

**Option Appraisal Report**

**Purbeck Gateway Project  
Wareham**

**Prepared on behalf of  
Dorset Council**

May 2021

## Contents

1.	Executive summary .....	4
2.	Introduction.....	7
3.	Basis.....	7
4.	Proposals .....	7
4.1.	Former Wareham Middle School .....	8
4.1.1.	Illustrative masterplan 1 .....	8
4.1.2.	Illustrative masterplan 2 .....	8
4.1.3.	Illustrative masterplan 3 .....	8
4.2.	Hospital and Ambulance Station .....	9
4.2.1.	Illustrative masterplan 1 .....	9
4.2.2.	Illustrative masterplan 2 .....	9
4.3.	Anglebury Court & Purbeck Lodge .....	9
4.3.1.	Illustrative masterplan 1 .....	9
4.3.2.	Illustrative masterplan 2 .....	9
5.	Affordable housing planning policy context .....	10
6.	Market overview .....	10
6.1.	Residential market .....	10
6.2.	UK healthcare market .....	17
6.3.	UK land market.....	18
7.	Viability appraisal methodology .....	19
8.	Viability inputs .....	19
8.1.	Private sale values .....	19
8.2.	Care home values .....	19
8.3.	Extra care values .....	20
8.4.	Affordable values .....	20
8.5.	Grant funding.....	21
8.6.	Commercial values.....	21
8.7.	Build costs.....	23
8.7.1.	Former Wareham Middle School site.....	23
8.7.2.	Hospital and Ambulance Station site .....	24
8.7.3.	Bonnet’s Lane site.....	24
8.8.	Programme.....	24
8.9.	Professional fees.....	24
8.10.	Planning obligations .....	24

8.11.	Potential legal easements and insurance costs.....	25
8.12.	Finance costs.....	25
8.13.	Profit.....	25
9.	Results.....	26
9.1.	Former Wareham Middle School site.....	26
9.1.1.	Analysis.....	26
9.2.	Hospital and Ambulance Station site.....	27
9.2.1.	Analysis.....	27
9.3.	Bonnet’s Lane site.....	27
9.3.1.	Analysis.....	27
10.	Sensitivity assessment.....	27
11.	Procurement options.....	28
11.1.	External Developer and External funding (Land sale).....	28
11.1.1.	Pre-planning.....	28
11.1.2.	Post-planning.....	29
11.2.	External Developer with DC funding (Joint Venture).....	30
11.2.1.	Standard JV model – as per DEP.....	30
11.3.	DC development with DC funding (Direct delivery).....	32
11.3.1.	Deliver and sell both private and affordable elements.....	32
11.3.2.	Deliver and sell private and hold affordable element.....	33
11.4.	Prime and Dorset Estates Partnership (DEP).....	33
11.5.	Other care sector developers.....	35
12.	Recommendation and conclusion.....	37
APPENDICES.....		40
APPENDIX 1 – Scheme details.....		41
APPENDIX 2 – Land Registry: Dorset price data.....		42
APPENDIX 3 – Residential comparables.....		43
APPENDIX 4 – Viability appraisal summaries.....		44
APPENDIX 5 – Extra care comparables.....		45
APPENDIX 6 – B&M’s cost estimates.....		46
APPENDIX 7 – Dorset Council: Purbeck Gateway - Procurement approach.....		47

# 1. Executive summary

The Option Appraisal Report presented assesses the feasibility of proposed design and delivery options at the Former Wareham Middle School, Wareham Hospital and Ambulance site, and the land currently occupied by Anglebury Court and Purbeck Lodge, on behalf of Dorset Council. The various scenarios are analysed from a financial viability perspective.

The results of our option appraisal assessment follow the two-stage procurement structure:

- Stage One – focusing on design and planning options, including schedule of accommodation and initial commercial and financial proposals.
- Stage Two – advising of the appropriate procurement strategy for delivery of the schemes.

## Stage One

The following scheme iterations are tested, by development site:

Site	Scenario
Former Middle School site, Worgret Road	Illustrative masterplan 1 – mixed-use development delivering a Health Hub, a 64-bed care home with nursery provision, and 24 residential dwellings comprising 8 houses and 16 apartments (100% affordable)
	Illustrative masterplan 2 – mixed-use development delivering a Health Hub, a 64-bed care home with nursery provision, and 24 residential dwellings comprising 12 houses and 12 apartments (100% affordable)
	Illustrative masterplan 3 – mixed-use development delivering a Health Hub, a 64-bed care home with nursery provision, and 25 residential dwellings comprising 6 houses and 19 apartments (100% affordable)
Hospital and Ambulance Station site, Streche Road	Illustrative masterplan 1 – residential development delivering 32 dwellings comprising 9 houses and 23 apartments (mixed tenure)
	Illustrative masterplan 2 – residential development delivering 42 garden apartment dwellings comprising 1-3 bed properties (mixed tenure)
Anglebury Court & Purbeck Lodge site, Bonnet’s Lane	Illustrative masterplan 1 – residential development comprising 60 extra care units in the mix of 1 and 2 bedroom dwellings (100% affordable)
	Illustrative masterplan 2 – residential development comprising 60 extra care units in the mix of 1 and 2 bedroom dwellings (100% affordable)

The costs and financial return to the Council are appraised, in case of each design scenario, on the basis of a hypothetical scenario, whereby the individual site is sold onto an external developer and the scheme is delivered through external funding.

The different scenarios are evaluated based on their financial viability and allocated a corresponding RAG rating:

- Red status is assigned to options that fall short of meeting the criteria.
- Amber status is assigned to options that meet the criteria to some extent.
- Green status is assigned to options that perform well against the criteria.

The results of the assessment are summarised in the following tables, by design scenario.

Site	Design option	Use	GDV	Profit	Residual land value	Financial viability
Former Middle School	Illustrative masterplan 1	Health Hub	£13,090,000	£1,963,500	£2,011,954	
		Care home	£22,603,780	£3,390,567	£6,667,142	
		Residential	£3,187,130	£191,228	<b>-£262,414</b>	
	Illustrative masterplan 2	Health Hub	£12,977,000	£1,946,550	£1,914,997	
		Care home	£22,603,780	£3,390,567	£7,013,204	
		Residential	£3,318,170	£199,090	<b>-£257,014</b>	
	Illustrative masterplan 3	Health Hub	£12,288,000	£1,843,200	£1,775,730	
		Care home	£22,603,780	£3,390,567	£6,298,136	
		Residential	£3,123,040	£187,382	<b>-£300,753</b>	
Hospital and Ambulance Station	Illustrative masterplan 1	Residential	£8,514,140	£1,312,529	<b>-£1,383,766</b>	
	Illustrative masterplan 2	Residential	£7,721,865	£1,195,608	<b>-£1,557,059</b>	
Bonnet's Lane	Illustrative masterplan 1	Extra care	£3,936,042	£236,163	<b>-£5,648,199</b>	
	Illustrative masterplan 2	Extra care	£3,786,651	£227,199	<b>-£5,136,928</b>	

Whilst the individual appraisals indicate that the 100% affordable housing scheme is unviable on the Former Wareham Middle School site, the overall site produces a financial return, as income from the other elements on site can cross-subsidise the residential provision. Alternatively, additional grant funding of between £11,000 and £12,000 per unit would be required for the scheme to break even, without a land value. Modifying the proposed tenure split to include more shared ownership units would also improve scheme performance.

The results show that a residential development with 30% affordable housing provision on the Hospital and Ambulance Station site, delivered by an external developer using external funding is unviable. Modifying the proposed tenure split to include more private sale and shared ownership units would improve scheme performance. Alternatively, the Council could consider using the Former Middle School site as the donor site for affordable housing requirement on the Hospital and Ambulance Station site.

The proposed 100% affordable housing extra care scheme on Bonnet's Lane is currently unviable through this delivery route. Additional grant funding of between £86,000 and £94,000 per unit would be required for the scheme to break even, without a land value.

## Stage Two

In addition to the delivery by an external developer and using external funding option, appraised at Stage One, the following further procurement options are also considered and analysed in detail in the report:

- Delivery by an external developer and using Council funding through a JV setup
- Direct delivery by the Council through an appointed contractor and using Council funding
- Partnering with Prime via the Strategic Estates Partnership established with Dorset County Hospital NHS Foundation Trust

We understand, beyond financial viability, the Council is looking to balance planning and construction risk, market exposure and delivery speed in bringing forward the three development sites. Therefore, in Stage Two, we evaluated the different procurement options based on their risk profile and allocated a corresponding RAG rating:

- Red status is assigned to options that attract a high level of risk.
- Amber status is assigned to options that attract a medium level of risk including scenarios where risk is shared between multiple parties.
- Green status is assigned to options that attract a low level of risk.

Accordingly, we conclude the following:

- In terms of planning risk, the Council would not be required to secure a permission in the case of the land sale pre-planning scenario. In all other options, we understand the Council would be required to fund and see through the planning application process for the sites.
- Construction and sales risks are eliminated in case of the land sale scenarios.
- The various JV options, including that through the DEP, allow for risk sharing in terms of both construction and market exposure.
- Land sale scenarios are likely to be the most time-efficient options, providing a capital return in the short-term.
- Procurement through the Dorset Estates Partnership is expected to be the quickest option for securing a delivery partner, over other JV and direct delivery options.

While objectively, the land sale options minimise risk to the Council from all aspects, they limit the Council's control over design, delivery speed and hence interfere with the timely achievement of their social objectives. The direct delivery routes attract the highest levels of market exposure and are unlikely to guarantee a streamlined procurement process. Therefore, we recommend that the Council further explore the Joint Venture options, including that with the involvement of DEP, which provide a balance between risk mitigation and delivery speed, as well as enabling the Council to meet its social objectives.

## 2. Introduction

Red Loft has been commissioned by Dorset Council (the Council) to prepare an Option Appraisal Report in relation to three proposed schemes in Wareham, which are located at:

- Former Wareham Middle School, Worgret Road
- Hospital and Ambulance Station, Streche Road
- Anglebury Court & Purbeck Lodge, Bonnet's Lane

The report looks to review the current proposals, establishing the likely residential and commercial values achievable at the developments. In addition, Red Loft provide an analysis of the financial performance of various tenure and procurement options and provides commentary upon the risks and benefits of each option to inform the Council's decision making in regard to the next steps to progress the development options.

This Option Appraisal Report is designed to enable the Council to consider the feasibility of the envisaged development projects. It sets out information that will help to inform the Council's strategy for delivering the schemes and influencing further the current proposals.

## 3. Basis

The appraisals and figures in this report are not formal valuations and should not be relied upon as such. This is not a RICS (Royal Institution of Chartered Surveyors) compliant valuation report and is prepared to assist the Council's internal decision-making only.

Within our report, we have relied upon information provided by the Council, national and local government publications, intelligence from various property databases including Land Registry, Rightmove and EPC Register, as well as our own professional judgement in the preparation of pricing and recommendations appraisals in relation to the subject developments within Wareham.

The following documents have been used to inform the feedback contained in this report:

- New Masterplanning - Purbeck Gateway Project - Design & Development Brief (October 2020)
- New Masterplanning - Purbeck Gateway - Plans & Schedules Option A (April 2021)
- B&M – Purbeck Gateway, Wareham - Cost Plans RIBA Stage 1 Revision (April 2021)

We cannot accept responsibility for any errors or omissions in information provided to us. This report is private and confidential and should not be shared with third parties without our permission.

The appraisal results are a point in time assessment taking into account current day costs and values. The nature of the assessments at this point in time are commensurate with the high level nature of the information available (typically RIBA stage 1). The accuracy of the appraisals should be refined as the design development and due diligence assessments of abnormal costs progresses.

## 4. Proposals

We outline the indicative scheme details for the subject developments. The feasibility stage proposals are attached at **Appendix 1**.

New Masterplanning provided estimated gross external areas within their schedules. Based on their guidance, gross internal areas have been assumed to be 90% of external areas.

Flatted residential blocks and extra care homes in all relevant design scenarios are based on 85% net to gross internal areas, while the net internal area of the care home is calculated in accordance with 70% of its gross external area. 100% net to gross internal areas are assumed for houses and the health hub.

#### 4.1. Former Wareham Middle School

The proposed redevelopment of the Former Wareham Middle School site will consist of a Health Hub, a 64-bed care home with nursery provision, and a number of residential dwellings. New Masterplanning prepared three options for the site, varying the scale and layout of the different elements. These are set out below.

##### 4.1.1. Illustrative masterplan 1

Block	Unit type	Number of units	Total GEA (m2)	Total GEA (ft2)	Total GIA (m2)	Total GIA (ft2)	Total NIA (m2)	Total NIA (ft2)
A	Health hub	-	2703	29095	2433	26179	2433	26179
B	Care home	64	3800	40903	3420	36799	2394	25759
C	2 bed house	6	697	7502	627	6747	627	6747
C	3 bed house	2						
D	1 bed flat	8	1234	13283	1111	11954	944	10161
D	2 bed flat	8						
<b>Total</b>		<b>88</b>	<b>8434</b>	<b>90783</b>	<b>7591</b>	<b>81679</b>	<b>6398</b>	<b>68846</b>

##### 4.1.2. Illustrative masterplan 2

Block	Unit type	Number of units	Total GEA (m2)	Total GEA (ft2)	Total GIA (m2)	Total GIA (ft2)	Total NIA (m2)	Total NIA (ft2)
A	Health hub	-	2680	28847	2412	25953	2412	25953
B	Care home	64	3600	38750	3240	34862	2268	24404
C	1 bed flat	4	919	9892	827	8899	703	7564
C	2 bed flat	8						
D	2 bed house	8	1037	11162	933	10039	933	10039
D	3 bed house	4						
<b>Total</b>		<b>88</b>	<b>8236</b>	<b>88651</b>	<b>7412</b>	<b>79753</b>	<b>6316</b>	<b>67960</b>

##### 4.1.3. Illustrative masterplan 3

Block	Unit type	Number of units	Total GEA (m2)	Total GEA (ft2)	Total GIA (m2)	Total GIA (ft2)	Total NIA (m2)	Total NIA (ft2)
A	Health hub	-	2538	27319	2284	24576	2284	24576
B	Care home	64	3890	41872	3501	37671	2451	26370
C/E	1 bed flat	10	1342	14445	1208	12998	1027	11048
C/E	2 bed flat	9						
D	2 bed house	4	570	6135	513	5520	513	5520
D	3 bed house	2						
<b>Total</b>		<b>89</b>	<b>8340</b>	<b>89771</b>	<b>7506</b>	<b>80765</b>	<b>6275</b>	<b>67514</b>



## 4.2. Hospital and Ambulance Station

The proposed redevelopment of the Hospital and Ambulance Station will consist of residential dwellings. New Masterplanning prepared two options for the site, varying the scale and layout of the development. These are set out below.

### 4.2.1. Illustrative masterplan 1

Block	Unit type	Number of units	Total GEA (m <sup>2</sup> )	Total GEA (ft <sup>2</sup> )	Total GIA (m <sup>2</sup> )	Total GIA (ft <sup>2</sup> )	Total NIA (m <sup>2</sup> )	Total NIA (ft <sup>2</sup> )
A/B	1 bed flat	7	1854	19956	1669	17958	1419	15265
A/B	2 bed flat	16						
C	2 bed house	4	1241	13358	1117	12019	1117	12019
C	3/4 bed house	5						
<b>Total</b>		<b>32</b>	<b>3095</b>	<b>33314</b>	<b>2786</b>	<b>29977</b>	<b>2536</b>	<b>27284</b>

### 4.2.2. Illustrative masterplan 2

Block	Unit type	Number of units	Total GEA (m <sup>2</sup> )	Total GEA (ft <sup>2</sup> )	Total GIA (m <sup>2</sup> )	Total GIA (ft <sup>2</sup> )	Total NIA (m <sup>2</sup> )	Total NIA (ft <sup>2</sup> )
A	1 bed flat	6	3028	32593	2725	29321	2316	24923
A	2 bed flat	26						
A	3 bed flat	10						
<b>Total</b>		<b>42</b>	<b>3028</b>	<b>32593</b>	<b>2725</b>	<b>29321</b>	<b>2316</b>	<b>24923</b>

## 4.3. Anglebury Court & Purbeck Lodge

The proposed redevelopment of the Bonnet's Lane site will consist of extra care dwellings. New Masterplanning prepared two options for the site, varying the scale and layout of the development. These are set out below.

### 4.3.1. Illustrative masterplan 1

Block	Unit type	Number of units	Total GEA (m <sup>2</sup> )	Total GEA (ft <sup>2</sup> )	Total GIA (m <sup>2</sup> )	Total GIA (ft <sup>2</sup> )	Total NIA (m <sup>2</sup> )	Total NIA (ft <sup>2</sup> )
A	1 bed extra care flat	52	4830	51990	4347	46774	3695	39758
A	2 bed extra care flat	8						
A	Communal/admin	-	770	8288	693	7457	693	7457
<b>Total</b>		<b>60</b>	<b>5600</b>	<b>60278</b>	<b>5040</b>	<b>54230</b>	<b>4388</b>	<b>47214</b>

### 4.3.2. Illustrative masterplan 2

Block	Unit type	Number of units	Total GEA (m <sup>2</sup> )	Total GEA (ft <sup>2</sup> )	Total GIA (m <sup>2</sup> )	Total GIA (ft <sup>2</sup> )	Total NIA (m <sup>2</sup> )	Total NIA (ft <sup>2</sup> )
A	1 bed extra care flat	52	4647	50020	4182	44998	3555	38249
A	2 bed extra care flat	8						
A	Communal/admin	-	577	6211	519	5584	519	5584
<b>Total</b>		<b>60</b>	<b>5224</b>	<b>56231</b>	<b>4702</b>	<b>50594</b>	<b>4074</b>	<b>43833</b>

## 5. Affordable housing planning policy context

The existing local affordable housing policy is principally set out in the Purbeck Local Plan Part 1 (2012) Policy AH. Establishing that developments that result in a net increase of 2 or more dwellings or are on a site area of 0.05 hectares will be required to provide 40% affordable housing.

The emerging Purbeck Local Plan (2018 - 2034) Policy H11 modifies this. It sets out that on developments of 10 or more dwellings or comprising a site area of more than 0.5Ha, 40% affordable housing will be sought on greenfield sites and 30% on brownfield sites. Adding that the tenure mix on sites with 40% provision will need to consist of 10% social rented, 65% affordable rented and 25% affordable home ownership housing. The tenure mix on sites with 30% provision will need to consist of 10% social rented, 56% affordable rented and 34% affordable home ownership housing. Any divergence from the policy will need to be justified through a financial viability assessment.

The emerging Wareham Neighbourhood Plan (2019 - 2034) allows for a higher proportion of intermediate housing than the Local Plan specifies, stating that affordable home ownership products can comprise up to 40% of the total affordable housing requirement.

In line with emerging local policy, we have assessed all design scenarios on the Hospital and Ambulance Station site on the basis of the following estimated tenure breakdown:

- 70% private sale
- 30% affordable housing provision
  - 10% Social Rent
  - 50% Affordable Rent
  - 40% Shared Ownership

In line with the Council's aspirations, we have assessed all design scenarios on the Former Middle School site on the basis of 100% affordable housing provision, with the following estimated tenure breakdown:

- 10% Social Rent
- 50% Affordable Rent
- 40% Shared Ownership

In line with the Council's aspirations, extra care housing on the Bonnet's Lane site has been appraised assuming a 100% affordable rented provision.

