribution

Option 2

██████████	Expenditure for construction of Option 2
██████████	Income from External Sources (S106 / South Road Site Works)
£21,542,171.00	Shepway District Council Contribution

Option 3

██████████	Expenditure for construction of Option 3
██████████	Income from External Sources (S106 / South Road Site Works)
£13,866,171.00	Shepway District Council Contribution

Appendix A

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



COST SUMMARY

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

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works	-	See Breakdown	0
1.1b	Contaminated Ground Works	██████████	See Breakdown	615
1.2	Substructure	██████████	See Breakdown	██████████
1.3	Superstructure	██████████	See Breakdown	██████████
1.4	Internal Finishes	██████████	See Breakdown	██████████
1.5	Fittings, Furnishings & Equipment	██████████	See Breakdown	██████████
1.6	Services	██████████	See Breakdown	██████████
1.7	Site Works	██████████	See Breakdown	██████████
	Sub-Total	██████████		██████████
2	Main Contractor's Preliminaries Estimate	██████████	based on ██████%	██████████
	Sub-Total	██████████		██████████
3.1	Main Contractor's Overheads & Profit	██████████	based on ██████%	██████████
3.2	Scape OHP (?)	-	not applicable	0
3.3	Framework Fee (?)	██████████	based on ██████%	██████████

(A) Construction Works Estimate (Total) ██████████ ██████████

4	Inflation			
4.1	Tender Inflation Estimate	-	based on 0.0%	0
4.2	Construction Inflation Estimate	██████████	on commence Q3 2020	██████████
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate	██████████	based on ██████%	██████████
5.2	Construction Risks Estimate	██████████	based on ██████%	██████████
5.3	Dayworks	██████████	See Breakdown	██████████
	Sub-Total	██████████		██████████
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees	██████████	included in 6.2	██████████
6.2	Professional / Design Fees	██████████	based on ██████%	██████████
6.3	Surveys / Reports	██████████	based on ██████%	██████████

(B) Contract Cost Estimate (Total) ██████████ ██████████

7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees	██████████	based on ██████%	██████████
7.2	Other Fees / Surveys	██████████	based on ██████%	██████████
	Sub-Total	██████████		██████████
8	Other Development / Project Costs			
8.1	Client Direct Costs	██████████	Funding Costs	██████████
8.2	Loose Fittings and Equipment	██████████	See Breakdown	██████████
	Sub-Total	██████████		██████████
9	Employer Risk Allowance	██████████	based on ██████%	██████████

(C) Project Cost Estimate (excl VAT) ██████████ ██████████



ELEMENTAL BREAKDOWN

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

Appendix B

Cost Plan Estimate Option 2 – One Storey Scheme (3791m² GIFA)



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3791 m2
Construction Works Estimate	██████████ Total (A) - see details below
Contract Cost Estimate	██████████ Total (B) - see details below
Project Cost Estimate (Exc. VAT)	██████████ Total (C) - see details below

Elemental Cost Summary

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



ELEMENTAL BREAKDOWN

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

Appendix C

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



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018
Gross Internal Floor Area	3013 m2
Construction Works Estimate	██████████ Total (A) - see details below
Contract Cost Estimate	██████████ Total (B) - see details below
Project Cost Estimate (Exc. VAT)	██████████ Total (C) - see details below

