

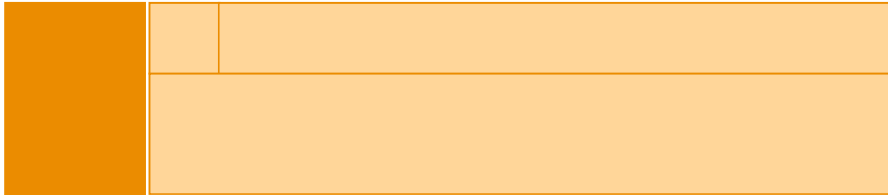


## PLANNING POLICY VIABILITY ASSESSMENT

## CONSTRUCTION COST STUDY

For

**STOKE-ON-TRENT CITY AND NEWCASTLE-UNDER-LYME BOROUGH COUNCILS**



**NEWCASTLE-UNDER-LYME  
BOROUGH COUNCIL**

*Planning Policy Viability Assessment*

*Order of Cost Study*

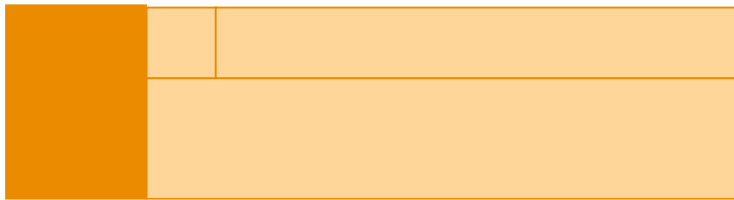
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# *Executive Summary*

## **1. The Project**

This Cost Study provides an estimate of construction costs over a range of development categories, to support a Planning Policy Viability Assessment.

## **2. Allowances**

The Estimate includes on-cost allowances for the following:

- Consultants
- Building Regulations and Planning fees
- NHBC Insurance where applicable

## **3. Basis of Estimate**

The basis of the Estimate is in Section 2 of this report.

## **4. Detailed Construction Cost Study**

The detailed Cost Study is given in Section 3 of this report.

## **5. Risk Allowance**

A Risk Allowance of 5% of construction cost is recommended

# Project Description

NCS have been appointed by Stoke-on-Trent City and Newcastle-under-Lyme Borough Councils for the production of their Community Infrastructure Levy Charging Schedule, through to adoption.

Gleeds are acting as part of the NCS team, to provide indicative construction costs, over the range of development categories, to inform the Appraisal.

The range of development categories are as agreed with NCS.

# Basis of Cost Study

## **Base Date**

Rates for Construction Costs in the Estimate have been priced at a Base Date of 2<sup>nd</sup> quarter (April to June) 2016. Allowances must be made for inflation beyond this date dependent on the mid-point date of construction.

## **Procurement**

The costs included in this Estimate assume that procurement is to be achieved on a single stage competitive tender basis, from a selected list of Contractors.

## **Scope of Development Types**

The scope of development types within the various categories varies between categories.

This is reflected within the range of construction values stated for a particular category.

For the purposes of undertaking the Viability Appraisal, average rates for construction have been given for each development category; the range of values have also been stated.

## **Basis of Costs**

The following benchmarking data was used in the preparation of the estimate:

1. Analysis of construction costs over a range of projects within the Gleeds Research and Development Data Base.
2. Where insufficient data is available within any particular category cross-reference is also made to BCIS construction cost information.
3. The rates adopted in the study are based on research of local construction projects to the region, the costs associated with these and Gleeds own national database of construction costs by construction type. The report recognises that different types of construction company incur different levels of costs due to differences in buying power, economies of scale etc. The rates assume that substantial new residential development will be undertaken primarily by regional and national house builders and the adopted rates reflect this. The adopted rates therefore tend to fall below median BCIS construction rates which cover building cost information from all types of construction company to individual builders. This is considered to be a more realistic approach than the adoption of median general rates, to reflect the mainstream new build residential development particularly since smaller schemes undertaken by smaller scale construction companies will enjoy exemption from zero carbon and affordable housing requirements.
4. Reference is also made to the Communities and Local Government Cost Analysis for Code for Sustainable Homes, in respect of dwelling costs. For all future reports from October 2015 onwards the figures presented will be based upon the upcoming National Housing Standards that are estimated to come into force at this time. Early indications and analysis suggest that there will be little cost variance beyond an equivalent CoSH Code 4 as a result although we will continue to monitor the situation.

All construction costs have been adjusted for an average Location Factor (Stoke-on-Trent and Newcastle-under-Lyme).