## 6. Market overview

### 6.1. Residential market

#### Economic context

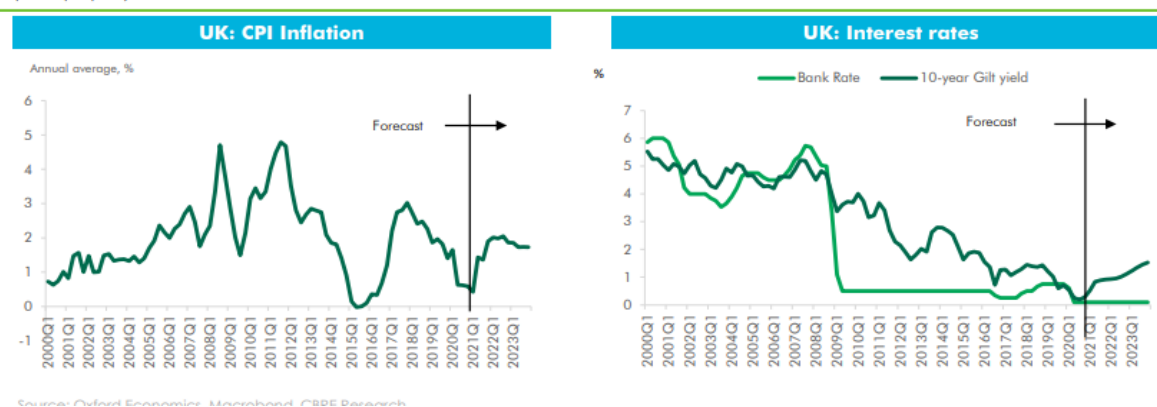
According to The EY ITEM Club, UK GDP is expected to grow 6.8% in 2021, revised from the 5% growth predicted in January. As a result, the UK economy is expected to reach its pre-COVID-19 peak in the second quarter of 2022. The improved forecasts reflect the UK economy's resilient performance in the latest lockdown, delivering a better-than-expected platform for growth through the rest of this year. The improved growth prospects are further supported by the significant near-term fiscal support announced in the Chancellor's March Budget, the roadmap towards economic reopening, and the continued speedy rollout of COVID-19 vaccines.

The EY ITEM Club report that GDP contracted by just over 1% quarter-on-quarter in the first quarter of 2021, compared to the 3-4% contraction expected in January’s Winter Forecast. Quarter-on-quarter growth is expected to be between 4-5% in Q2 2021, with the economy supported by gradual reopening as well as fiscal and monetary policy. Due to the faster than expected recovery in 2021, the EY ITEM Club now estimate growth of 5% in 2022 (down from 6.5% predicted in January), 2.1% in 2023 (up from 2%) and 1.7% in 2024 (down from 1.8%).

Unemployment levels are now forecast to reach 5.8% in the fourth quarter of 2021, down from the 7% peak predicted in January and expected to reach 4.5% by the end of 2022. This is a result of continued COVID-related government support particularly the furlough scheme, which has aided UK employment throughout the pandemic and has played a key part in the economy’s resilience.

Business investment is expected to gather pace in 2021, with further growth anticipated in 2022. Investment is expected to rise by 7.1% over the course of 2021, following a contraction of 10.2% in 2020. During 2022, the EY ITEM Club predict growth of 10.5%. The government have introduced a two-year 130% “super deduction” capital allowance from April 2021. It aims to incentivise firms to bring forward capital spending plans and boost investment in qualifying new plant and machinery assets. It should be noted that these measures are primarily expected to bring investment forward as opposed to increase it overall.

A speedy recovery could lead to supply bottlenecks and strong demand will cause prices to rise temporarily. Whilst base effects and rising commodity prices will push up the headline CPI inflation to 2% in Q2 2021, the conditions for a sustained increase in general inflation remains mute. As a result, the Bank of England will continue to maintain a low interest rate environment, keeping the base rate on hold until at least 2023 and continuing the £150bn worth of asset purchases authorised at its November 2020 meeting. Long term interest rates have increased slightly from the record low levels seen during the peak of the COVID-19 pandemic and will continue to rise as the economy continues to recover.



Source: CBRE

Overall, the consumer industry will play a key role in the economy’s recovery given the high savings ratios and lower than expected levels of unemployment. Household savings ratio reached 16.3% in 2020, up from 6.8% in 2019. Consumer spending is expected to rise by 4.4% in 2021, following a contraction of 10.9% in 2020. In 2022, consumer spending is predicted to grow 5.7% as consumers benefit from falling unemployment and earning growth. In 2023 and 2024, growth figures of 2.2% and 1.9%, are anticipated, respectively.

**UK housing market**

According to Nationwide’s April 2021 index, annual house price growth rebounded to 7.1%, from 5.7% in March. Prices rose by 2.1% month-on-month, the biggest monthly rise since February 2004. The average price of a residential property in the UK now stands at £238,831, reflecting a new record, £15,916 higher than the price recorded 12 months ago.

According to Savills, high levels of demand and restricted supply continue to underpin value growth. The number of sales agreed was potentially at the highest levels in March since before the Global Financial Crisis, and 54% above the 2017-2019 average. According to the latest RICS UK Residential Market Survey, the number of new sales instructions and buyer enquiries continued to rise from January’s low. According to HMRC, the number of UK home sales increased in February 2021 to their highest level since March 2007, exceeding 120,000. Transaction levels are expected to continue at record levels throughout the Stamp Duty holiday period and are anticipated to peak in June.

Recent high levels of activity in the housing market were driven by mortgaged home movers, whose numbers were up 35% in January 2021 compared to last year, according to UK Finance. In comparison, Frist Time Buyer (FTB) mortgage numbers were up only 3%. Increasing house prices and limited availability of high Loan-to-Value mortgages have made it more difficult for FTBs to begin their journey onto the property ladder. Many prospective FTBs are younger adults, who are more likely to have been impacted by unemployment and furlough during the pandemic. Some high street banks have recently rejected applications from furloughed applicants, according to Savills. Notwithstanding this, the government launched the 95% mortgage guarantee scheme on 19<sup>th</sup> April 2021. The scheme will help first time buyers or current homeowners secure a mortgage with just 5% deposit to buy a house of up to £600,000. The government will offer lenders the guarantee they need to provide mortgages that cover the remaining 95%, subject to the usual affordability checks. This is likely to support FTBs throughout the year and in the future.

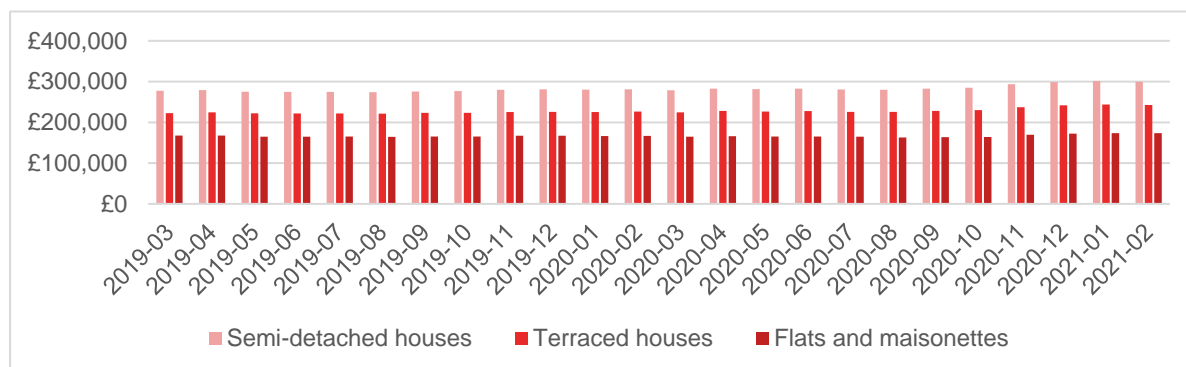
The tables below sourced from Rightmove show the latest change in national house prices:

National average asking price				
Month	Avg. asking price	Monthly change	Annual change	Index
April 2021	£327,797	+2.1%	+5.1%	253.4
March 2021	£321,064	+0.8%	+2.7%	248.2

National average asking price by market sector (excluding inner London)				
Sector	April 2021	March 2021	Monthly change	Annual change
First time buyers	£203,564	£201,296	+1.1%	+4.2%
Second-steppers	£299,956	£293,028	+2.4%	+7.1%
Top of the ladder	£590,293	£571,983	+3.2%	+7.4%

### Dorset price trends

Based on Land Registry data, we have analysed price trends evidenced in transaction prices in Dorset between March 2019 and February 2021. **Appendix 2** includes the relevant data. Over the course of this period, the average residential property price in the area increased by 7.4%, from £288,795 to £310,141. Specifically, average semi-detached and terraced house prices grew significantly by 7.9%, from £277,453 to £299,451 and by 9%, from £222,628 to £242,634, respectively. The average flat price experienced an increase of 3.5%, from £167,490 to £173,376 over the period. The data is displayed in the graph below.



Source: HM Land Registry

Over the period of the data set, Dorset experienced an average monthly house price change of 0.30%. The latest reading in February 2021 presented a negative figure of -0.6%, compared with the peak growth of 3.29%, during the period of the dataset, recorded in November 2020. The annual price growth evidences an increasing trend with subdued or negative growth between March 2019 and March 2020, averaging -0.19%. From April 2020 to February 2021, however, annual house price growth turned positive in Dorset and averaging 3.46%. The highest recorded house price growth over the period of the data set was in January 2021, at 7.71%. Annual house price growth in February 2021 was 6.62%.

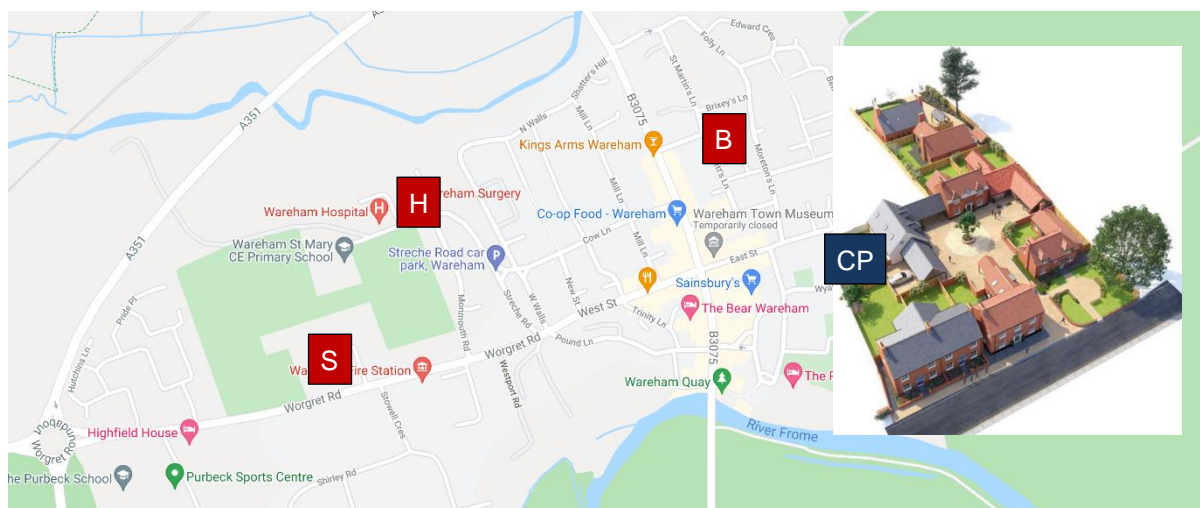
By looking at Land Registry data, we also note that sales volumes in the county have reduced significantly during the first lockdown and averaged 263 units per month in Q2 2020, down from 435 recorded in Q1. This was a result of market uncertainty due to the coronavirus pandemic. Since July 2020, the number of transactions has picked up significantly and stood at 726 in December 2020, when the latest data returns were collected.

### Open market values

We have undertaken research of new build schemes within Wareham and considered those we believe to be the most comparable in nature to the proposals at the subject sites.

The schemes we have analysed are listed and set out on the map below (S – Former Middle School; H – Hospital site; B – Bonnet’s Lane):

- Cottes Place (CP)



### Cottes Place

Cottes Place is a collection of nine individual homes, replacing a former market and Cottes Auction House. It is located off East Street, 3 minutes’ walk from Wareham town centre. It, therefore, benefits from excellent access to local amenities.

The development by Stanborough Construction consists of bungalows and houses with either 3 or 4 bedrooms offering flexible layouts. The materials and details differ for each property and range from brick, render and timber finishes. In addition, each home comes with its own oak framed carport and further allocated parking space.

The units are designed to a high specification. The kitchens come with integrated appliances, LED under counter lighting and soft closing doors and drawers. They also feature ceramic tiled floors. Master bedrooms are fitted with wardrobes. Bathrooms are fully tiled. There is underfloor heating system to downstairs and radiators to upstairs.

Images from the marketing website are included below.



Details of a 3 bedroom unit, currently on the market, are summarised below.

Unit reference	Type	Size (m2)	Size (ft2)	Asking price	£/ft2
East Lodge, Cottes Place, East Street	3 bed semi-detached house	105.64	1137	£495,000	£435

East Lodge is comparable to the 3 bedroom houses in the subject developments, in terms of its location.

### Resale

Due to the lack of new build developments within Wareham, we have also looked at resale properties that have recently transacted or are currently on the market within Wareham.

We summarise our finding below. The full list of resale comparables can be found at **Appendix 3**.

Unit type	Size range (m2)	Size range (ft2)	Price range	£/ft2 range
1 bed flat	41 - 54	439 - 581	£135,000 - £195,000	£273 - £379
2 bed flat	51 - 85	547 - 915	£190,000 - £245,000	£235 - £439
3 bed house	118 - 126	1271 - 1355	£375,000 - £395,000	£291 - £295

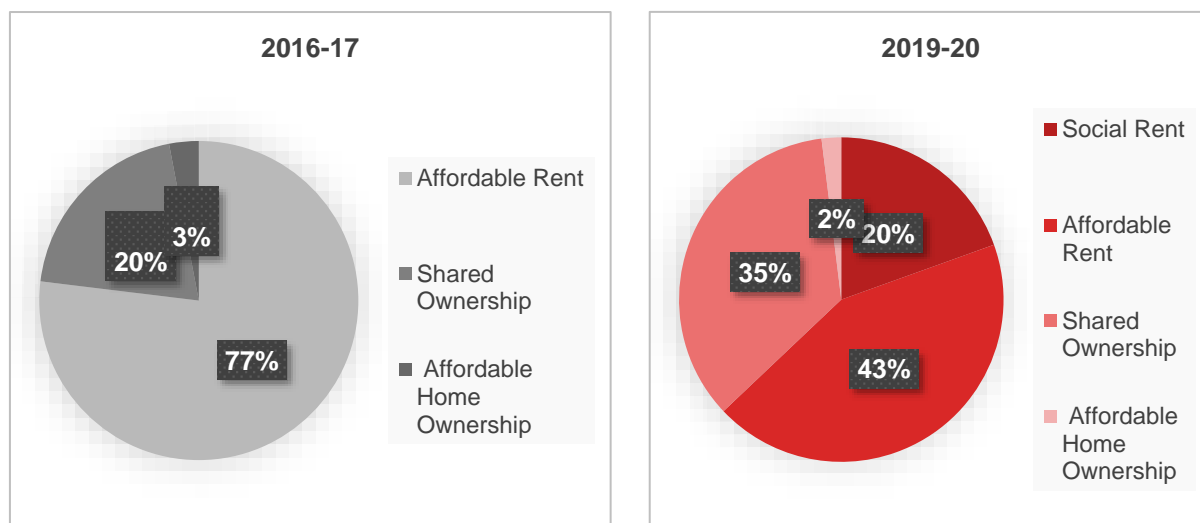
### Affordable housing supply

Affordable housing supply in the county has fluctuated over the past couple of years. Following two years of subdued delivery, 2019/2020 saw a significant increase in affordable housing completions. This is demonstrated in the table below, which displays government data on the number of homes started and completed since 2016/2017.

	Affordable Housing Starts on Site				Affordable Housing Completions			
	2016/17	2017/18	2018/19	2019/20	2016/17	2017/18	2018/19	2019/20
Dorset	234	376	135	205	210	170	156	206

Source: Ministry of Housing, Communities & Local Government

A shift in tenure prioritisation can be observed in Dorset. The following charts outline the proportion of different products started on site in 2016/2017 and 2019/2020.



Source: Ministry of Housing, Communities & Local Government

### Housing association sector

The outbreak of the COVID-19 pandemic has resulted in significant and likely lasting changes in social interactions and work patterns across the UK, which put a strain on the country’s economy. Government finances are being exploited to mitigate the impact on people’s lives as well as the economy. Over the coming months, the rollback of the furlough scheme, coupled with the recent ending of mortgage payment holidays and the impending end to ban on evictions, will have a negative impact on many households’ incomes. The difficulties faced by these households puts increasing pressure on the affordable housing sector.

Savills’ 2020 Housing Sector Survey highlights the resulting changes in priority for Registered Providers. The wellbeing of tenants came to the forefront of housing associations’ agenda, followed by the management of and investment in existing stock, as well as the delivery of new affordable homes. On the other hand, there is decreasing emphasis on building new homes for market sale and market rent. In terms of target groups, vulnerable and homeless people along with those in temporary hardship are being prioritised. In addition, the government and a number of housing associations advocate the provision of sufficient and appropriate homes to key workers, close to their place of work. Accordingly, Registered Providers are most concerned with the provision of social and affordable rent units, temporary accommodation as well as key worker housing.

In the housing association sector, a general shift toward land-led opportunities, and away from Section 106 package can be observed. In the current situation, however, a number of social landlords have reduced land buying activity and are focusing on the maintenance of existing stock, in part, in an attempt to comply with building safety regulations.

### Grant funding

Grant funding for the delivery of affordable homes for English councils is accessible through the Affordable Homes Programme. In the current Affordable Homes Programme for the period 2021-26, Homes England secured £7.39 billion funding to deliver up to 130,000 affordable homes by March 2026, outside of London.

We summarise the headlines of the current funding scheme:

- Funding is available through two routes:
  - Scheme by scheme bidding through continuous market engagement (CME).
  - A multi-year strategic partnership to access grant for a longer-term development programme.

- Schemes funded through CME must have started on site by 30 September 2025 and be completed by 31 March 2026.
- Schemes funded through strategic partnership must start on site by the 31 March 2026 and be completed by the 31 March 2028
- To qualify for a strategic partnership, the applying organisation need to:
  - Commit to building a minimum of 1500 homes, and
  - Deliver a minimum of 25% of homes through MMC.
- The scheme is open to housing associations, local authorities, developers, for-profit providers, community-led organisations and others affordable housing developers.
- Applications can be submitted until 18<sup>th</sup> May.
- Changes relating to Shared Ownership, with a new model for the tenure seeking to improve affordability for purchasers:
  - Minimum initial share amount reduced to 10%.
  - Staircasing in 1% instalments enabled.
  - Landlord or housing association will be required to cover repairs and maintenance costs associated with a new shared ownership property for the first 10 years.
- A newly introduced Right to Shared Ownership measure, which will enable Social Housing tenants to buy a share of their rented property. This hopes to give an alternative to home ownership for tenants who previously, due to affordability constraints, have been unable to utilise their right to acquire.
- As with the previous programme, grant will not be available for Section 106 opportunities and major repairs.
- New rules around regeneration explicitly state that funding will not be available for units that replace homes that have been or will be demolished.
- Grant rates are negotiated on a case-by-case basis. Final amounts will be determined using viability assessments.