Elemental Cost Summary

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



ELEMENTAL BREAKDOWN

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

Appendix D

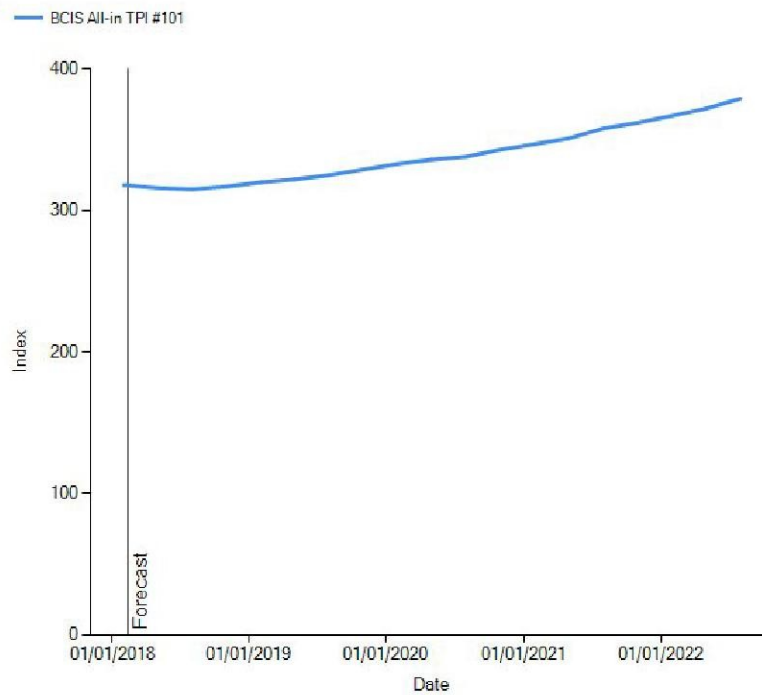
BCIS Cost Indices

BCIS All-in TPI #101

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

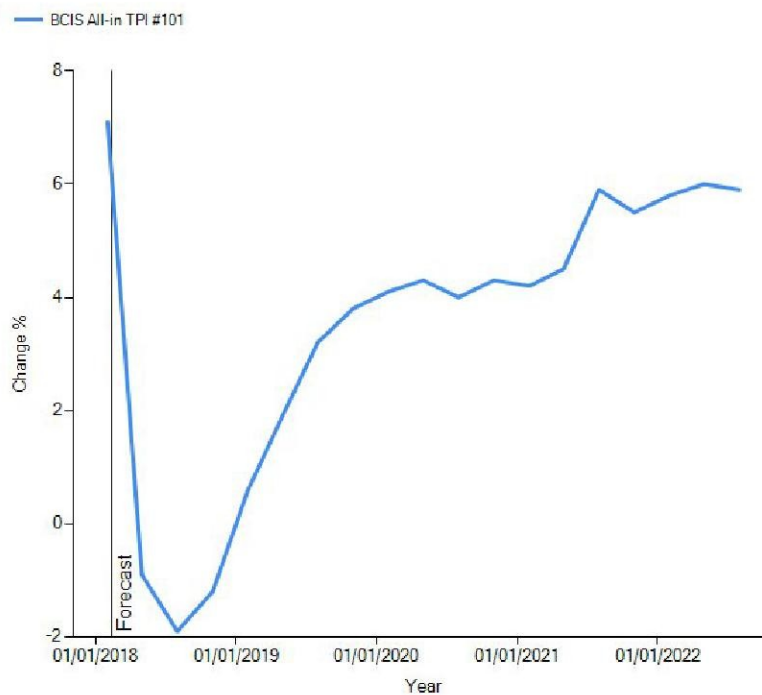
Date	Index	Sample	Percentage change		
			On year	On quarter	On month
1Q 2018	318	Forecast	7.1%	-0.9%	
2Q 2018	316	Forecast	-0.9%	-0.6%	
3Q 2018	315	Forecast	-1.9%	-0.3%	
4Q 2018	317	Forecast	-1.2%	0.6%	
1Q 2019	320	Forecast	0.6%	0.9%	
2Q 2019	322	Forecast	1.9%	0.6%	
3Q 2019	325	Forecast	3.2%	0.9%	
4Q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

Index value over time



Percentage change over time

Percentage change: Year on year



Annexe B

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

**Princes Parade Development
(Full Scheme)**

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

For

Shepway District Council

BETTERIDGE & MILSOM

Updated: 24/01/2018

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

B&M Ref. 3375

Introduction

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

Phase 1

- a. Site Remediation Works (full site)