Note: the cost allowances are based on the current building regulations, as at June 2016.

Costs for the option of achieving Breeam Excellent on other categories have also been separately identified.

### **Assumptions/Clarifications**

The following assumptions/clarifications have been made during the preparation of this Estimate:

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.
- There are no allowances in the Estimates for Works beyond the site boundary.
- All categories of development are assumed to be new build.
- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.
- All categories of development include an allowance for External Works inc drainage, internal access roads, utilities connections ( but excluding new sub-stations ), ancillary open space etc
- Site abnormal and facilitating works have been excluded and are shown separately.

## Exclusions

The Order of Cost Study excludes any allowances for the following:

- Value Added Tax
- Finance Charges
- Unknown abnormal ground conditions including:
  - Ground stabilisation/retention
  - Dewatering
  - Obstructions
  - Contamination
  - Bombs, explosives and the like
  - Methane production
- Removal of asbestos
- Surveys and subsequent works required as a result including:
  - Asbestos; traffic impact assessment; existing buildings
  - Topographical; drainage/CCTV; archaeological
  - Subtronic
- Furniture, fittings and equipment
- Aftercare and maintenance
- Listed Building Consents
- Service diversions/upgrades generally
- Highways works outside the boundary of the site



# Detailed Construction Cost Study

Development Type, to achieve Breeam Excellent	Construction Cost £/m <sup>2</sup>		
	Min	Max	Average
Residential, 2-5 bed, code 4 Equivalent	767	1,024	884
Low Rise Apartments Code 4 Equivalent	922	1,191	1,037
Multi Storey Apartments Code 4 Equivalent	1,154	1,696	1,378
Office to residential conversion	539	2,018	1,075
Student Accommodation, ensuite	1,043	1,488	1,326
Student accommodation conversion	925	1,904	1,269
Care Homes	832	1,361	1,177
General Retail, shell finish	579	1,059	755
Food Retail supermarket, shell finish	809	1,251	1,105
Hotels, 2,000m <sup>2</sup> mid-range, 3* inc. F&Ftgs	1,559	1,998	1,663
Offices, Cat A fit-out	965	1,422	1,228*
Industrial, general shell finish	391	867	538
Institutional / Community D7 (museums, library, public halls, conference)	1,356	2,534	1,837
Leisure D5 (cinema, bowling alleys, shell)	823	1,018	880**
Agricultural shells	204	880	462
<b>SUI Generis</b>			
Vehicle Repairs	816	1,052	937
Vehicle Showrooms	989	1,158	1,052
Builders Yard	641	1,076	842

**Note:**

- \* Offices, Cat A are based on speculative office development, of cost efficient design
- \*\* Leisure D5 development is based on shell buildings (bowling alleys, cinemas and the like) and exclude tenant fit-out

**On-costs**

Professional fees		
- Consultants (excluding legals)	7.25%	
- Surveys etc	<u>0.75%</u>	8%
Planning / Building Regs		
Statutory Fees		0.6%
NHBC / Premier warranty (applies only to Residential and Other Residential)		0.5%
Contingency / Risk Allowance		5%

**Abnormal Site Development Costs, Stoke-on-Trent City and Newcastle Under-Lyme-Borough Councils**

**Budget Cost  
£/Hectare**

Abnormal Costs, by their very nature, vary greatly between different sites.

Budget figures are given, for typical categories relevant to the study area.

The Budgets are expressed as costs per hectare of development site.

**Archaeology** 11,000

Typically, Archaeology is addressed by a recording / monitoring brief by a specialist, to satisfy planning conditions.

Intrusive archaeological investigations are exceptional and not allowed for in the budget cost.

**Site Specific Access Works** 22,000

New road junction and S278 works; allowance for cycle path linking locally with existing

Major off-site highway works not allowed for.

**Site Specific Biodiversity Mitigation / Ecology**

Allow for LVIA and Ecology surveys and mitigation and enhancement allowance. 22,000

**Flood Defence Works**

Allowance for raising floor levels above flood level, on relevant sites 28,000

Budget £2,000 per unit x 35 units, apply to 1 in 3 sites.

**Utilities, Gas, Electric**

Allowance for infrastructure upgrades 80,000

**Land Contamination**

Contaminated land with 'Low' levels of contamination 100,000

Contaminated land with 'Medium' levels of contamination 275,000

Contaminated land with 'High' levels of contamination 600,000

**Ground Stability**

Allow for raft foundations to dwellings on 25% of sites

Budget £2,200 x 35 units x 25% 20,000