### Shared ownership demand

Analysis of Share to Buy statistics reveals that 41 buyers are currently looking/living or working in Wareham. The majority of users earn between £20,000 and £40,000 per annum combined in their household. 69% of the registrants have deposits of up to £10,000 and over 40% of them are looking for a home for a family of 3 or more. The data is summarised in the tables below:

Active users	
Live or work in Wareham	41
Live in Wareham	29
Work in Wareham	19
Live and work in Wareham	7

Household deposit	Users	%	Household income	Users	%	Household size	Users	%
0 – 10,000	27	69%	0 – 10,000	1	3%	Single	7	17%
10,001 - 15,000	6	15%	10,001 - 15,000	0	0%	Couple	16	39%
15,001 - 20,000	1	3%	15,001 - 20,000	5	13%	Family	18	44%
20,001 - 25,000	2	5%	20,001 - 25,000	8	21%	<b>Total</b>	<b>41</b>	<b>100%</b>



25,001 - 30,000	1	3%	25,001 - 30,000	3	8%
30,001 - 35,000	1	3%	30,001 - 35,000	2	5%
35,001 - 40,000	0	0%	35,001 - 40,000	7	18%
40,001 - 45,000	0	0%	40,001 - 45,000	5	13%
45,001 - 50,000	0	0%	45,001 - 50,000	4	10%
50,001 +	1	3%	50,001 +	4	10%
<b>Total</b>	<b>39</b>	<b>100%</b>	<b>Total</b>	<b>39</b>	<b>100%</b>

## 6.2. UK healthcare market

Despite the challenges posed by a global pandemic, the healthcare sector has received a significant level of investment during 2020. According to Knight Frank, a record level of healthcare-related property transactions took place in the UK, reaching £2.7 billion. Regardless, the pandemic has presented unprecedented operational challenge to the sector, with the elderly care home sector being particularly affected, considering its population base is exposed to the greatest level of risk. This is reflected in the proportion of transactions relating to the elderly care sector at 18% of all healthcare property investment, compared to an average of 39% across the past five years.

In January 2021, UK care home occupancy was just below 80%, reflecting a 9-10% fall since the onset of the pandemic, reported Knight Frank. This is mostly due to increasing mortality levels and a reduction in admissions. However, the sector is still considered hugely resilient in the face of an unprecedented challenge.

Investment yields in connection to a range of healthcare facilities continue to be compressed, despite the implications of COVID-19. During 2020, there was a limited amount of prime new build care home stock coming to market, however, investor demand for such assets remains strong. Well-located purpose-built homes positioned for the private pay market are expected to attract a yield below 4%, according to Knight Frank. The property professionals report that core market elderly care stock has been trading closer to 6% and above in 2020. Both CBRE and Knight Frank report yield in the region of 4% for primary care facilities.

In the 2019/20 financial year, average care home staffing costs represented 58% of income. This figure is 55% in personal care and 59% in nursing care homes. Other costs including utilities, council tax, insurance, repairs and day to day maintenance account for 5% of income, on average, while food expenses are estimated at 3.5%. Knight Frank’s survey on care home costs included facilities across the UK, with nursing care homes and residential care homes accounting for two-thirds and one-third of the sample, respectively.

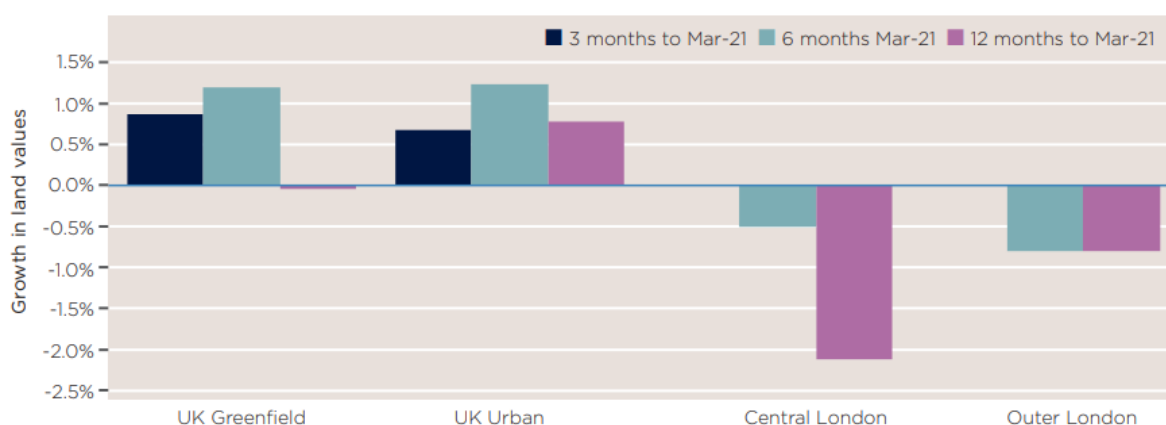
Like in many other sectors, the pandemic has highlighted the need to futureproof the care home market. In order to successfully tackle any future waves of the virus, buildings and management infrastructure need to be designed with protection against the virus in mind. Many existing care homes lack en suite or wet room provision within individual bedrooms, which would enable resident isolation. In addition, wider corridors would help enable social distancing; adapted fixtures and fittings would limit touch points; and larger or dedicated visitor areas with enhanced communication systems would eliminate unnecessary contact.

Looking ahead, demand for modern purpose-built and futureproof care facilities is expected to increase, due to the demographic shift in the UK, with the number of over 85s set to increase from 1.7 million to 3.7 million by 2050, coupled with a nationwide care bed crisis. Additionally, care homes provide a secure income underpinned by traditionally high occupancy rates as well as a healthy mix of self-funded and public funded care.

### 6.3. UK land market

The UK’s land market for residential development experienced increasing demand in the first quarter of 2021, according to Savills. Their analysis showed greenfield and urban land values grew by 0.9% and 0.7%, respectively, during the past three months. Annual growth currently stands at 0.0% for greenfield and 0.8% for urban land. Across most regions, there is strong appetite from small and medium-sized developers, major housebuilders, housing associations as well as Build to Rent providers, particularly for oven-ready sites with the capacity to deliver 50-150 units.

While Savills report that more sites are being brought to the market, there remains a shortage of supply of appropriate sites to meet the demand. Consequently, there is upward pressure on land values in many areas.



Source: Savills research

The pandemic has limited new housing supply across the country through disruptions to the planning system, delaying the delivery of local plans and applications resulting in a lack of land coming forward for development. According to the New Housing Delivery Test figures, 55 local planning authorities delivered less than 75% of their housing requirement in the three years to March 2020, with most located in the South East, East of England, and London. In addition to this some councils are delaying work on their local plans due to the government’s white paper proposals for radical changes to the system.

In the coming months, UK land market activity will be influenced by the pace of economic recovery and sales trends emerging following the termination of both the Stamp Duty holiday and the Help to Buy scheme. Another factor that will have an impact on land values going forward is the government’s target to achieve zero carbon new homes. In January, the government announced, in response to the Future Homes Standard consultation, that new dwellings will be expected to produce 31% lower carbon emissions from 2021. From 2025, new homes will need to be highly energy efficient, with low carbon heating and be zero carbon ready. The relevant legislation is scheduled to be introduced in 2024, ahead of implementation in 2025. Meeting new sustainability measures will put pressure on developer margins initially, who will fund additional capital costs. In the medium-term, these costs are expected to be passed to landowners, in the form of reduced land prices.

The upcoming round of Homes England’s Strategic Partnerships, through its multi-year grant agreement for land-led delivery of affordable housing, is also likely to contribute to a steady level of demand for land in the near future. Around £7 billion of funding is available to support 130,000 new homes (outside of London) between 2021-26.

## 7. Viability appraisal methodology

We have used the Argus Developer appraisal program to assess development viability. This is a widely used software package and is broadly accepted as an appropriate appraisal tool to assess scheme financial viability. Like most appraisal software, the gross value of the completed development is assessed, and the total cost of development subtracted from the value. We have included the profit allowances for the respective tenures as costs in the development appraisals. Therefore, the output of the appraisal is the residual land value the landowner would receive.

## 8. Viability inputs

Summary report of our financial viability assessment appraisals can be found at **Appendix 4**.

### 8.1. Private sale values

An opinion of the open market sale value of the residential units has been provided by Red Loft's inhouse sales and marketing team. To establish the baseline values for the proposal at the subject site due regard has been given to new build and resale properties of comparable developments within Wareham, as set out in Section 6: Market overview.

The below tables provide an overview of the base price level we have generated for the different unit types in the proposed schemes.

Unit type	Average size (m2)	Average size (ft2)	Average OMV	Average £/ft2 rate
1 bed flat	50	538	£200,000	£372
2 bed flat	70	753	£260,000	£345
3 bed flat	86	926	£320,000	£346
2 bed house	79	850	£320,000	£376
3 bed house	102	1098	£425,000	£387
¾ bed house	115	1238	£450,000	£364

We have adopted an indicative blended rate of £365 in our appraisals.

It is important to note that our indicative pricing for each unit type is based on minimum standard internal areas. Therefore, divergence from these will have an impact on the overall GDV of the relevant scheme.

Based on our research, there appears to be a perceived price ceiling for smaller 1 and 2 bedroom apartments. However new build houses could command a significant uplift compared to existing properties, achieving a £ per ft2 rate above smaller units.

### 8.2. Care home values

LaingBuisson, an ONS-approved provider of independent sector healthcare market data, reported the following average weekly care home fees for 2019/2020:

	Residential care		Nursing care	
	Frail older	Dementia	Frail older	Dementia
South West	£733	£749	£1,094	£1,132

The proposed care home facility in the Former Wareham Middle School redevelopment is expected to provide care to meet the highest level of complex needs, with modern dementia friendly layout designs. Accordingly, we have assumed care home bedroom rents in line with the nursing care for people with dementia at £1,132 per week.

It is important to note, that care homes fees vary by location, provider, the type of services provided and the amount of care the individual resident receives.

We have applied a 70% allowance from the rents to allow for operating costs to derive a net rent, in line with staffing, maintenance and management costs identified in Section 6: Market overview. A net initial yield of 5% was applied to the net rent to determine the capital value of the properties.

The total care home GDV; based on the above rents, allowances, and yield; equals to £22,603,780.

### 8.3. Extra care values

We have run high level discounted cash flow appraisals for the proposed extra care affordable housing. We set out the methodology and results below.

Rents for the units, have been assumed in line with comparable affordable rental extra care properties, as listed at **Appendix 3**. Pricing for 1 and 2 bedroom extra care units across England range from £90 to £152 per week, excluding service charge (£32 - £70 per week) and support charge (£3 - £7 per week), in line with Local Housing Allowance (LHA) rates for the relevant Broad Rental Market Area (BRMA).

Therefore, we have assumed rents including service charge for the subject units at LHA rates for the Bournemouth BRMA, in which Wareham is located. The prevailing rates are £137.74 per week for one and £174.9 per week for two bedroom units.

The value of the extra care units has been assessed as the net present value of the net rents receivable over the cashflow period, with net rents determined from passing rents with deductions for management, maintenance, major repairs costs, and rent loss for voids/bad debt. We have allowed for Registered Provider on-costs, in line with evidence from industry benchmarking. Additionally, we have modelled the cash flow to increase the rents by CPI + 1.0%, estimated at 3.0% per annum.

The discounted cash flow appraisals derive the following blended £/ft<sup>2</sup> for the extra care units:

- £99 per square foot average

### 8.4. Affordable values

We have run high level discounted cash flow appraisals for the proposed affordable housing. We set out the methodology and results below, by tenure type.

#### Social Rent

The value of the social rent units has been assessed as the net present value of the net rents receivable over the cashflow period, with net rents determined from passing rents with deductions for management, maintenance, major repairs costs, and rent loss for voids/bad debt. We have allowed for Registered Provider on-costs, in line with evidence from industry benchmarking. Additionally, we have modelled the cash flow to increase the rents by CPI + 1.0%, estimated at 3.0% per annum.

The discounted cash flow appraisals derive the following blended £/ft<sup>2</sup> for the Social Rented units:

- £100 per square foot average

### **Affordable Rent**

The value of the affordable rent units has been assessed as the net present value of the net rents receivable over the cashflow period, with net rents determined from passing rents with deductions for management, maintenance, major repairs costs, and rent loss for voids/bad debt. We have allowed for Registered Provider on-costs, in line with evidence from industry benchmarking. Additionally, we have modelled the cash flow to increase the rents by CPI + 1.0%, estimated at 3.0% per annum.

The discounted cash flow appraisals derive the following blended £/ft<sup>2</sup> for the Affordable Rented units:

- £165 per square foot average

### **Shared Ownership**

The value of the shared ownership units is made up of the revenue from the shares sold and the net present value of the rent on unsold equity receivable over the cashflow period.

We have adopted the following assumptions for the units:

- 1 bed flat (25% share sold, 2.75% rent on unsold equity)
- 2 bed flat (25% share sold, 2.75% rent on unsold equity)
- 3 bed flat (25% share sold, 2.75% rent on unsold equity)
- 2 bed house (25% share sold, 2.75% rent on unsold equity)
- 3 bed house (25% share sold, 2.75% rent on unsold equity)

The discounted cash flow appraisals derive the following blended £/ft<sup>2</sup> for the Shared Ownership units:

- £240 per square foot average

## **8.5. Grant funding**

We have applied Homes England grant funding at the following rates, for the different tenure types:

- £80,000 per unit for Social Rent and extra care housing
- £60,000 per unit for general needs Affordable Rent properties
- £40,000 per unit for Shared Ownership product

Homes England provides grant on a scheme-by-scheme negotiated basis. In addition, it is yet to be seen what rates will be allocated under the new Affordable Homes Programme 2021-26 as these might differ from what we experienced under the previous scheme. The above rates are indicative only.

## **8.6. Commercial values**

The proposed Health Hub will consist of a GP surgery on the ground floor and a flexible commercial space available to medical service providers on the first floor, covering approximately equivalent areas within the building.

Red Loft have also considered the market value for the healthcare commercial units on the basis the rents chargeable reflect the market rates, as opposed to any pre-agreed terms.

We summarise the commercial properties with compatible use classes (D1/E) currently on the market in the South of England.

Address	Use class	Size (ft2)	Rent pa	£/ft2 pa	Description
1 West Hill Place, Bournemouth, Dorset, BH2	D1	883	£18,000	£20	The second-hand property comprises a detached three storey commercial building, fitted out as a dental practice. It was subject to a refurbishment during 2018.
139-141 Brockhurst Road, Gosport, Hampshire, PO12	E	1930	£27,504	£14	The second-hand property comprises a two-storey terraced building. It is currently configured as a medical centre.
3 Church Close, Andover, Hampshire, SP10	B1 / D1	1827	£19,956	£11	The property is a Grade II Listed building. The available accommodation is arranged on the ground and first floor together with basement storage accommodation. The remainder of the building is occupied separately for residential use.
2 Station Road, Congresbury, BS49 5DY	B1 / D1	985	£9,600	£10	Semi-detached second-hand unit arranged over two floors. Previously used as a physiotherapy clinic.
School Green, Shinfield RG2	D1	3336	£87,300	£26	First floor space to rent located within an established medical centre situated in the town centre. Close to London
The Colne Clinic, 45 Station Road, Wraysbury, TW19	D1	2228	£75,000	£34	The two-storey second-hand property comprises a large treatment room / minor operating suite, a large reception area, four consulting rooms and a physiotherapy consulting suite. Close to London
The Forge, High Street, Carshalton, Surrey	A1 / A2 / A3 / D1	1745	£50,004	£29	New development currently under construction. The ground floor premises will be finished to a shell and core condition. Close to London
The Pheasant Plantation Road, Amersham, HP6 6HL	D1	515	£18,996	£37	The second-hand property provides refurbished accommodation with planning permission for a small children's nursery on ground floor. Close to London
East Smithfield, London, E1W	E	5541	£218,868	£39	London offices situated on the 1st and 2nd floors of a modern building in excellent condition. Fully fitted and furnished and consists of a mix of open plan office areas, meeting rooms and individual offices.

There is a lack of comparable data in the market for this use, however the below rates are considered reasonable in this market context:

- £20 per ft2
- 4% yield

We have assumed no voids or rent free period within our assessment.

## 8.7. Build costs

Indicative build cost estimates for the different scenarios of the proposed development were provided by B&M in April 2021 and updated in May 2021. We have utilised the current day construction works estimates identified in B&M's feasibility studies in our appraisals.

We are advised the proposed GP surgery within the Health Hub will be fitted out while the other commercial space within the building completed to shell and core only. Following guidance from the QS, we have adjusted the Health Hub costs within our assessment to reflect the relevant level of costs for each use.

We note that Shaw healthcare, a health and social care provider, have advised of a typical build rate of £2,300 per m<sup>2</sup> / £214 per ft<sup>2</sup> for a care home. Applying a 10% contingency, as included by B&M on top of this rate, the resulting total contract cost comes to £2,530 per m<sup>2</sup> / £236 per ft<sup>2</sup> for this use. This figure is approximately in line with the rates estimated by the QS; therefore, we have maintained B&M's estimate in our appraisals.

The cost estimates informing the build costs in this assessment are inclusive of preliminaries, overheads, contractor's profit, and risk / contingency. B&M have included additional allowances of 11% for the client's direct consultant fees and 1% for surveys and sundry investigation. B&M advise the Council should give consideration of a contingency pot of 1.5% to cover the latter items.

B&M have excluded employer risk related to any substantial client changes during the life of the projects, however, an allowance of 2% is suggested by the QS. Please refer to B&M's cost plans for a summary of assumptions / exclusions.

B&M's cost plans are attached at **Appendix 5**.

The costs utilised in our assessment are detailed in the following tables.