Phase 2

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

Phase 3

- g. Residential plots - Excluded

Phase 4

- h. Residential plots - Excluded

Cost Appraisal

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

In summary, the headline costs are:

Construction Costs

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

Phase 1 (Project Cost Estimate)	██████████
Phase 2 (Project Cost Estimate)	██████████
Total Construction Cost:	██████████

Revenue

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

B&M Ref. 3375

Income Source

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

Total Income Source: ██████████

Conclusion

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

██████████	Expenditure for Construction of Phase 1 & 2
██████████	Income from External Sources (excluding Princes Parade land sale)
██████████	Income from Princes Parade Land Value (residential parcels & 6 custom build plots)
£4,046,068.00	Shepway District Council Contribution

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

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



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

B&M Ref. 3375

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

Prepared by:

Paul Gannaway
For Betteridge & Milsom
Date: 24/01/2018

Appendix A

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

1.00 CONSTRUCTION COST ESTIMATE SUMMARY

Elemental Cost Summary

Phase 1	Phase 2	Phase 3	Phase 4
Site Remediation Works	Construction of Leisure Centre (Based on 3013m2 GIFA Scheme) Realignment of Princes Parade Road (including relocation of combined sewer drain) Construction of New Promenade Associated External Works & Drainage (including public car park) Associated Services	Construction of Residential Units (East Parcel) Associated External Works & Drainage (including construction of Central Open Space) Associated Services	Construction of Residential Units (West Parcel) Construction of Boutique Hotel & Restaurant Building (shell and core) Associated External Works & Drainage (including construction of Open Space & Linear Park) Associated Services
1.10 sub total	sub total	sub total	sub total
1.20 Main contractors preliminaries @ 13%	Main contractors preliminaries @ 13%	Main contractors preliminaries @ 13%	Main contractors preliminaries @ 13%
1.30 Main contractors OHP @ 8.5%	Main contractors OHP @ 8.5%	Main contractors OHP @ 8.5%	Main contractors OHP @ 8%
1.40 Construction Works estimate	Construction Works estimate	Construction Works estimate	Construction Works estimate
1.50 Risk allowance @ 10%	Risk allowance @ 10%	Risk allowance @ 10%	Risk allowance @ 10%
1.60 Contract Cost Estimate	Contract estimate	Contract estimate	Contract estimate
1.70 Project design/team fees @ 15%	Project design/team fees @ 15%	Project design/team fees @ 15%	Project design/team fees @ 15%
1.80 Client Direct Costs (CIL)	-	Developer Direct Costs (CIL) Zone C @ £100/unit	Developer Direct Costs (CIL) Zone C @ £100/unit
1.90 Employers risk allowance @ 9%	Employers risk allowance @ 9%	Employers risk allowance @ 9%	Employers risk allowance @ 1%
1.91 Funding Costs			
1.10 Project cost estimate	Project cost estimate	Project cost estimate	Project cost estimate

2.00 REVENUE

2.10 Affordable - PHASE 3

Units	NB. Values as per D5 viability schedule July 2017 Basis	Total
1 bed flats	8 units at £159,000 ea	£ 1,272,000.00
2 bed flats	10 units at £159,000 ea	£ 1,590,000.00
3 bed flats	8 units at £159,000 ea	£ 1,272,000.00
2 bed houses	8 units at £159,000 ea	£ 1,272,000.00
3 bed houses	8 units at £159,000 ea	£ 1,272,000.00
4 bed houses	3 units at £159,000 ea	£ 477,000.00
	45	£ 7,155,000.00

2.20 Market / Private - PHASE 4

Units	NB. Values as per D5 viability schedule July 2017 Basis	Total
1 bed flats	6 units at £462,000 ea	£ 2,772,000.00
2 bed flats	60 units at £462,000 ea	£ 27,720,000.00
3 bed flats	13 units at £462,000 ea	£ 6,006,000.00
3 bed maisonette	8 units at £495,000 ea	£ 3,960,000.00
3 bed houses	8 units at £495,000 ea	£ 3,960,000.00
4 bed houses	10 units at £785,000 ea	£ 7,850,000.00
	105	£ 52,268,000.00

Total Income	£ 59,423,000.00
Sales Fees	£ 1,500,000.00
2.30 Total Revenue (incomes less sales fees)	£ 57,923,000.00

3.00 INCOME SOURCE

NQ s106	£ 4,792,344.50	index linked from Q1 2010 to Q3 2017 (BCIS TPI)
South Road site	£	assessment
CIL - Princes Parade Site	£ 1,184,533.00	assessment
Affordable housing S106	£ 1,400,000.00	assessment
Sub-total	£	
Princes Parade Land Value (residential parcels)	£	Based Savills' Viability Assessment: 2 resi parcels, hotel and 6 custom build plots
3.10 Total Income Source	£	

4.00 SDC Contribution

Phase 1 Project Cost Estimate	£	Ref 1.10
Phase 2 Project Cost Estimate	£	Ref 1.10
Less Total Income Source	-£	Ref 3.10

4.10 Total SDC Contribution	£ 4,046,068.50
-----------------------------	----------------


Princes Parade, Hythe

Cost Estimate

Updated 20/08/2017 - Phasing Split



Phasing Split									
Phase 1	Phase 2	Phase 3	Phase 4						
Notes									
1.00	Site Clearance and Groundworks								
1.01	Site Clearance								
		Site vegetation clearance; grass	35840 m2						Some estimation through map and picture analysis.
		Site vegetation clearance; dense willow	6361 m2						
		Site vegetation clearance; dense fir hedge	1304 m2						
		Site vegetation clearance; dense undergrowth	1055 m2						
		Site vegetation clearance; dense unknown vegetation	30439 m2						This was unknown as not indicated on DWG, estimated through map and picture analysis
		Removal of pine tree	1 item						
						£			
1.02	Preparatory Groundworks								Rates and quantities taken from Idom Merebrook cost assessment (circa Feb 2017)
		Strip 100mm top-soil and stockpile	7500 m3						
		Disposal of hazardous material	1500 m3						
		Disposal of non-hazardous material	3000 m3						
		Disposal of inert material	3000 m3						
		Imported soil	13500 m3						
		Gas protection layer	30000 m2						
		Groundwater remediation	1 item						
		Unforeseen contamination	1 item						
		Stabilisation for piling mat - screen	12000 m3						
		Stabilisation for piling mat - stabilise	12000 m3						
		Stabilisation for piling mat - 150mm running layer	4500 m3						
		Upgraded pipes	1944 m						
		Services arisings; hazardous	1166 m3						
		Services arisings; non-hazardous	1944 m3						
		Services arisings; Inert	778 m3						
		Deduct; for ground remediation allowance included in leisure centre cost plan	-1 item						
						£			
									Site Clearance & Groundworks Total: £
2.00	Residential Units								
2.01	Unit Construction								
		Affordable Flats - PHASE 3	12629 ft2						Refer to cross check on separate sheet
		Affordable Houses - PHASE 3	28841.96 ft2						
		Private Flats - PHASE 4	88147.5 ft2						
		Private Houses - PHASE 4	39399.98 ft2						
		Garages - PHASE 4	5 nr						
						£			
2.02	Foundations								