### 8.7.1. Former Wareham Middle School site

	Use	GIA (ft <sup>2</sup> )	Construction works	Design and construction risk	Total contract cost	£/ft <sup>2</sup> cost
Illustrative masterplan 1	GP surgery	13090	£3,470,000	10%	£3,817,000	£291.61
	Commercial	13090	£2,358,000	10%	£2,594,000	£198.17
	Care home	36799	£8,050,000	10%	£8,855,000	£240.63
	Residential	18701	£3,501,000	10%	£3,851,000	£205.93
	<b>Total</b>	<b>81679</b>	<b>£17,379,000</b>	<b>10%</b>	<b>£19,117,000</b>	<b>£234.05</b>
Illustrative masterplan 2	GP surgery	12977	£3,478,000	10%	£3,826,000	£294.84
	Commercial	12977	£2,375,000	10%	£2,613,000	£201.36
	Care home	34862	£7,721,000	10%	£8,493,000	£243.61
	Residential	18938	£3,589,000	10%	£3,948,000	£208.47
	<b>Total</b>	<b>79753</b>	<b>£17,163,000</b>	<b>10%</b>	<b>£18,879,000</b>	<b>£236.72</b>
Illustrative masterplan 3	GP surgery	12288	£3,311,000	10%	£3,642,000	£296.39
	Commercial	12288	£2,268,000	10%	£2,495,000	£203.04
	Care home	37671	£8,401,000	10%	£9,241,000	£245.31
	Residential	18518	£3,552,000	10%	£3,907,000	£210.98
	<b>Total</b>	<b>80765</b>	<b>£17,532,000</b>	<b>10%</b>	<b>£19,285,000</b>	<b>£238.78</b>

### 8.7.2. Hospital and Ambulance Station site

	GIA (ft2)	Construction works	Design risk	Construction risk	Total contract cost	£/ft2 cost
Illustrative masterplan 1	29977	£6,509,000	5%	5%	£7,159,900	£238.85
Illustrative masterplan 2	29321	£6,144,000	5%	5%	£6,758,400	£230.50

### 8.7.3. Bonnet's Lane site

	GIA (ft2)	Construction works	Design risk	Construction risk	Total contract cost	£/ft2 cost
Illustrative masterplan 1	54230	£11,345,000	5%	5%	£12,479,500	£230.12
Illustrative masterplan 2	50594	£10,819,000	5%	5%	£11,900,900	£235.22

## 8.8. Programme

We have assumed delivery programmes, which we consider appropriate for developments of the scale and nature proposed on the subject sites. This is broken down as follows, by development:

	Pre-construction	Construction	Sales period	Total
Former Middle School site, Worgret Road	6 months	24 months	Not applicable	30 months
Hospital and Ambulance Station, Streche Road	6 months	18 months	3-4 months	27-28 months
Anglebury Court & Purbeck Lodge site, Bonnet's Lane	6 months	21 months	Not applicable	27 months

## 8.9. Professional fees

Professional fees have been applied at 12% of total construction costs, as advised by B&M within their cost estimates. They are apportioned as 11% for consultant fees and 1% for additional fees and surveys. These fees cover all professional fees associated with the design and procurement of the development.

Residential marketing fees are applied at 1.5% of the private residential sales values. Sales agency fees are assumed at 1.5% and sales legal costs are included at 0.35%.

Commercial marketing costs are included at £2 per ft<sup>2</sup>. Letting agent and legal fees are estimated at 10% and 5%, respectively. Purchaser's costs in relation to the commercial element are included at 6.8%.

These assumptions are in line with industry standards.

## 8.10. Planning obligations

We have included Community Infrastructure Levy contributions in accordance with emerging rates, set out in the Council's publication, Charging Schedule and Priorities for Spending (January 2019):

- £0 per m<sup>2</sup> for residential institutions and care homes



- £20 per m2 for other allocated residential sites within (less than 200 dwellings)
- £0 per m2 for non-residential institutions

No allowance had been made for S106 and S278 contributions at this stage. Final contributions are subject to confirmation by the Local Planning Authority. We, therefore, reserve our position on this assumption and if and when information comes forward, we will share the financial impact of these costs with the Council.

### **8.11. Potential legal easements and insurance costs**

No costs associated with extinguishing potential easements are included within our appraisal. Equally no allowance has been made for any indemnity policies required.

Owing to the stage of the project's development the Council has not established likely costs associated with extinguishing easements or putting in place any required indemnity policy. When assessments have been completed, we will revisit the financial impact of these costs.

### **8.12. Finance costs**

The finance rate applied is 6.5%. This rate is inclusive of finance arrangement fees, exit fees, and monitoring fees and makes no assumptions to reflect the cost of mezzanine funding. The finance rate is reflective of the borrowing rates in the current market.

### **8.13. Profit**

The profit margin applied should be sensitive to the risk associated with the development, taking account of uncertainty in the wider market also.

The property industry has been significantly impacted in the past year by lockdown restrictions and social distancing requirements, designed to ensure safe practice on construction sites. Furthermore, it is widely felt that the impact of measures taken to combat the spread of coronavirus across the world will have a knock-on effect further up the supply chain, both in terms of the length of time taken to procure materials and the cost of them. This effect is expected to be felt for a long period following the lifting of lockdown restrictions and as such both construction programmes and the supply of materials and the long-term effects are yet to be understood, leaving scope for considerable uncertainty in construction costs.

The Construction Products Association reports a 28% reduction in the number of EU nationals working in UK construction, which is likely to have implication on wages for the remaining workers. While import products continue to reach the UK, congestion is experienced at the ports and container rates have risen by over 163% since June 2020. The construction industry has successfully absorbed cost rises to date, a tipping point can be expected if circumstances reside.

On the sales side, the performance of the housing market remains inextricably linked to the wider economy. In the second half of 2021, once the Stamp Duty holiday ends, rising unemployment loss of GDP and lower housing affordability are likely to limit new buyer demand. Therefore, it is not expected that the levels of growth seen in house prices over 2020 will be sustained throughout 2021. In the medium to long-term, house price growth will be influenced by the pace of economic recovery and the nature of UK's relationship with the EU.

All of the above are risks associated with the development and the profit requirement for the purpose of the viability assessments, outlined in this Option Appraisal Report, should be informed by this.

In the current market for schemes of this nature banks are requiring a minimum return of 17.5% of GDV for the private residential element, 6% of GDV for the affordable housing element, and 15% of

GDV for the commercial element. These form the developer's profit allowances in our assessment. We have applied 6% in relation to the extra care scheme and 15% on the care home facility.

We have included the profit allowances for the respective tenures as a cost in the development appraisals.

## 9. Results

The results of our appraisals and the rating of each option against financial performance are summarised in the tables below.

Each development option is allocated a RAG rating based on the following criteria:

- Red status: Scheme does not produce a residual land value and or expected financial return
- Amber status: Scheme produces both a land value and financial return, however, it is below market expectations
- Green status: Produces both a land value and financial return, in line with market expectations

### 9.1. Former Wareham Middle School site

	Use	GDV	Profit	Residual land value	Financial viability
Illustrative masterplan 1	Health Hub	£13,090,000	£1,963,500	£2,011,954	Green
	Care home	£22,603,780	£3,390,567	£6,667,142	Green
	Residential	£3,187,130	£191,228	-£262,414	Red
Illustrative masterplan 2	Health Hub	£12,977,000	£1,946,550	£1,914,997	Green
	Care home	£22,603,780	£3,390,567	£7,013,204	Green
	Residential	£3,318,170	£199,090	-£257,014	Red
Illustrative masterplan 3	Health Hub	£12,288,000	£1,843,200	£1,775,730	Green
	Care home	£22,603,780	£3,390,567	£6,298,136	Green
	Residential	£3,123,040	£187,382	-£300,753	Red

#### 9.1.1. Analysis

Whilst the individual appraisals indicate that the 100% affordable housing scheme is unviable on the Former Wareham Middle School site, the overall site produces a financial return, as income from the other elements on site can cross-subsidise the residential provision.

The results illustrate that delivering a health hub at the Former Wareham Middle School site is financially viable and there can be cost saving if a relatively larger scheme is built.

Considering the relatively secure income generated from a care home, and based on a set number of bedspaces, the most viable design option is where the total build costs are the lowest, from an objective point of view.

The 100% affordable housing element is currently unviable through this delivery route. As an alternative to cross-subsidy, additional grant funding of between £11,000 and £12,000 per unit would be required for the scheme to break even, without a land value. Modifying the proposed tenure split to include more shared ownership units would also improve scheme performance.

## 9.2. Hospital and Ambulance Station site

	GDV	Profit	Residual land value	Financial viability
Illustrative masterplan 1	£8,514,140	£1,312,529	-£1,383,766	
Illustrative masterplan 2	£7,721,865	£1,195,608	-£1,557,059	

### 9.2.1. Analysis

The results show that a residential development with 30% affordable housing provision, delivered by an external developer using external funding is unviable. Modifying the proposed tenure split to include more private sale and shared ownership units would improve scheme performance.

Alternatively, the Council could consider using the Former Middle School site as the donor site for affordable housing requirement on the Hospital and Ambulance Station site. This could be achieved through submitting a joint planning application for the two sites or securing a policy compliant quantum on each site, enabling flexibility within the private tenure element of the schemes. If submitted separately, the Council will have flexibility providing the units on the Former School site do not complete before permission is secured for the Hospital site.

## 9.3. Bonnet's Lane site

	GDV	Profit	Residual land value	Financial viability
Illustrative masterplan 1	£3,936,042	£236,163	-£5,648,199	
Illustrative masterplan 2	£3,786,651	£227,199	-£5,136,928	

### 9.3.1. Analysis

The 100% affordable housing extra care scheme is currently unviable through this delivery route. Additional grant funding of between £86,000 and £94,000 per unit would be required for the scheme to break even, without a land value.

## 10. Sensitivity assessment

The above results demonstrate the financial viability of a private market care home, when applying weekly fees at £1,132 per bedspace and targeting a profit level of 15% of GDV. In order to understand how the proposed development may come forward on a more affordable basis, we have conducted various sensitivity analyses of the key inputs in relation to this element of the Former Wareham Middle School proposals.

Principally we have tested the impact on overall viability, subject to adjustments in weekly fees and finance costs. We have tested scheme performance subject to:

- A decrease of weekly fees to £850 per bedspace, and a corresponding lower profit level at 6%.
- A decrease of weekly fees to £850 per bedspace, a corresponding lower profit level at 6%, and finance costs at Public Works Loan Board interest rate (ca. 2.4%) plus 1%, representing the Council's cost of borrowing.

The land value generated would be the following, depending upon the design option:

	Option	Bed fees per week	Profit	Residual land value
Illustrative masterplan 1	For private sale – base case	£1,132	£3,390,567	£6,667,142
	For sale to affordable provider	£850	£1,018,368	£4,128,957
	For sale to affordable provider and using Council funding	£850	£1,018,368	£4,698,639
Illustrative masterplan 2	For private sale – base case	£1,132	£3,390,567	£7,013,204
	For sale to affordable provider	£850	£1,018,368	£4,475,019
	For sale to affordable provider and using Council funding	£850	£1,018,368	£5,060,939
Illustrative masterplan 3	For private sale – base case	£1,132	£3,390,567	£6,298,136
	For sale to affordable provider	£850	£1,018,368	£3,759,951
	For sale to affordable provider and using Council funding	£850	£1,018,368	£4,312,320

## 11. Procurement options

### 11.1. External Developer and External funding (Land sale)

It is assumed this option encompasses a land sale to an external developer, with them funding and building out the development. Alternatively, the developer could build the scheme under a license agreement but from a viability and risk perspective this would work in a similar way.

This section considers the sale of the site either with or without a planning consent. Both options eliminate the build and sales risk to the Council and allows the authority to bring the site forward for development without undertaking the delivery themselves.

In the instance of a sale of the site with a planning consent, the Council would establish a baseline planning gain package. In the event of a sale without permission, the Council would eliminate the risk of securing planning. In addition to this, this option would not require the local authority to set up a subsidiary development company. The site could be sold through the existing legal entity of the Council, removing the need to employ additional staff to deliver the proposals, thus decreasing costs in comparison to direct delivery.

In both land disposal options, the principal control over the design, tenure, and unit mix would be through the planning process. However, in marketing the sites, and land disposal contract, the Council could elect to identify affordable housing percentages required or other obligations in terms of unit mix, or sustainability targets, such as carbon neutrality. While these obligations would likely limit land prices, precedent for such requirements have been established and can help to ensure ‘best value’ is achieved for the sites across a wider set of criteria as well as financial.

#### 11.1.1. Pre-planning

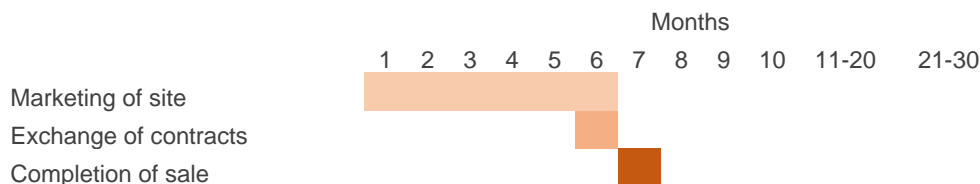
##### Advantages

- Eliminates sales risk
- Eliminates construction risk
- Generates monetary return the quickest

**Disadvantages**

- Council loses control of added financial and placemaking value through the planning and development process
- The lowest return of all the delivery options
- Losing the asset from the Council's portfolio

**Indicative timescales**



**Financial implications**

The appraisal assumptions and results presented in this Report reflect the land sale pre-planning procurement option.

It should be noted, in regard to the residualised land values identified, the appraisals have been prepared assuming the design proposals, unit mix, tenure mix, and affordable housing quantum identified to us. Our appraisals are objective, however, any developer seeking to bid for the land would make unique assumptions reflecting their own beliefs in terms of achievable density, mix, tenure, and affordable housing output and therefore may be able to improve upon the prices identified by our appraisals. This is particularly the case for pre-planning land disposals where a benchmark in terms of the scheme massing and planning gain package is yet to be determined. In a pre-planning land disposal, the bidders would have more flexibility in terms of interpreting the opportunity and may be likely to present higher land prices than identified in our appraisal results.

**11.1.2. Post-planning**

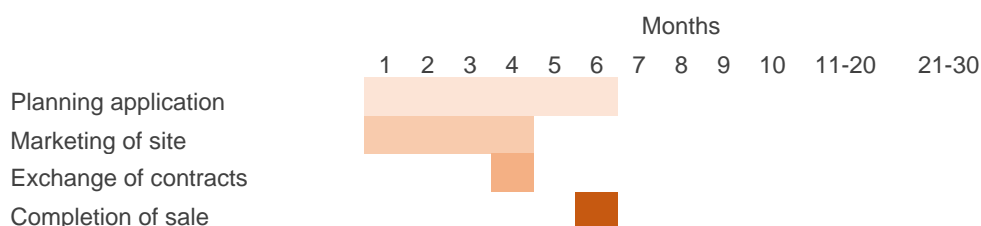
**Advantages**

- Eliminates sales risk
- Financial and placemaking value added through achieving a planning consent
- Eliminates construction risk
- Allows for a quicker return on expenditure

**Disadvantages**

- No profit received from the sale of the completed units
- Losing the asset from the Council's portfolio
- Council loses control of added financial and placemaking value through the planning and development process

**Indicative timescales**



**Financial implications**

Assuming the sites are sold with planning permission in place for the proposed schemes, a hypothetical developer could, objectively, improve upon their land offer (presented as the residual land values under Section 9) as their design costs would reduce along with the planning risk factored into their margins.

**11.2. External Developer with DC funding (Joint Venture)**

**11.2.1. Standard JV model – as per DEP**

There are a number of ways in which a joint venture company can be structured, based on the risk-sharing scenario all parties are comfortable with. For the purpose of this Option Appraisal Report, we have assumed the above option is set up as a typical JV model, whereby the Council grants the land to the Single Purpose Vehicle (SPV), representing the JV company, at nil cost. The Council then acts as funder to the SPV, which enables it to benefit public lending rates, often with a risk margin applied. The SPV is jointly and equally (50/50) owned by the Council and the developer, with both parties receiving 50% of scheme profit.

There are, however, different structures available to JVs with lower risk shares, including ‘reverse package deals’ whereby the affordable housing can be provided to the Council effectively as a ‘works in kind’ payment for the land, such deals are common in the RP market.

As the proposals for the respective sites progress, with design and finances becoming more defined, Red Loft would be happy to assess the financial implications of more nuanced JV partnership options.

**Advantages**

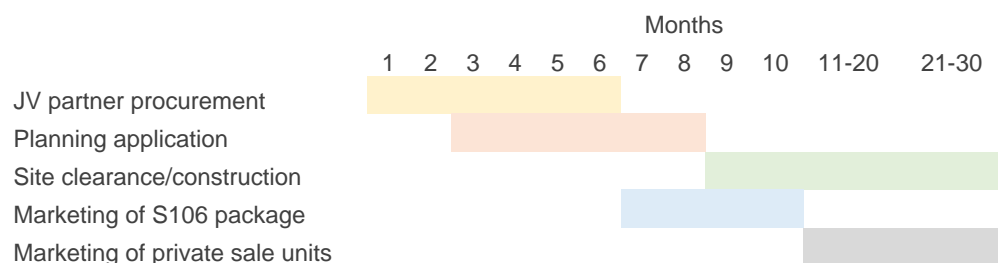
- Can learn lessons and gain insights from the DEP, SEP & YEP contracts
- One process for all villages
- Risk sharing
- Cost sharing
- Sharing of expertise
- Increased opportunity
- Improved efficiency
- Improved returns

**Disadvantages**

- More than one Board to satisfy
- Diminished control
- Sharing of profit

- Longer to make decisions
- Diluted branding

**Indicative timescales**



One of the most renowned rationales for entering into a joint venture is to dilute risk. The amount of exposure endured by each party is dependent on the agreed terms of the JV agreement. The most commonly exercised strategy between a local authority or a Registered Provider of Affordable Housing / Housing Association (RP) and a developer contractor is a 50/50 JV. This implies each party; injects 50% of the costs, incurs 50% of the risk, and receives 50% of the returns. As the organisations share the associated risk, this delivery option allows the parties to consider development schemes of higher risk than they would consider individually. This could be in terms of the scale of development, the constraints associated with the site, sales, planning, or any other inherent development risk.

A successful JV should ensure there is synergy between the parties; with consideration given to how the partnership will achieve each participants’ individual ambitions, whilst effectively drawing upon the expertise of each party at the relevant stages. This is key to ensuring the partnership maximises efficiencies throughout the delivery of the joint venture scheme.

A joint venture allows the developer to benefit from the Council’s lower interest on debt finance. The total finance cost will be lower if the local authority provides the front-end capital, covering land, planning and design costs, in comparison to the scenario where these expenses are equally shared with the developer contractor. If done right, a joint venture can efficiently decrease costs and thus make the partners more competitive in bidding for the land or achieve better financial performance.

Another way a JV can add value to the scheme, is maximising efficiencies during construction. This is in the interest of the developer contractor, because delivering a high-quality product in a time- and cost-efficient way, is expected to reduce sales risk, which the developer shares with the Council.

As part of a 50/50 joint venture, both parties are entitled to 50% of the profit proceeds. The way in which this is divided among the two organisations is dependent on the prior agreement. There are multiple ways in which this can be explored to suit the needs of both participants.

Joint ventures can easily become complicated if the JV structure is not clearly established from the outset. As there are multiple parties and multiple approval processes to satisfy, the JV Board should be proportionately represented by each party, and the approval procedures for the joint venture scheme should be well defined. To avoid delays in decision-making, the respective Boards, and senior teams but more importantly project delivery teams must work collaboratively.

**Key to a successful JV:**

- Working collaboratively from onset
- Due diligence
- Synergy
- Honesty

- Trust
- Clarity on the decision-making process, to minimise delays in this process
- Equal influence and control from each party (assuring each party is well represented on the JV Board)
- Clarity on the expectations and ambitions of each organisation

#### Financial implications

This procurement route, whereby the contractor developer shares in the profit generated by the development, allows for lower build costs as the JV partner is likely to cut down on the contracting margin, while making a developer return on the scheme. Whilst partnering with a developer contractor can help reduce build costs the ability to do so will depend on the type of delivery partner.

In addition, the finance fees incurred, assuming the development will be equally funded by the Council and the developer partner would improve, representing a blend between the Council's advantageous borrowing rate and a higher open market borrowing rate. This can be further improved if the Council funds the entire development.

Therefore, the financial performance of the proposals would, objectively, improve under a JV arrangement.