Princes Parade, Hythe							
Cost Estimate							
Updated 20/08/2017 - Phasing Split							
Phasing Split							
Phase 1							
Phase 2							
Phase 3							
Phase 4							
							Notes
	Extra over for Piled foundations; residential only - PHASE 3	3470 m2					Assumed that piling is not accounted for within costs per m2 for unit construction
	Extra over for Piled foundations; residential only - PHASE 4	10111 m2					
					£		
						Residential Units Total:	£
3.00	Leisure Centre						
3.01	Unit Construction						
	Leisure Centre	1 item	£				B&M Construction Works Estimate Based on 3397m2 GIFA scheme
					£		
						Leisure Centre Total:	£
4.00	Boutique hotel and restaurant building - Excluded						
4.01	Unit Construction						
	Boutique hotel and restaurant building	1 item	£				Based on BCIS analysis for a shell & core only build.
						Boutique Hotel & Café Building Total:	£
5.00	Canoe Club - Excluded						EXCLUDED
5.01	Unit Construction						
	Canoe Club	1 item	£	-	£	-	
					£	-	
						Canoe Club Total:	£ - EXCLUDED
6.00	Information / food kiosk - Excluded						
6.01	Unit Construction						
	Information / food kiosk	1 item	£	-	£	-	
					£	-	
						Information / Food Kiosk Total:	£ - EXCLUDED
7.00	External Works						
7.01	Diversion of Princes Parade						B&M Review Combined Rising Main Costs dated 23rd September 2016 (construction costs)
	Say 1200mm diameter pipe	1155 item					Foul water drainage diversion
	Extra over for disposal of excavated material (contaminated subsoil)	3465 m					
	Manholes and connections to existing system	2 m2					
	Manholes within line of new run;additional for orientation	4 m2					
	Formation of new Princes Parade road to the North of site:including traffic calming, kerbing and street lighting	866 m					
	Extra over for disposal of excavated material (contaminated subsoil)	3118 m3					
	Reinstatement of road surface; including preparation works; line markings (at ends)	180 m2					
					£		
7.02	Other External Works						

Princes Parade, Hythe

Cost Estimate

Updated 20/08/2017 - Phasing Split



Phasing Split									
Phase 1	Phase 2	Phase 3	Phase 4						
									Notes
	Other roads (non-Princes Parade road) - PHASE 2		1976 m2						
	Other roads (non-Princes Parade road) - PHASE 3		1488 m2						
	Other roads (non-Princes Parade road) - PHASE 4		1693 m2						
	Kerbs to other roads - PHASE 2		467 m						
	Kerbs to other roads - PHASE 3		668 m						
	Kerbs to other roads - PHASE 4		614 m						
	Footpaths - PHASE 2		411 m2						
	Footpaths - PHASE 3 (RESI)		214 m2						
	Footpaths - PHASE 3 (OPEN SPACE)		372 m2						
	Footpaths - PHASE 4		1266 m2						
	Footpath; between canoe club and beach - PHASE 2		409 m2						Allowed for special finish
	Footpath; between RMC bridge and promenade - PHASE 3 (OPEN SPACE)		550 m2						Allowed for special finish
	Parking bays; street - PHASE 2		1869 m2						
	Parking bays; public parking off-street - PHASE 2		1668 m2						
	Parking bays; private - PHASE 3 (RESI)		1595 m2						
	Parking bays; private - PHASE 4		1711 m2						
	Other hard surfacings; unknown make up and finish - PHASE 2		750 m2						
	Other hard surfacings; unknown make up and finish - PHASE 3 (RESI)		1307 m2						
	Other hard surfacings; unknown make up and finish - PHASE 4		3513 m2						
	Patios - PHASE 3		290 m2						10m2 allowed per ground floor unit
	Patios - PHASE 4		460 m2						
	Playground areas - PHASE 3		464 m2						Assumed rubber safety mat or alike special finish. Playground equipment excluded.
	Making good promenade after diversion of Princes Parade road - PHASE 2		4780 m2						
	Allowance for jetty to canoe club and enhancement to access route between canoe club and beach - PHASE 2		1 item						
	Heritage Works across site (See separate TAB) - Triggered in Phase 2		1 item						
	Allowance for enhanced external 'features' - PHASE 3		1 item						
	Deduct; external works allowance included in leisure centre cost plan - PHASE 2		-1 item						
							£		
								External Works Total:	£
8.00	Drainage								
8.01	Surface Water Drainage								
	Surface water drainage - PHASE 2		11785 m2						
	Surface water drainage - PHASE 3		14358 m2						
	Surface water drainage - PHASE 4		14047 m2						
							£		
8.02	Foul Water Drainage								
	Foul Water Drainage - PHASE 2		4268 m2						
	Foul Water Drainage - PHASE 3		4777 m2						
	Foul Water Drainage - PHASE 4		4777 m2						
							£		
								Drainage Total:	£
9.00	Services								

Annexe C

Princes Parade Cost Plan Summary 3397m2 GIFA Scheme



COST SUMMARY

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

Elemental Cost Summary

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



ELEMENTAL BREAKDOWN

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

Annexe D

Princes Parade Cost Plan Summary 3013m2 GIFA Scheme

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

B&M Ref. 3375

Introduction

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

Phase 1

- a. Site Remediation Works (full site)

Phase 2

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

Phase 3

- g. Residential plots - Excluded

Phase 4

- h. Residential plots - Excluded

Cost Appraisal

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

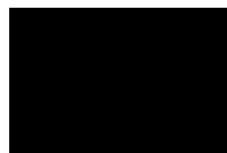
In summary, the headline costs are:

Construction Costs

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

Phase 1 (Project Cost Estimate)
Phase 2 (Project Cost Estimate)

Total Construction Cost:



Revenue

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

B&M Ref. 3375

Income Source

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

Total Income Source: ██████████

Conclusion

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

██████████	Expenditure for Construction of Phase 1 & 2
██████████	Income from External Sources (excluding Princes Parade land sale)
██████████	Income from Princes Parade Land Value (residential parcels & 6 custom build plots)
£2,108,068.00	Shepway District Council Contribution

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

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



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

B&M Ref. 3375

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

Prepared by:

Paul Gannaway
For Betteridge & Milsom
Date: 24/01/2018

Appendix A

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

1.00 CONSTRUCTION COST ESTIMATE SUMMARY

Elemental Cost Summary

Phase 1	Phase 2	Phase 3	Phase 4
Site Remediation Works	Construction of Leisure Centre Realignment of Princes Parade Road (including relocation of combined sewer drain) Construction of New Promenade Associated External Works & Drainage (including public car park) Associated Services	Construction of Residential Units (East Parcel) Associated External Works & Drainage (including construction of Central Open Space) Associated Services	Construction of Residential Units (West Parcel) Construction of Boutique Hotel & Restaurant Building (shell and core) Associated External Works & Drainage (including construction of Open Space & Linear Park) Associated Services
1.10 sub total	sub total	sub total	sub total
1.20 Main contractors preliminaries @	Main contractors preliminaries @	Main contractors preliminaries @	Main contractors preliminaries @
1.30 Main contractors OHP @	Main contractors OHP @	Main contractors OHP @	Main contractors OHP @
1.40 Construction Works estimate	Construction Works estimate	Construction Works estimate	Construction Works estimate
1.50 Risk allowance @	Risk allowance @	Risk allowance @	Risk allowance @
1.60 Contract Cost Estimate	Contract estimate	Contract estimate	Contract estimate
1.70 Project design/team fees @	Project design/team fees @	Project design/team fees @	Project design/team fees @
1.80 Client Direct Costs (CIL)	-	Developer Direct Costs (CIL) Zone C @	Developer Direct Costs (CIL) Zone C @
1.90 Employers risk allowance @	Employers risk allowance @	Employers risk allowance @	Employers risk allowance @
1.91 Funding Costs			
1.10 Project cost estimate	Project cost estimate	Project cost estimate	Project cost estimate

2.00 REVENUE

2.10 Affordable - PHASE 3

Units	NB. Values as per D5 viability schedule July 2017 Basis	Total
1 bed flats	8 units at £159,000 ea	£ 1,272,000.00
2 bed flats	10 units at £159,000 ea	£ 1,590,000.00
3 bed flats	8 units at £159,000 ea	£ 1,272,000.00
2 bed houses	8 units at £159,000 ea	£ 1,272,000.00
3 bed houses	8 units at £159,000 ea	£ 1,272,000.00
4 bed houses	3 units at £159,000 ea	£ 477,000.00
	45	£ 7,155,000.00