### 11.3. DC development with DC funding (Direct delivery)

The following options consider the different procurement strategies should the Council deliver the subject schemes themselves. The options include deliver and sell both private and affordable elements, or to deliver and sell private whilst retaining the affordable units. In direct delivery the Council retains complete control of the development and would benefit from the entirety of the development profit from the scheme (in the instances where they dispose of the units upon completion). In the other scenarios, where the Council retain some or all of the homes, they benefit from the value of the asset to their portfolio, which could result in long-term capital value increases. Additionally, they benefit from the regular income stream of the rent generated assets.

To deliver the scheme themselves, a cost-effective option for the Council would be to set up a subsidiary development arm. Many councils have adopted this model in recent years. The company would be solely owned by the Council and would be a for profit organisation, the proceeds of which could be reinvested into the development of affordable housing in the borough.

#### 11.3.1. Deliver and sell both private and affordable elements

##### Advantages

- Allows the Council to receive a capital income
- Eliminates risks associated with voids of the affordable units
- The Council retains control over the delivery, design, unit mix and scheme tenure
- The council 100% profit achieved from the sales of the units

##### Disadvantages

- Risk associated with the sale and or letting of the units carried by Dorset Council exclusively
- Risk associated with the construction of the units carried by Dorset Council exclusively
- Resource intensive when the Dorset Council team resource is depleted.
- Financial risk carried exclusively by Dorset Council



- Planning risk exclusively by Dorset Council

**Financial implications**

The land values, or return to the Council, generated by the proposed developments would, objectively, improve under a direct delivery model, as the Council could utilise a favourable borrowing rate, compared to open market debt funding.

**11.3.2. Deliver and sell private and hold affordable element**

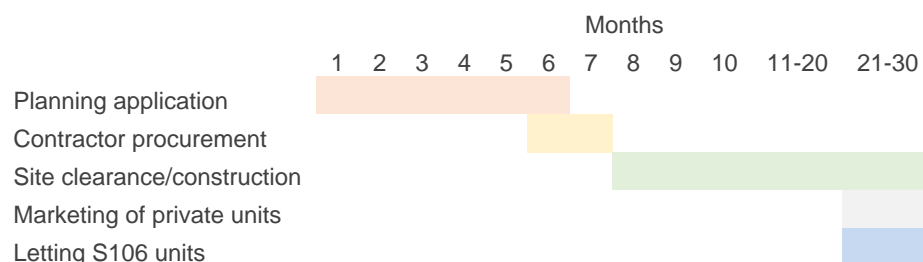
**Advantages**

- Allows the Council to receive a regular income stream
- Allows the Council to receive a capital income
- The Council will benefit from 100% profit from the sale of the private units

**Disadvantages**

- Risks of voids
- Risk associated with the sale of the private units
- Risk associated with the construction of the units
- Planning risk

**Indicative timescales**



**Financial implications**

In case of direct delivery and retention of the affordable housing units, the Council would receive a capital income from any private sale and shared ownership units following completion as well as a stable revenue income in the form of net rents from affordable housing units. The scheme value would be equivalent to that generated from direct delivery for sale.

**11.4. Prime and Dorset Estates Partnership (DEP)**

Founded in 1996, Prime Plc have considerable experience within the healthcare sector. Prime note on their website that they help to save operators time and money whilst crucially shielding them from risk. They use their development expertise to unlock land and provide funding for new schemes.

In 2017, Dorset County Hospital NHS Foundation Trust (DCH) and Interserve Prime (Part of Prime) have formed a joint venture partnership to enable the strategic transformation of the Dorchester hospital estate. The 10-year agreement will see Prime work with the Trust to develop and deliver its estate strategy and, in line with Dorset’s Sustainability and Transformation Plan (STP), support its vision to be at the heart of an integrated, patient-centred health and care system.

Dorset Council (DC) has access and could utilise the Dorset Estates Partnership (DEP) to bring forward the proposed developments. It is assumed this delivery structure would be similar to the option set out in 7.2 'External developer with DC funding' reflecting that of a typical joint venture agreement. The analysis set out above generally applies here with some differences.

DC would initially retain the land and draw up various scheme designs. Upon securing planning DEP would buy up the land at the pre agreed fund. Long term investor would own the building and land going forward.

Social value and the delivery of their overarching master plan are the drivers for the partnership, with no incentive for DEP to maximise the commercial outcome. Some projects, however, will have a commercial driver. DC would use their expertise to maximise the outcome from it. Where important patient, visitor, and staff objective are present, these are expected to outweigh financial performance in the scheme. Nonetheless, value for money is also a high priority.

It is envisaged under this procurement route that works would commence on all three subject sites simultaneously. The new health hub would progress as a development project, the Hospital and Bonnet's Lane sites would commence using DEP's partnership services methodology. Once satisfied with the nature, content, and operational approach to the rebuilt Anglebury Court – either as a DEP development project or via an alternative methodology the delivery strategy can be agreed. the DEP partnership agreement does not include an exclusivity agreement.

#### Health hub

DEP would market test the funding and construction elements of the health hub project. Dorset HealthCare (and the Council and the Clinical Commissioning Group if they wish) can input into the choice of contractor/funder through the market testing process. The developer role having been market tested in the creation of DEP.

On achieving a position to enter into financial close, Prime would purchase the land for the health hub from the Council and enter into contract with the Trust, the building contractor and the funder. The GPs should be committed to their underlease with the Trust at the same time. Once the building process reaches practical completion, the land and contract agreements will transfer to the funder and the occupational lease between the Trust and the funder will commence.

As set down within the DEP partnership agreement, Prime will cash flow and take risk around all the development and construction costs up to practical completion.

#### Wareham Hospital site

Working with the Trust, the Council and Local Planning Authority in a consultancy capacity will work up a design brief that achieves the agreed balance between commercial outcomes and housing mix. Once all parties are agreed on this detailed brief, DEP will co-ordinate the marketing of the site to appropriate residential developers. The ownership of the site will pass directly from the Trust to the residential developer.

#### Bonnet's Lane

We understand the Council would like to assess the options for the facility's operating model. DEP would provide consultancy support to the Council to undertake this assessment in a structured manner and provide a report for consideration. DEP would also work with DC to consider the design and specification of the facility.

Once the Council agree a preferred approach DEP could either manage the site's disposal to an operator, as suggested with the hospital site or develop the facility using a similar structure to that proposed on the slide for the health hub.

The contract documentation in place around DEP is a formal corporate JV between the Trust and Prime. It has a number of documents including an LLP agreement and a partnership agreement that regulate a very wide range of services and possibilities over a 15-year period.

A summary of interviews between Dorset Council and potential developers is included at **Appendix 7**.

Specifically in following this streamlined procurement route to secure the development partner, we would anticipate the following advantages and disadvantages:

#### **Advantages**

- Quicker to procure the partner than a new open tender process
- Further improved efficiency through established practices
- Potential for improved returns, with PRIME overheads minimised
- Potentially the quickest option - may be quicker to make decisions than newly established JV. Can proceed at speed with the Wareham Project.
- Benefit of wider branding
- Lesson learned and insights from the DEP, SEP and YEP contracts.
- Opportunity gives time to plan and prepare best route forward with other villages

#### **Disadvantages**

- Does not guarantee best value for the Council
- Resource intensive when the Dorset Council team resource is depleted
- High opportunity cost from both capital and revenue financial benefits

#### **Financial implications**

This procurement route, whereby the Dorset Estates Partnership would take over the development process, could allow for improved returns to the Council as Prime's overheads would be minimised.

Therefore, the financial performance of the proposals would, objectively, improve under the above partnership arrangement.

### **11.5. Other care sector developers**

We include further potential care providers the Council could approach/partner with, in relation to the delivery of the subject sites. The below list is not exhaustive and is for information only.

#### **Care UK**

Founded in 1982 Care UK now provide care to over 1,000 people across circa 100 Care Homes.

#### **McCarthy Stone**

As the UK's leading developer and manager of retirement communities, McCarthy Stone have more than 40 years' experience of providing high quality homes to exacting specifications. McCarthy Stone have created over 58,000 age-exclusive retirement properties – apartments, bungalows, coach houses and cottages – in more than 1,300 developments across the UK. All retirement developments are carefully located to be close to amenities and transport connections. Offer a wide range of on-site social activities to make it easier to meet neighbours, make new friends and become a valued member of the community.

- Most of their developments are aimed either at those aged 60 and over ('Retirement Living) or 70 and over (Retirement Living PLUS).
- Offer options to buy, to rent or for shared ownership.

**Willmott Dixon**

A Tier 1 National Contractor who are currently constructing Dorset County Hospital's multi storey car park for Prime. It is understood that Willmott Dixon can contribute to schemes with funding options under a Design, Build, Finance and Manage procurement route.

## 12. Recommendation and conclusion

This report serves to firstly inform the Council of the relative viability of the design options available for each site, and secondly of a number of delivery routes available on them. The financial results presented are reflective of specific scenarios based on the indicative design and cost information available to date. It is important to consider these outcomes with caution and in conjunction with the wider development aspirations and social objectives of the Council for the Wareham sites.

Based on the individual scheme appraisals and the indicative financial performance of the developments under the different procurement options, the Council will be able to form an overarching picture of the most viable route forward for each site. It is expected the most appropriate delivery option could vary from site to site, depending on the Council's priorities in terms of value maximisation.

It is also important to consider where a holistic view of the sites would be of benefit, for example through build cost efficiencies across multiple sites, or cross-subsidy among the different developments. This could both improve the deliverability of the more challenging sites and enable greater social benefit on the sites which are already considered viable, for example through greater subsidy to the chargeable rent levels.

We understand, beyond financial viability, the Council is looking to balance planning and construction risk, market exposure and delivery speed in bringing forward the three development sites. Therefore, we evaluated the different procurement options based on their risk profile and allocated a corresponding RAG rating:

- Red status is assigned to options that attract a high level of risk.
- Amber status is assigned to options that attract a medium level of risk including scenarios where risk is shared between multiple parties.
- Green status is assigned to options that attract a low level of risk.

A summary of the options and their RAG rating is set out on the next page.

At this stage, it is assumed that each risk indicator is weighted equally. Accordingly, we conclude the following:

- In terms of planning risk, the Council would not be required to secure a permission in the case of the land sale pre-planning scenario. In all other options, we understand the Council would be required to fund and see through the planning application process for the sites.
- Construction and sales risks are eliminated in case of the land sale scenarios.
- The various JV options, including that through the DEP, allow for risk sharing in terms of both construction and market exposure.
- Land sale scenarios are likely to be the most time-efficient options, providing a capital return in the short-term.
- Procurement through the Dorset Estates Partnership is expected to be the quickest option for securing a delivery partner, over other JV and direct delivery options.

While objectively, the land sale options minimise risk to the Council from all aspects, they limit the Council's control over design, delivery speed and hence interfere with the timely achievement of their social objectives. The direct delivery routes attract the highest levels of market exposure and are unlikely to guarantee a streamlined procurement process. The scheme has a variety of uses and tenures, therefore the sales risk associated is to some extent mitigated by the nature of the proposals. In light of the above points, we recommend that the Council further explore the Joint Venture options, including that with the involvement of DEP, which provide a balance between risk and delivery speed as well as providing the Council with control over the scheme proposals, which further enables it to meet its social objectives.

We summarise the details and implication of the four main procurement options, in the table below.

Procurement option		Advantages	Disadvantages	Risk		
				Planning	Construction	Sales
External Developer and External funding (Land sale)	Pre-planning	<ul style="list-style-type: none"> <li>Eliminates sales risk</li> <li>Eliminates construction risk</li> <li>Generates monetary return the quickest</li> </ul>	<ul style="list-style-type: none"> <li>Council loses control of added financial and placemaking value through the planning and development process</li> <li>The lowest return of all the delivery options</li> <li>Losing the asset from the Council's portfolio</li> </ul>			
	Post-planning	<ul style="list-style-type: none"> <li>Eliminates sales risk</li> <li>Financial and placemaking value added through achieving a planning consent</li> <li>Eliminates construction risk</li> <li>Allows for a quicker return on expenditure</li> </ul>	<ul style="list-style-type: none"> <li>No profit received from the sale of the completed units</li> <li>Losing the asset from the Council's portfolio</li> <li>Council loses control of added financial and placemaking value through the planning and development process</li> </ul>			
External Developer with DC funding (Joint Venture)		<ul style="list-style-type: none"> <li>Can learn lessons and gain insights from the DEP, SEP &amp; YEP contracts</li> <li>One process for all villages</li> <li>Risk, and expertise sharing</li> <li>Increased opportunity</li> <li>Improved efficiency and returns</li> </ul>	<ul style="list-style-type: none"> <li>More than one Board to satisfy</li> <li>Diminished control</li> <li>Sharing of profit</li> <li>Longer to make decisions</li> <li>Diluted branding</li> </ul>			
DC development with DC funding (Direct delivery)	Sell both private and affordable elements	<ul style="list-style-type: none"> <li>Allows the Council to receive a capital income</li> <li>Eliminates risks associated with voids of the affordable units</li> <li>The Council retains control over the delivery, design, unit mix and scheme tenure</li> <li>The council 100% profit achieved from the sales of the units</li> </ul>	<ul style="list-style-type: none"> <li>Risk associated with the sale and or letting of the units carried by Dorset Council exclusively</li> <li>Risk associated with the construction of the units carried by Dorset Council exclusively</li> <li>Resource intensive when the Dorset Council team resource is depleted.</li> <li>Financial risk carried exclusively by Dorset Council</li> <li>Planning risk exclusively by Dorset Council</li> </ul>			
	Sell private and retain affordable element	<ul style="list-style-type: none"> <li>Allows the Council to receive a regular income stream</li> <li>Allows the Council to receive a capital income</li> <li>The Council will benefit from 100% profit from the sale of the private units</li> </ul>	<ul style="list-style-type: none"> <li>Risks of voids</li> <li>Risk associated with the sale of the private units</li> <li>Risk associated with the construction of the units</li> <li>Planning risk</li> </ul>			

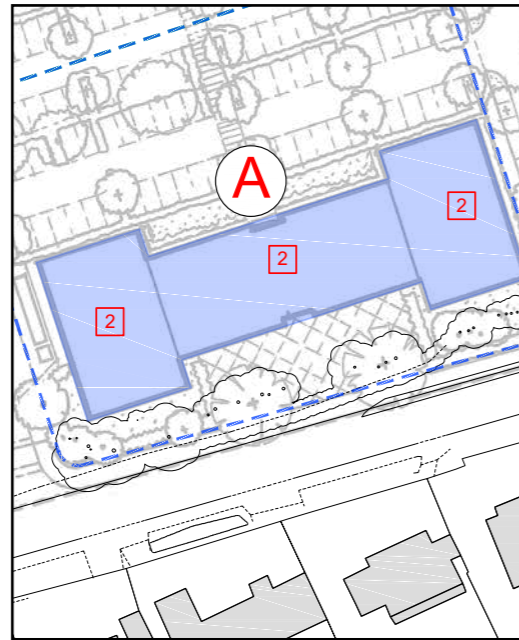
<p>Prime and Dorset Estates Partnership</p>	<ul style="list-style-type: none"> <li>• Quicker to procure the partner than a new open tender process</li> <li>• Further improved efficiency through established practices</li> <li>• Potential for improved returns, with PRIME overheads minimised</li> <li>• Potentially the quickest option - may be quicker to make decisions than newly established JV. Can proceed at speed with the Wareham Project.</li> <li>• Benefit of wider branding</li> <li>• Lesson learned and insights from the DEP, SEP and YEP contracts.</li> <li>• Opportunity gives time to plan and prepare best route forward with other villages</li> </ul>	<ul style="list-style-type: none"> <li>• Does not guarantee best value for the Council</li> <li>• Resource intensive when the Dorset Council team resource is depleted</li> <li>• High opportunity cost from both capital and revenue financial benefits</li> </ul>			
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# APPENDICES



**APPENDIX 1 – Scheme details**

DRAFT



# Plans & Schedules

## Option A

Purbeck Gateway  
Wareham

April 2021



**NEW** masterplanning

# Introduction

This sketchbook is provided in draft and in confidence to inform the development review discussions regarding the Wareham Gateway project.

The sketchbook should be read in conjunction with the Design & Development Brief document (draft Oct 2020) which sets out the site context and technical understanding unpinning the design approaches shown in this sketchbook. This includes site analysis, key principles and parameters for each of the sites.

This sketchbook contains the following:

## Former Middle School, Worgret Road

- Illustrative masterplans for three approaches and corresponding accommodation plans / schedules

## Hospital site, Streche Road

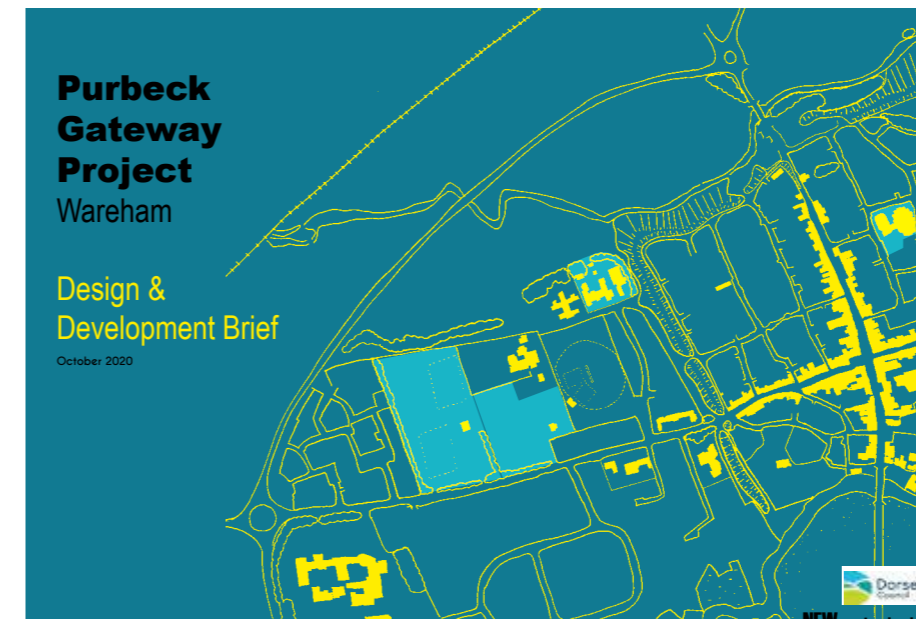
- Illustrative masterplans for two approaches and corresponding accommodation plans / schedules

## Anglebury Court, Bonnet's Lane

- Illustrative masterplans for two approaches and corresponding accommodation plans / schedules

The Illustrative masterplan approaches explore potential development arrangements for the sites. For each approach a schedule of accommodation is provided. This sets out an estimate of the quantum of development, including number of dwellings and total gross floor areas by proposed use.

It should be noted that the figures presented are Gross External Area (GEA)\* estimates and not informed by internal layout floor plans for each building. This would need to be undertaken at the next stages of design. The areas also relate to buildings only. Public realm provision and external areas are not measured.



Draft Design & Development Brief (Oct 2020) should be read in-conjunction with this sketchbook.