2.20 Market / Private - PHASE 4

Units	NB. Values as per D5 viability schedule July 2017 Basis	Total
1 bed flats	6 units at £462,000 ea	£ 2,772,000.00
2 bed flats	60 units at £462,000 ea	£ 27,720,000.00
3 bed flats	13 units at £462,000 ea	£ 6,006,000.00
3 bed maisonette	8 units at £495,000 ea	£ 3,960,000.00
3 bed houses	8 units at £495,000 ea	£ 3,960,000.00
4 bed houses	10 units at £785,000 ea	£ 7,850,000.00
	105	£ 52,268,000.00

Total Income	£ 59,423,000.00
Sales Fees	£ 1,500,000.00
2.30 Total Revenue (incomes less sales fees)	£ 57,923,000.00


3.00 INCOME SOURCE

NQ s106	£ 4,792,344.50	index linked from Q1 2010 to Q3 2017 (BCIS TPI)
South Road site	£	assessment
CIL - Princes Parade Site	£ 1,184,533.00	assessment
Affordable housing S106	£ 1,400,000.00	assessment
Sub-total	£	
Princes Parade Land Value (residential parcels)	£	Based Savills' Viability Assessment: 2 resi parcels, hotel and 6 custom build plots
3.10 Total Income Source	£	

4.00 SDC Contribution

Phase 1 Project Cost Estimate	£	Ref 1.10
Phase 2 Project Cost Estimate	£	Ref 1.10
Less Total Income Source	-£	Ref 3.10

4.10 Total SDC Contribution	£ 2,108,068.50
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Princes Parade, Hythe							
Cost Estimate							
Updated 20/08/2017 - Phasing Split							
Phasing Split							
Phase 1							
Phase 2							
Phase 3							
Phase 4							
							Notes
	Extra over for Piled foundations; residential only - PHASE 3	3470 m2					Assumed that piling is not accounted for within costs per m2 for unit construction
	Extra over for Piled foundations; residential only - PHASE 4	10111 m2					
					£		
						Residential Units Total:	£
3.00	Leisure Centre						
3.01	Unit Construction						
	Leisure Centre	1 item					B&M Construction Works Estimate Based on 3013m2 GIFA scheme (as per planning submission)
					£		
						Leisure Centre Total:	£
4.00	Boutique hotel and restaurant building - Excluded						
4.01	Unit Construction						
	Boutique hotel and restaurant building	1 item	£				Based on BCIS analysis for a shell & core only build.
					£		
						Boutique Hotel & Café Building Total:	£
5.00	Canoe Club - Excluded						EXCLUDED
5.01	Unit Construction						
	Canoe Club	1 item	£	-	£	-	
					£	-	
						Canoe Club Total:	£ - EXCLUDED
6.00	Information / food kiosk - Excluded						
6.01	Unit Construction						
	Information / food kiosk	1 item	£	-	£	-	
					£	-	
						Information / Food Kiosk Total:	£ - EXCLUDED
7.00	External Works						
7.01	Diversion of Princes Parade						B&M Review Combined Rising Main Costs dated 23rd September 2016 (construction costs)
	Say 1200mm diameter pipe	1155 item					Foul water drainage diversion
	Extra over for disposal of excavated material (contaminated subsoil)	3465 m					
	Manholes and connections to existing system	2 m2					
	Manholes within line of new run;additional for orientation	4 m2					
	Formation of new Princes Parade road to the North of site:including traffic calming, kerbing and street lighting	866 m					
	Extra over for disposal of excavated material (contaminated subsoil)	3118 m3					
	Reinstatement of road surface; including preparation works; line markings (at ends)	180 m2					
					£		