\*GEA will include:

- perimeter wall thickness and external projections
- areas occupied by internal walls (whether structural or not) and partitions
- columns, piers, chimney breasts, stairwells, lift wells etc
- lift rooms, plant rooms, tank rooms, fuel stores, whether or not above roof level
- open-sided covered areas

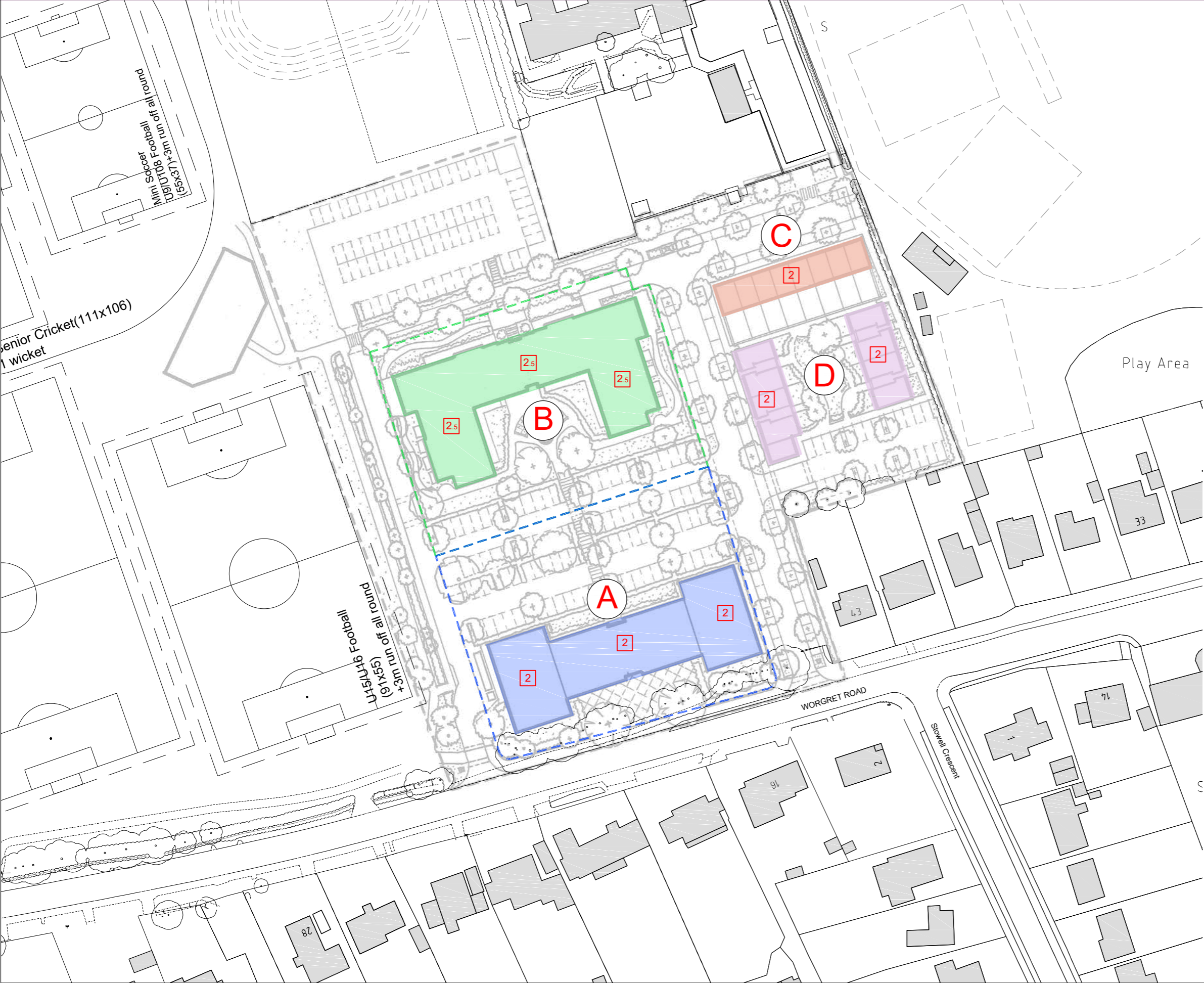
# Former Middle School site: Illustrative layout 1

This approach highlights the potential to deliver the Health Hub, a 64-bed care home with nursery provision, and 24 residential dwellings comprising 8 houses and 16 apartments.

- 1 Health Hub with extended frontage to Worgret Road
- 2 Focal arrival space at the entrance
- 3 New and retained trees with hedgerow planting
- 4 3m foot and cycle path connection
- 5 Tree lined primary access street
- 6 'Parkland' access street
- 7 Health Hub parking area
- 8 Mobile medical unit access to the Health Hub
- 9 Care home with integrated nursery
- 10 Flexible use parking area
- 11 'Green corridor' connection
- 12 Potential future link to the primary school
- 13 Terrace houses with rear gardens
- 14 Apartments with communal gardens



# Former Middle School site: Schedule 1



Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2		2703	Health Hub
B	2.5	64	3800	Care Home
C	2	8	697	Houses
D	2	16	1234	Apartments
<b>Total</b>		<b>88</b>	<b>8434</b>	

of which 77m<sup>2</sup> is GP Surgery

2 Storey Heights

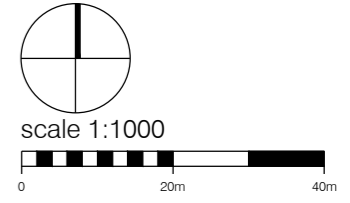
**Schedule summary**

**Accommodation**

- 8 Houses (6x2bed and 2x3 bed)
- 16 Apartments (8x 1bed and 8x2 bed)
- Up to 64 care home units
- Plot area = 0.42ha
- Health Hub including GP surgery upper floor uses TBC
- Plot area = 0.44ha

**Parking**

- 28 visitor parking spaces (on street)
- 26 allocated residential parking spaces
- 70 Health Hub spaces
- 25 care home spaces
- 78 flexible use parking area spaces



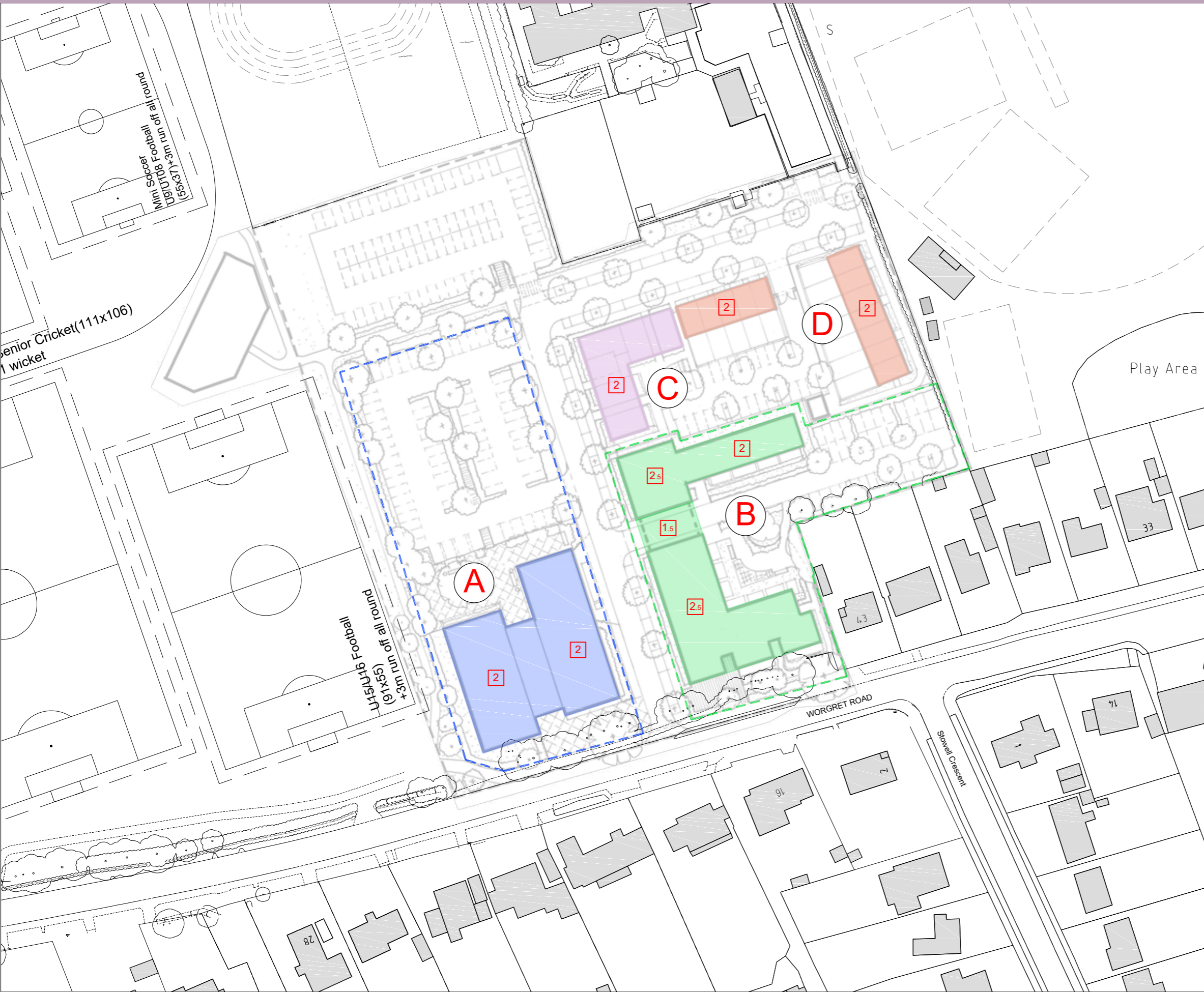
# Former Middle School site: Illustrative layout 2

This approach highlights the potential to deliver the Health Hub, a 64-bed care home with nursery provision, and 24 residential dwellings comprising 12 houses and 12 apartments.

- 1 Health Hub with frontage to Worgret Road and parkland outlook
- 2 Focal arrival space at the entrance
- 3 New and retained trees with hedgerow planting
- 4 3m foot and cycle path connection
- 5 Tree lined single primary access street
- 6 Care home with integrated nursery
- 7 Landscaped garden / amenity space for Health Hub
- 8 Mobile medical unit access to the Health Hub
- 9 Health Hub parking area
- 10 Flexible use parking area
- 11 'Green corridor' connection
- 12 Potential link to the primary school
- 13 Terrace houses overlooking the Recreation Ground
- 14 Apartments with courtyard parking
- 15 Bin and cycle store



# Former Middle School site: Schedule 2



Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2		2680	Health Hub
B	2.5	64	3600	Care Home
C	2	12	919	Apartments
D	2	12	1037	Houses
<b>Total</b>		<b>88</b>	<b>8236</b>	

of which 77m<sup>2</sup> is GP Surgery

2 Storey Heights

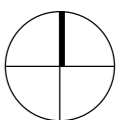
### Schedule summary

#### Accommodation

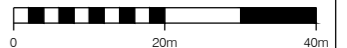
- 12 Houses (8x2bed and 4x3 bed)
- 12 Apartments (4x1bed and 8x2 bed)
- Up to 64 care home units
- Plot area = 0.42ha
- Health Hub including GP surgery  
upper floor uses TBC
- Plot area = 0.52ha

#### Parking

- 28 visitor parking spaces (on street)
- 23 allocated residential parking spaces
- 74 Health Hub spaces
- 38 care home spaces
- 78 flexible use parking area spaces



scale 1:1000



# Former Middle School site: Illustrative layout 3

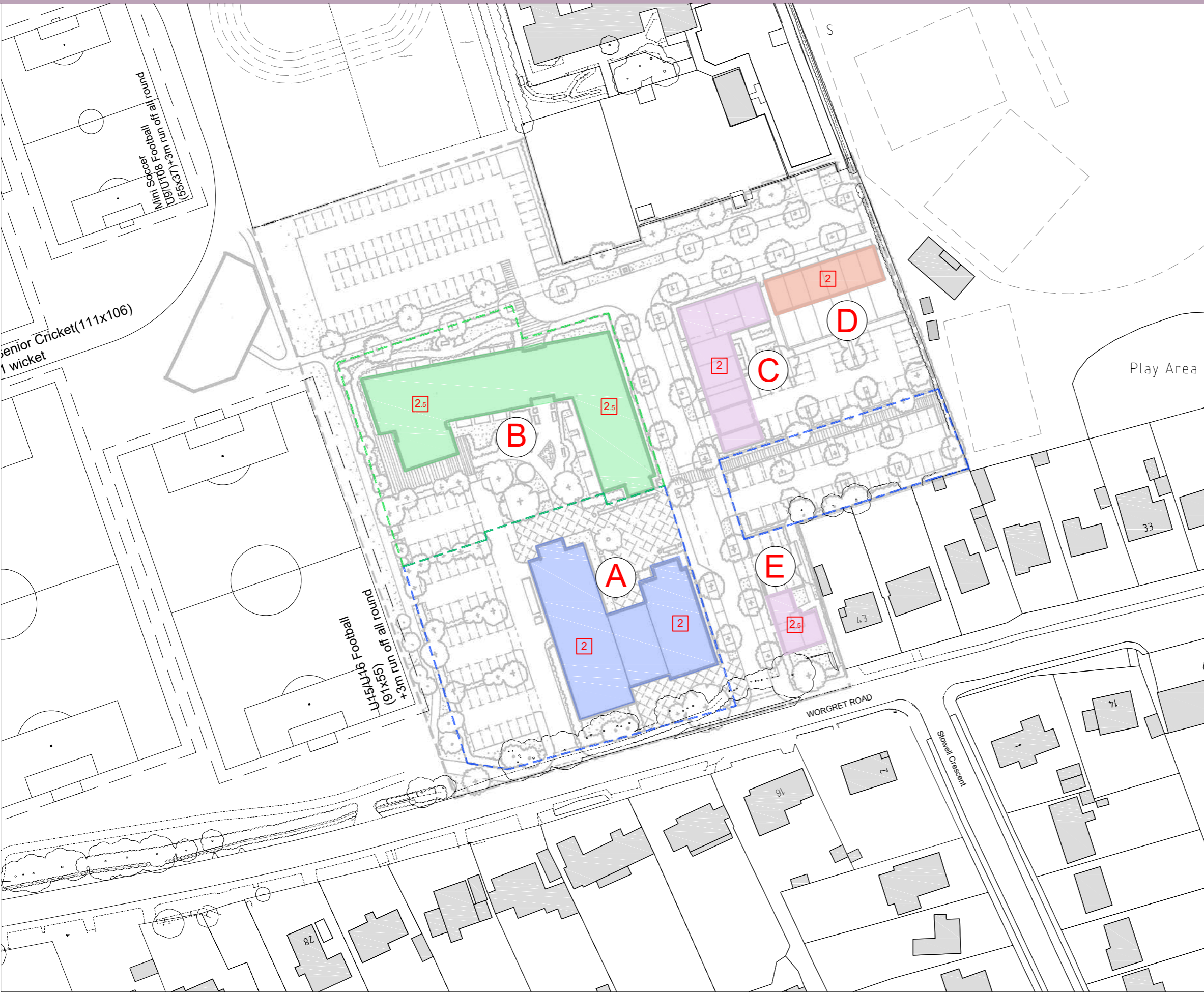
This approach highlights the potential to deliver the Health Hub, a 64-bed care home with nursery provision, and 25 residential dwellings comprising 6 houses and 19 apartments.

- 1 'Service' street access and mobile medical unit link to the Health Hub
- 2 Health Hub with frontage to Worgret Road
- 3 Focal arrival space at the entrance
- 4 New and retained trees with hedgerow planting
- 5 3m foot and cycle path connection
- 6 Tree lined single access street
- 7 Apartments within a 'lodge' building to the east
- 8 Landscaped garden / amenity space for Health Hub
- 9 Health Hub public parking area
- 10 Flexible use parking area
- 11 'Green corridor' connection
- 12 Potential link to the primary school
- 13 Apartments with courtyard parking
- 14 Terrace houses with rear gardens
- 15 Care home and integrated nursery





# Former Middle School site: Schedule 3



Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2		2538	Health Hub
B	2.5	64	3890	Care Home
C	2	12	960	Apartments
D	2	6	570	Houses
E	2	7	382	Apartments
<b>Total</b>		<b>89</b>	<b>8340</b>	

of which 77m<sup>2</sup> is GP Surgery

2 Storey Heights

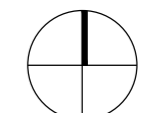
### Schedule summary

#### Accommodation

- 6 Houses (4x2bed and 2x3bed)
- 19 Apartments (10x1bed and 9x2bed)
- Up to 64 later living units
- Plot area = 0.37ha
- Health Hub including GP surgery upper floor uses TBC
- Plot area = 0.56ha

#### Parking

- 26 visitor parking spaces (on street)
- 31 allocated residential parking spaces
- 79 Health Hub spaces
- 15 care home spaces
- 78 flexible use parking area spaces



scale 1:1000

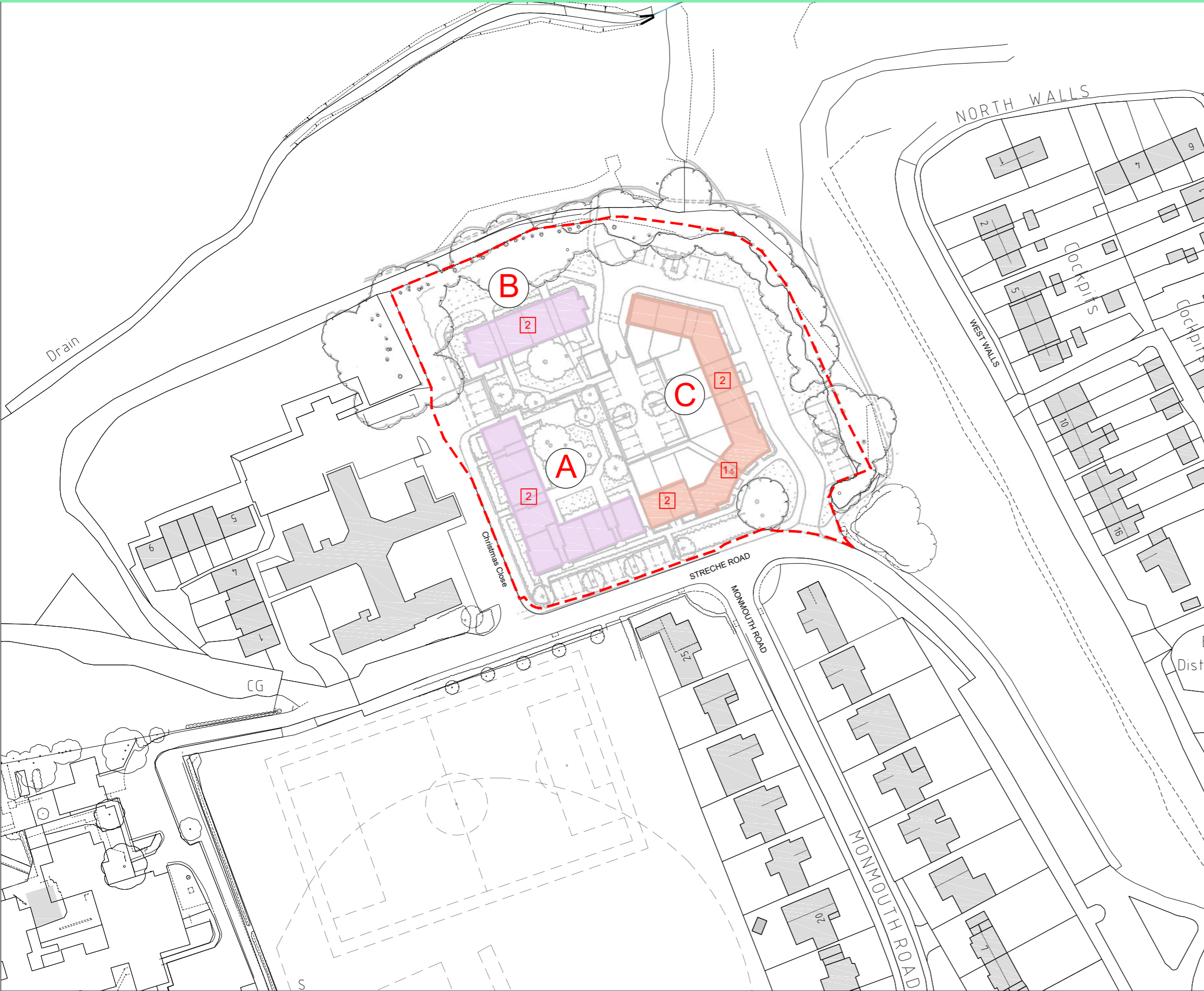
# Hospital site: Illustrative layout 1

This approach highlights the potential to deliver approximately 32 (1-4 bed) dwellings within the key principles and parameters defined for the site.



- 1 Green frontage and building line set back to Streche Road
- 2 Existing access (B) retained and narrowed to improve crossing
- 3 Perimeter access drive with parking spaces set into the landscape
- 4 Cottage frontage behind an arrival green with retained beech trees
- 5 Apartments overlooking the Recreation Ground
- 6 Enclosed central courtyard garden with retained trees
- 7 Apartments set behind retained trees overlooking meadows

# Hospital site: Schedule 1



Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2	15	1220	Apartments
B	2	8	634	Apartments
C	1.5 - 2	9	1241	Houses
<b>Total</b>		<b>32</b>	<b>3095</b>	

2 Storey Heights

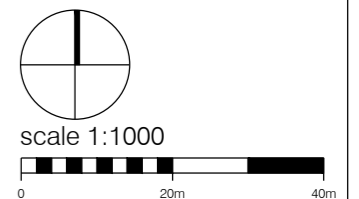
**Schedule summary**

**Accommodation**

- 9 Houses (4x2bed and 5x3/4 bed)
- 23 Apartments (7x1 bed and 16x2 bed)

**Parking**

49 allocated spaces



# Hospital site: Illustrative layout 2

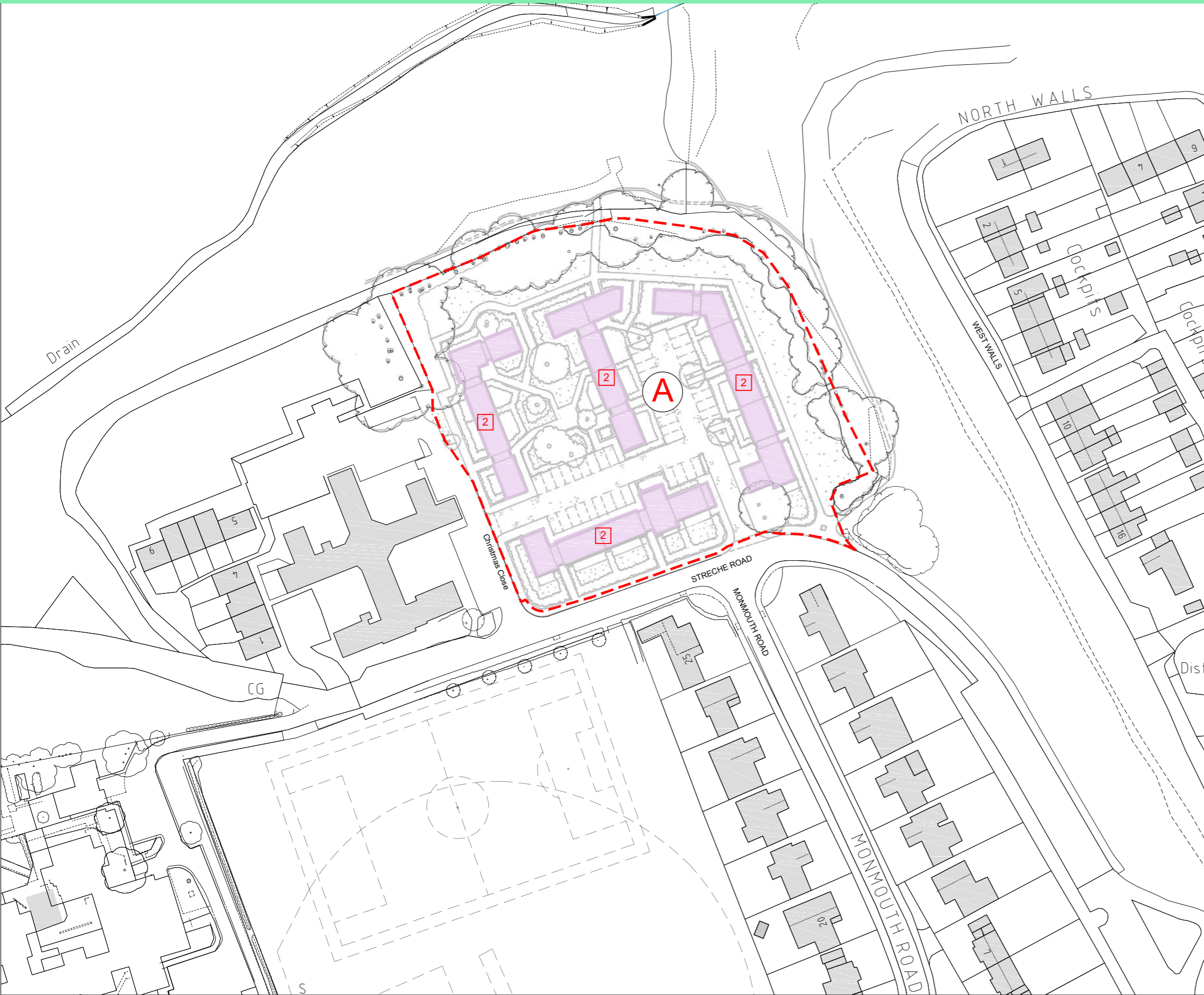
This approach highlights the potential to deliver approximately 40-42 smaller (1-3 bed) garden apartment dwellings within the key principles and parameters defined for the site.



- 1 Green frontage and building line set back to Streche Road
- 2 Existing access (A) retained and widened with footpaths each side
- 3 Terrace frontage behind small front gardens and footpaths
- 4 Perimeter footpath opening up access to the landscaped edges
- 5 Enclosed central courtyard garden with retained trees
- 6 Courtyard parking and internal street linking to Christmas Close

# Hospital site: Schedule 2

Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2	42	3028	Apartments
<b>Total</b>		<b>42</b>	<b>3028</b>	



2 Storey Heights

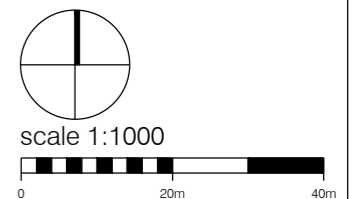
**Schedule summary**

**Accommodation**

42 Apartments (6x1 bed, 26x2 bed and 10x3 bed)

**Parking**

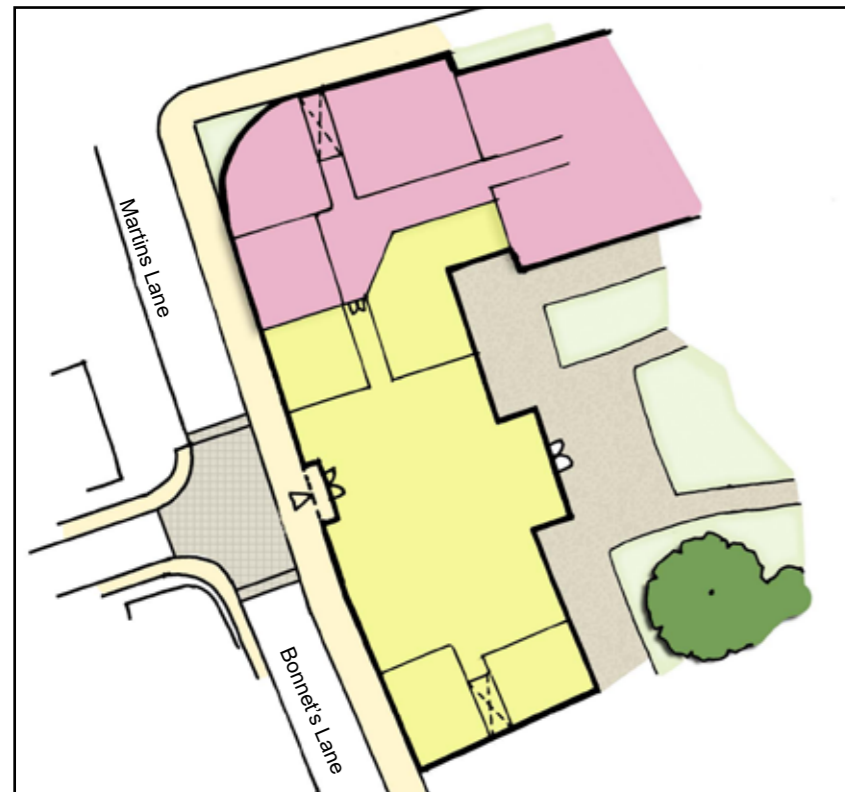
42 allocated residential parking spaces



# Anglebury Court: Illustrative layout 1

This approach also highlights the potential to deliver approximately 60 (1-2 bed) extra care dwellings.

- 1 Traffic calming raised table and widened footpath on Dollin's Lane
- 2 Main entrance and focal building frontage to address the street
- 3 Extended building frontage to Bonnet's Lane
- 4 Building frontage to back of footpath with curved articulation
- 5 Parking courtyard enclosed by existing boundary hedgerows
- 6 Front gardens to reinforce the green character to Brixey's Lane
- 7 Central communal courtyard garden for residents
- 8 Retained trees within extended courtyard garden
- 9 Building wing enclosing the eastern edge of the garden
- 10 Gated pedestrian entrance connecting with Moreton's Court



Ground floor extract plan highlight the potential for an extended communal space (yellow) at the entrance from Bonnet's Lane.



# Anglebury Court: Schedule 1



Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2	60	4830	Extra Care
			770	Communal / Admin
<b>Total</b>		<b>60</b>	<b>5600</b>	

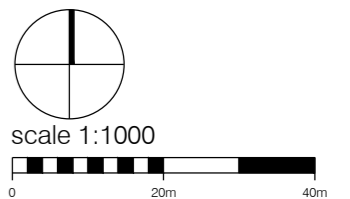
## Schedule summary

### Accommodation

- Up to 60 extra care units (52x1 bed and 8x2 bed)
- Ground floor Communal / Admin area

### Parking

28 allocated parking spaces



# Anglebury Court: Illustrative layout 2

This approach also highlights the potential to deliver approximately 60 (1-2 bed) extra care dwellings.

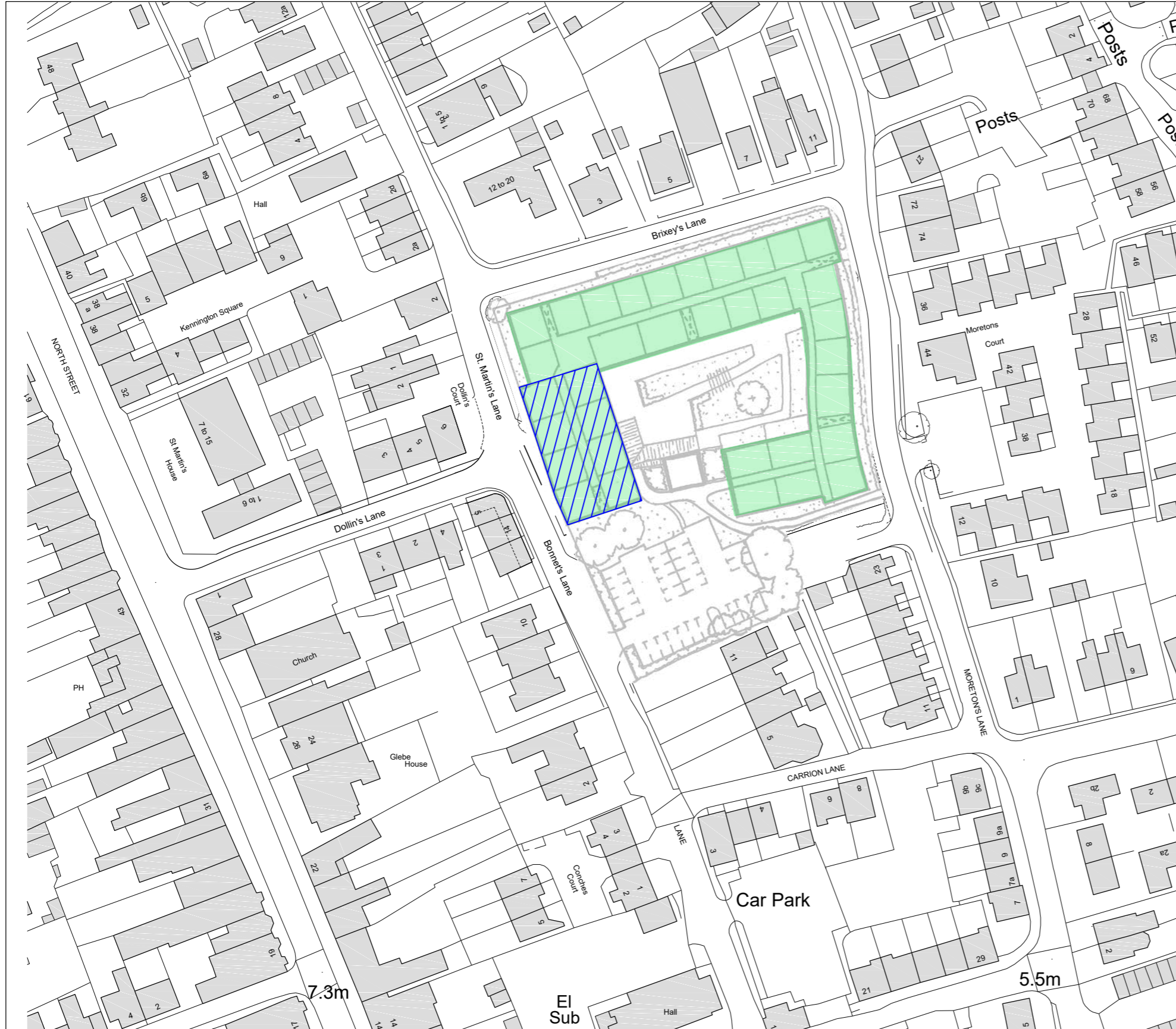
- 1 Raised table and widened footpath on south side Dollin's Lane
- 2 Main entrance and focal building frontage to address the street
- 3 Existing trees retained, keeping the green character to Bonnet's Lane
- 4 Building frontage pulled back to allow space for front gardens
- 5 Parking courtyard enclosed by existing boundary hedgerows
- 6 Front gardens to reinforce the green character to Brixey's Lane
- 7 Central communal courtyard garden for residents
- 8 Lodge building for residents and relatives overlooking the garden
- 9 Building wing extension enclosing the garden to the south
- 10 Gated pedestrian entrance connecting with Moreton's Court



Ground floor extract plan highlight the potential for a communal space (yellow) at the entrance from Bonnet's Lane.



# Anglebury Court: Schedule 2



Block	Storey Heights	No of Dwellings	Gross External Floor Area GEA(m <sup>2</sup> )	Use
A	2	60	4647	Extra Care Apartments
			577	Communal / Admin
<b>Total</b>		<b>60</b>	<b>5224</b>	

## Schedule summary

### Accommodation

- Up to 60 extra care units (52x1 bed and 8x2bed)
- Ground floor Communal / Admin area

### Parking

28 allocated parking spaces



## APPENDIX 2 – Land Registry: Dorset price data

Period	Sales	% change monthly	% change yearly	Average price all property (£)	Average price semi-detached (£)	Average price terraced (£)	Average price flats (£)
2019-03	487	-0.15	0.29	288795	277453	222628	167490
2019-04	463	0.29	0.57	289633	279046	224636	167541
2019-05	517	-1.42	0.26	285521	275393	222050	164973
2019-06	533	-0.21	0.02	284925	274739	221773	164825
2019-07	587	0.03	-1.34	285015	274733	221944	165241
2019-08	596	-0.17	-2.57	284522	274155	221476	164300
2019-09	560	0.71	-2.35	286538	275789	223458	165340
2019-10	627	0.16	-1.12	286991	276853	223558	165384
2019-11	619	0.94	0.73	289684	279813	225162	167111
2019-12	571	0.26	1.22	290427	280972	225615	167323
2020-01	419	-0.26	1.41	289664	280230	225305	166396
2020-02	440	0.42	0.57	290887	281267	226694	166715
2020-03	447	-0.88	-0.16	288328	278858	224705	164906
2020-04	172	1.41	0.96	292403	282684	228161	166167
2020-05	231	-0.62	1.78	290600	281417	226667	165197
2020-06	385	0.36	2.36	291651	282706	227792	165318
2020-07	420	-0.78	1.53	289370	280528	225819	164673
2020-08	503	-0.29	1.41	288542	279906	225704	163027
2020-09	525	1.01	1.71	291444	282698	227968	163718
2020-10	667	0.93	2.5	294158	285098	229921	164006
2020-11	615	3.29	4.89	303848	293672	237151	169435
2020-12	726	1.88	6.58	309546	298770	241647	172330
2021-01		0.79	7.71	311998	301534	243821	173477
2021-02		-0.6	6.62	310141	299451	242634	173376

## APPENDIX 3 – Residential comparables

### Available resale properties

Address	Type	Size (m2)	Size (ft2)	Asking price	£/ft2	Date
St Michael's Road, Wareham, Dorset	1 bed flat	40.78	439	£155,000	£353	Nov-20
St Michael's Road, Wareham, Dorset	1 bed flat	51.25	552	£172,000	£312	Nov-20
North Street, Wareham, Dorset, BH20	2 bed flat	68.8	741	£239,950	£324	Oct-20
North Street, Wareham, Dorset	2 bed flat	50.82	547	£240,000	£439	May-21
Westport Road, Wareham, Dorset, BH20	1 bed flat	48.5	522	£195,000	£374	Dec-12
Trinity Lane, Wareham, BH20	1 bed flat	44.13	475	£180,000	£379	Apr-21
North Street, Wareham	3 bed terraced house	125.9	1355	£395,000	£291	Dec-20
Hutchins Lane, Wareham, BH20	3 bed semi-detached house	118.07	1271	£375,000	£295	Nov-20
Drayton Court, Northmoor Way, Northmoor, Wareham BH20	2 bed flat	59.4	639	£225,000	£352	May-21

### Sold resale properties

Unit reference	Type	Size (m2)	Size (ft2)	Sold price	£/ft2	Date
Flat 8, Coopers Close, Wareham, Dorset BH20 4RB	1/2 bed flat	46	495	£135,000	£273	Aug-20
Flat 10, St. Martins House, North Street, Wareham, BH20 4AQ	2 bed flat	67	721	£232,000	£322	Dec-20
Flat 6, St. Martins House, North Street, Wareham, BH20 4AQ	2 bed flat	67	721	£214,000	£297	Aug-20
Flat 2, Conches Court, Bonnetts Lane, Wareham, BH20 4HB	2/3 bed flat	85	915	£245,000	£268	Dec-20
33 Wyatts Lane, Wareham, BH20 4NH	2/3 bed flat	75	807	£190,000	£235	Oct-20
Flat 8, Hillyard Court, Mill Lane Wareham, BH20 4QX	1/2 bed flat	53	570	£194,000	£340	Feb-20
Flat 17, Hillyard Court, Mill Lane Wareham, BH20 4QX	1/2 bed flat	54	581	£170,000	£292	Oct-20
Flat 3, The Old Brewery, Pound Lane, Wareham, BH20 4LQ	2 bed flat	57	614	£238,500	£389	Aug-20