Princes Parade, Hythe

Cost Estimate

Updated 20/08/2017 - Phasing Split



Phasing Split										
Phase 1	Phase 2	Phase 3	Phase 4							
9.00 Services										Notes
9.01 Electric										
Electric - PHASE 2		1 item								As per Peter Brett Report dated June 2016 (refers to UKPN estimate dated 18/03/2016)
PHASE 3		49 nr								Allowance for trenching or alike (150 residential buildings, restaurant/hotel, leisure centre, canoe club & information kiosk)
PHASE 4		105 nr								
										£
9.02 Water										
Water - PHASE 2		1 item								As per Peter Brett Report dated June 2016 (refers to Affinity Water estimate dated 14/04/2016)
PHASE 3		49 nr								Allowance for trenching or alike (150 residential buildings, restaurant/hotel, leisure centre, canoe club & information kiosk)
PHASE 4		105 nr								
										£
9.03 Gas										
Gas - PHASE 2		1 item								As per Peter Brett Report dated June 2016 (refers to SGN estimate dated 01/04/2016)
PHASE 3		49 nr								Allowance for trenching or alike (150 residential buildings, restaurant/hotel, leisure centre, canoe club & information kiosk)
PHASE 4		105 nr								
										£
9.04 Telecommunications and Other										
PHASE 3		49 nr								Allowance for trenching or alike (150 residential buildings, restaurant/hotel, leisure centre, canoe club & information kiosk)
PHASE 4		105 nr								
										£
9.05 Street Lighting										
Columns - PHASE 2		15 nr								Quantity estimated
Columns - PHASE 3		15 nr								
										£
										Services Total:
										£
10.00 Soft Landscaping										
10.01 Seeding and Turfing										
Grassed areas; private rear gardens - PHASE 3		1718 m2								Assumed turf
Grassed areas; private rear gardens - PHASE 4		2600 m2								
Grassed areas; communal grass areas - PHASE 2		1001 m2								Assumed turf
Grassed areas; communal grass areas - PHASE 3		2290 m2								
Grassed areas; open spaces - PHASE 4		27956 m2								Assumed grass
										£


Princes Parade, Hythe

Cost Estimate

Updated 20/08/2017 - Phasing Split



Phasing Split								
Phase 1	Phase 2	Phase 3	Phase 4					
10.02	External Planting							Notes
	Trees; large semi-mature trees - PHASE 4		32 Nr					
								Soft Landscaping Total:
11.00	<u>Fencing, Railings and Walls</u>							
11.01	Fencing and Railings							
	Fencing; to all rear gardens - PHASE 3		694 m					Assumed 1.8m high timber fencing with concrete posts
	Fencing; to all rear gardens - PHASE 4		1017 m					
	Fencing; to front courtyards - PHASE 3		390 m					Assumed picket fencing or alike
	Fencing; to front courtyards - PHASE 4		4 m					
	Garden gates; details to be stated - PHASE 4		75 Nr					Assumed timber gates to match timber fencing
								£
								Fencing, Railings & Walls: £
12.00	<u>Off Site Highway Works</u>							
12.01	Junction Works							
	Connection to existing footpath - PHASE 2		1 nr					
	Connection to existing footpath - PHASE 3		1 nr					
								£
								Off Site Highway Works Total: £
								CONSTRUCTION WORKS (EXCLUDING PRELIMINARIES, OH&P AND CONTINGENCY) SUB-TOTAL: £
13.00	Construction Preliminaries							
13.01	Preliminaries		%					
14.00	Construction Overheads and Profit							
14.01	Overheads & Profit		%					
(A)	Construction Works Estimate (Total)							£
15.00	Contingency							
15.01	Design Development Risks Estimate		%					
15.02	Construction Risks Estimate		%					
								£
								£
(B)	Contract Cost Estimate (Total)							£
16.00	<u>Project / Design Team Fees</u>							

Princes Parade, Hythe								
Cost Estimate								
Updated 20/08/2017 - Phasing Split								
Phasing Split								
Phase 1								
Phase 2								
Phase 3								
Phase 4								
								Notes
(C) Project Cost Estimate (excl VAT)							£	



COST SUMMARY

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

Elemental Cost Summary

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



ELEMENTAL BREAKDOWN

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