**APPENDIX 4 – Viability appraisal summaries**

Bonnet's Lane Site  
Financial Viability Appraisal  
Indicative masterplan 1

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Bonnet's Lane Site  
Financial Viability Appraisal  
Indicative masterplan 1****Appraisal Summary for Phase 1 Residential**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Extra care (affordable rent)	1	39,758	99.00	3,936,042	3,936,042

**Additional Revenue**

Grant funding			4,800,000	4,800,000	
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**NET REALISATION****8,736,042****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)			(5,648,199)	(5,648,199)	
------------------------------------	--	--	-------------	-------------	--

**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build costs	54,230	230.12	12,479,500	<b>12,479,500</b>

**PROFESSIONAL FEES**

Professional fees		12.00%	1,497,540	1,497,540
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**DISPOSAL FEES**

Sales Agent Fee		1.50%	59,041	
Sales Legal Fee		0.35%	13,776	
				72,817

**MISCELLANEOUS FEES**

Profit on affordable		6.00%	236,163	236,163
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			(357,571)	
Construction			455,795	
Total Finance Cost				98,224

**TOTAL COSTS****8,736,044****PROFIT****(2)****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	-1.84%

**Bonnet's Lane Site  
Financial Viability Appraisal  
Indicative masterplan 1**

Profit Erosion (finance rate 6.500)

N/A



Bonnet's Lane Site  
Financial Viability Appraisal  
Indicative masterplan 2

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Bonnet's Lane Site  
Financial Viability Appraisal  
Indicative masterplan 2****Appraisal Summary for Phase 1 Residential**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Extra care (affordable rent)	1	38,249	99.00	3,786,651	3,786,651

**Additional Revenue**

Grant funding			4,800,000	4,800,000	
---------------	--	--	-----------	-----------	--

**NET REALISATION****8,586,651****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)			(5,136,928)	(5,136,928)	
------------------------------------	--	--	-------------	-------------	--

**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build costs	50,594	235.22	11,900,900	<b>11,900,900</b>

**PROFESSIONAL FEES**

Professional fees		12.00%	1,428,108	1,428,108
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**DISPOSAL FEES**

Sales Agent Fee		1.50%	56,800	
Sales Legal Fee		0.35%	13,253	
				70,053

**MISCELLANEOUS FEES**

Profit on affordable		6.00%	227,199	227,199
----------------------	--	-------	---------	---------

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			(325,582)	
Construction			422,902	
Total Finance Cost				97,320

**TOTAL COSTS****8,586,652****PROFIT****(1)****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	-2.05%

**Bonnet's Lane Site  
Financial Viability Appraisal  
Indicative masterplan 2**

Profit Erosion (finance rate 6.500)

N/A

Hospital and Ambulance Station Site  
Financial Viability Appraisal  
Indicative masterplan 1

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Hospital and Ambulance Station Site  
Financial Viability Appraisal  
Indicative masterplan 1****Appraisal Summary for Phase 1 Residential**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Social rent	1	819	100.00	81,900	81,900
Affordable rent	1	4,093	165.00	675,345	675,345
Shared ownership	1	3,274	240.00	785,760	785,760
Private sale	<u>1</u>	<u>19,099</u>	365.00	6,971,135	<u>6,971,135</u>
<b>Totals</b>	<b>4</b>	<b>27,285</b>			<b>8,514,140</b>

**NET REALISATION****8,514,140****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(1,383,766)	(1,383,766)
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**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>
Build costs	29,977	238.85	7,159,900
CIL on private residential	19,099 ft <sup>2</sup>	1.86	35,524
			35,524

**PROFESSIONAL FEES**

Professional fees	12.00%	859,188	859,188
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**MARKETING & LETTING**

Marketing	1.50%	104,567	104,567
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	127,712	
Sales Legal Fee	0.35%	29,799	
			157,512

**MISCELLANEOUS FEES**

Profit on affordable	6.00%	92,580	
Profit on private	17.50%	1,219,949	
			1,312,529

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		(112,125)	
Construction		360,303	
Other		20,509	
Total Finance Cost			268,687

**TOTAL COSTS****8,514,140****PROFIT****0**

**Hospital and Ambulance Station Site  
Financial Viability Appraisal  
Indicative masterplan 1****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	7.44%
Profit Erosion (finance rate 6.500)	N/A

Hospital and Ambulance Station Site  
Financial Viability Appraisal  
Indicative masterplan 2

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Hospital and Ambulance Station Site  
Financial Viability Appraisal  
Indicative masterplan 2****Appraisal Summary for Phase 1 Residentail**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Social rent	1	748	100.00	74,800	74,800
Affordable rent	1	2,991	165.00	493,515	493,515
Shared ownership	1	3,274	240.00	785,760	785,760
Private sale	1	<u>17,446</u>	365.00	6,367,790	<u>6,367,790</u>
<b>Totals</b>	<b>4</b>	<b>24,459</b>			<b>7,721,865</b>

**NET REALISATION****7,721,865****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(1,557,059)	(1,557,059)
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**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build costs	29,321	230.50	6,758,400	<b>6,758,400</b>
CIL on private residential	17,446 ft <sup>2</sup>	1.86	32,450	32,450

**PROFESSIONAL FEES**

Professional fees	12.00%	811,008	811,008
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**MARKETING & LETTING**

Marketing	1.50%	95,517	95,517
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	115,828	
Sales Legal Fee	0.35%	27,027	
			142,855

**MISCELLANEOUS FEES**

Profit on affordable	6.00%	81,245	
Profit on private	17.50%	1,114,363	
			1,195,608

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		(122,917)	
Construction		339,995	
Other		26,009	
Total Finance Cost			243,087

**TOTAL COSTS****7,721,865****PROFIT****0**



**Hospital and Ambulance Station Site  
Financial Viability Appraisal  
Indicative masterplan 2****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	8.15%
Profit Erosion (finance rate 6.500)	N/A

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

**Appraisal Summary for Phase 2 Care Home**

Currency in £

**REVENUE****Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>
Care Home	64	25,759	43.88	17,659	1,130,189

**Investment Valuation**

<b>Care Home</b>					
Current Rent	1,130,189	YP @	5.0000%	20.0000	22,603,780

**NET REALISATION****22,603,780****OUTLAY****ACQUISITION COSTS**

Residualised Price			6,667,142		6,667,142
Stamp Duty			322,857		
Effective Stamp Duty Rate		4.84%			
Agent Fee		1.00%	66,671		
Legal Fee		0.35%	23,335		
					412,863

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Care Home	36,799	240.63	8,855,000	8,855,000

**PROFESSIONAL FEES**

Professional fees	12.00%	1,062,600		1,062,600
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	339,057		
Sales Legal Fee	0.35%	79,113		
				418,170

**MISCELLANEOUS FEES**

Profit on care home	15.00%	3,390,567		3,390,567
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			1,194,045	
Construction			603,393	
Total Finance Cost				1,797,438

**TOTAL COSTS****22,603,780****PROFIT****0**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	5.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	6.32%
Profit Erosion (finance rate 6.500)	0 mths

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

**Initial  
MRV  
1,130,189**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

**Appraisal Summary for Phase 1 Health Hub**

Currency in £

**REVENUE****Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>
GP surgery	1	13,090	20.00	261,800	261,800
Commercial	1	<u>13,090</u>	20.00	261,800	<u>261,800</u>
<b>Totals</b>	<b>2</b>	<b>26,180</b>			<b>523,600</b>

**Investment Valuation**

<b>GP surgery</b>					
Current Rent	261,800	YP @	4.0000%	25.0000	6,545,000
<b>Commercial</b>					
Current Rent	261,800	YP @	4.0000%	25.0000	6,545,000
<b>Total Investment Valuation</b>					<b>13,090,000</b>

**GROSS DEVELOPMENT VALUE****13,090,000**

Purchaser's Costs			(890,120)		
Effective Purchaser's Costs Rate		6.80%		(890,120)	

**NET DEVELOPMENT VALUE****12,199,880****NET REALISATION****12,199,880****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,011,954		
				2,011,954	
Stamp Duty			90,098		
Effective Stamp Duty Rate		4.48%			
Agent Fee		1.00%	20,120		
Legal Fee		0.35%	7,042		
				117,259	

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
GP surgery	13,090	291.60	3,817,000	
Commercial	<u>13,090</u>	198.17	<u>2,594,000</u>	
<b>Totals</b>	<b>26,180 ft<sup>2</sup></b>		<b>6,411,000</b>	6,411,000

**PROFESSIONAL FEES**

Professional fees		12.00%	769,320	769,320
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**MARKETING & LETTING**



**APPRAISAL SUMMARY****RED LOFT****Former Wareham Middle School Site****Financial Viability Appraisal****Indicative masterplan 1**

Marketing	26,180 ft <sup>2</sup>	2.00	52,360	
Letting Agent Fee		10.00%	52,360	
Letting Legal Fee		5.00%	26,180	
				130,900

**MISCELLANEOUS FEES**

Profit on health hub		15.00%	1,963,500	
				1,963,500

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			359,092	
Construction			436,855	
Total Finance Cost				795,947

**TOTAL COSTS****12,199,880****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	4.29%
Equivalent Yield% (Nominal)	4.00%
Equivalent Yield% (True)	4.10%
IRR% (without Interest)	6.25%
Profit Erosion (finance rate 6.500)	N/A

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

**Initial  
MRV  
261,800  
261,800  
523,600**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

**Appraisal Summary for Phase 3 Residentail**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Social rent	1	1,691	100.00	169,100	169,100
Affordable rent	1	8,454	165.00	1,394,910	1,394,910
Shared ownership	<u>1</u>	<u>6,763</u>	240.00	1,623,120	<u>1,623,120</u>
<b>Totals</b>	<b>3</b>	<b>16,908</b>			<b>3,187,130</b>

**Additional Revenue**

Grant funding	1,280,000	1,280,000
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**NET REALISATION****4,467,130****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(262,414)	(262,414)
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**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build costs	18,701	205.92	3,851,000	<b>3,851,000</b>

**PROFESSIONAL FEES**

Professional fees	12.00%	462,120	462,120
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	47,807	
Sales Legal Fee	0.35%	11,155	58,962

**MISCELLANEOUS FEES**

Profit on affordable	6.00%	191,228	191,228
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		(24,689)	
Construction		190,923	
Total Finance Cost			166,234

**TOTAL COSTS****4,467,130****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 1**

IRR% (without Interest)	7.25%
Profit Erosion (finance rate 6.500)	0 mths

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2****Appraisal Summary for Phase 2 Care Home**

Currency in £

**REVENUE****Rental Area Summary**

	Units	ft <sup>2</sup>	Rent Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale
Care Home	64	24,404	46.31	17,659	1,130,189

**Investment Valuation**

<b>Care Home</b>					
Current Rent	1,130,189	YP @	5.0000%	20.0000	22,603,780

**NET REALISATION****22,603,780****OUTLAY****ACQUISITION COSTS**

Residualised Price			7,013,204		7,013,204
Stamp Duty			340,160		
Effective Stamp Duty Rate		4.85%			
Agent Fee		1.00%	70,132		
Legal Fee		0.35%	24,546		
					434,838

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Care Home	34,862	243.62	8,493,000	8,493,000

**PROFESSIONAL FEES**

Professional fees	12.00%	1,019,160		1,019,160
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	339,057		
Sales Legal Fee	0.35%	79,113		
				418,170

**MISCELLANEOUS FEES**

Profit on care home	15.00%	3,390,567		3,390,567
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			1,256,115	
Construction			578,725	
Total Finance Cost				1,834,840

**TOTAL COSTS****22,603,780****PROFIT****0**



**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	5.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	6.32%
Profit Erosion (finance rate 6.500)	0 mths

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2**

**Initial  
MRV  
1,130,189**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2**

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2**

**Appraisal Summary for Phase 1 Health Hub**

Currency in £

**REVENUE****Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>
GP surgery	1	12,977	20.00	259,540	259,540
Commercial	1	<u>12,977</u>	20.00	259,540	<u>259,540</u>
<b>Totals</b>	<b>2</b>	<b>25,954</b>			<b>519,080</b>

**Investment Valuation**

<b>GP surgery</b>					
Current Rent	259,540	YP @	4.0000%	25.0000	6,488,500
<b>Commercial</b>					
Current Rent	259,540	YP @	4.0000%	25.0000	6,488,500
<b>Total Investment Valuation</b>					<b>12,977,000</b>

**GROSS DEVELOPMENT VALUE****12,977,000**

Purchaser's Costs				(882,436)	
Effective Purchaser's Costs Rate		6.80%		(882,436)	

**NET DEVELOPMENT VALUE****12,094,564****NET REALISATION****12,094,564****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,914,997		
				1,914,997	
Stamp Duty			85,250		
Effective Stamp Duty Rate		4.45%			
Agent Fee		1.00%	19,150		
Legal Fee		0.35%	6,702		
					111,102

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
GP surgery	12,977	294.83	3,826,000	
Commercial	<u>12,977</u>	201.36	<u>2,613,000</u>	
<b>Totals</b>	<b>25,954 ft<sup>2</sup></b>		<b>6,439,000</b>	6,439,000

**PROFESSIONAL FEES**

Professional fees		12.00%	772,680		
				772,680	

**MARKETING & LETTING**

**APPRAISAL SUMMARY****RED LOFT****Former Wareham Middle School Site****Financial Viability Appraisal****Indicative masterplan 2**

Marketing	25,954 ft <sup>2</sup>	2.00	51,908	
Letting Agent Fee		10.00%	51,908	
Letting Legal Fee		5.00%	25,954	
				129,770

**MISCELLANEOUS FEES**

Profit on health hub		15.00%	1,946,550	1,946,550
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			341,702	
Construction			438,763	
Total Finance Cost				780,465

**TOTAL COSTS****12,094,564****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	4.29%
Equivalent Yield% (Nominal)	4.00%
Equivalent Yield% (True)	4.10%
IRR% (without Interest)	6.24%
Profit Erosion (finance rate 6.500)	0 mths

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2

Initial  
MRV  
259,540  
259,540  
**519,080**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2**



Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2****Appraisal Summary for Phase 3 Residentail**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Social rent	1	1,760	100.00	176,000	176,000
Affordable rent	1	8,802	165.00	1,452,330	1,452,330
Shared ownership	<u>1</u>	<u>7,041</u>	240.00	1,689,840	<u>1,689,840</u>
<b>Totals</b>	<b>3</b>	<b>17,603</b>			<b>3,318,170</b>

**Additional Revenue**

Grant funding	1,280,000	1,280,000
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**NET REALISATION****4,598,170****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(257,014)	(257,014)
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**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build costs	18,938	208.47	3,948,000	<b>3,948,000</b>

**PROFESSIONAL FEES**

Professional fees	12.00%	473,760	473,760
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	49,773	
Sales Legal Fee	0.35%	11,614	61,386

**MISCELLANEOUS FEES**

Profit on affordable	6.00%	199,090	199,090
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		(24,408)	
Construction		197,355	
Total Finance Cost			172,947

**TOTAL COSTS****4,598,170****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 2**

IRR% (without Interest)	7.16%
Profit Erosion (finance rate 6.500)	N/A

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT****Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3****Appraisal Summary for Phase 2 Care Home**

Currency in £

**REVENUE****Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>
Care Home	64	26,370	42.86	17,659	1,130,189

**Investment Valuation**

<b>Care Home</b>					
Current Rent	1,130,189	YP @	5.0000%	20.0000	22,603,780

**NET REALISATION****22,603,780****OUTLAY****ACQUISITION COSTS**

Residualised Price			6,298,136		6,298,136
Stamp Duty			304,407		
Effective Stamp Duty Rate		4.83%			
Agent Fee		1.00%	62,981		
Legal Fee		0.35%	22,043		
					389,432

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Care Home	37,671	245.31	9,241,000	9,241,000

**PROFESSIONAL FEES**

Professional fees		12.00%	1,108,920	1,108,920
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**DISPOSAL FEES**

Sales Agent Fee		1.50%	339,057	
Sales Legal Fee		0.35%	79,113	
				418,170

**MISCELLANEOUS FEES**

Profit on care home		15.00%	3,390,567	3,390,567
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			1,127,860	
Construction			629,695	
Total Finance Cost				1,757,556

**TOTAL COSTS****22,603,780****PROFIT****0**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	5.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	6.31%
Profit Erosion (finance rate 6.500)	0 mths

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3**

**Initial  
MRV  
1,130,189**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3**



Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3**

**Appraisal Summary for Phase 1 Health Hub**

Currency in £

**REVENUE****Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>
GP surgery	1	12,288	20.00	245,760	245,760
Commercial	1	<u>12,288</u>	20.00	245,760	<u>245,760</u>
<b>Totals</b>	<b>2</b>	<b>24,576</b>			<b>491,520</b>

**Investment Valuation**

<b>GP surgery</b>					
Current Rent	245,760	YP @	4.0000%	25.0000	6,144,000
<b>Commercial</b>					
Current Rent	245,760	YP @	4.0000%	25.0000	6,144,000
<b>Total Investment Valuation</b>					<b>12,288,000</b>

**GROSS DEVELOPMENT VALUE****12,288,000**

Purchaser's Costs				(835,584)	
Effective Purchaser's Costs Rate		6.80%		(835,584)	

**NET DEVELOPMENT VALUE****11,452,416****NET REALISATION****11,452,416****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,775,730		
				1,775,730	
Stamp Duty			78,286		
Effective Stamp Duty Rate		4.41%			
Agent Fee		1.00%	17,757		
Legal Fee		0.35%	6,215		
				102,259	

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
GP surgery	12,288	296.39	3,642,000	
Commercial	<u>12,288</u>	203.04	<u>2,495,000</u>	
<b>Totals</b>	<b>24,576 ft<sup>2</sup></b>		<b>6,137,000</b>	6,137,000

**PROFESSIONAL FEES**

Professional fees		12.00%	736,440		
				736,440	

**MARKETING & LETTING**

**APPRAISAL SUMMARY****RED LOFT****Former Wareham Middle School Site****Financial Viability Appraisal****Indicative masterplan 3**

Marketing	24,576 ft <sup>2</sup>	2.00	49,152	
Letting Agent Fee		10.00%	49,152	
Letting Legal Fee		5.00%	24,576	
				122,880

**MISCELLANEOUS FEES**

Profit on health hub		15.00%	1,843,200	
				1,843,200

**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			316,723	
Construction			418,184	
Total Finance Cost				734,907

**TOTAL COSTS****11,452,416****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	4.29%
Equivalent Yield% (Nominal)	4.00%
Equivalent Yield% (True)	4.10%
IRR% (without Interest)	6.24%
Profit Erosion (finance rate 6.500)	N/A

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3

Initial  
MRV  
245,760  
245,760  
491,520

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3**

Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3

Development Appraisal  
Red Loft  
25 May 2021

**APPRAISAL SUMMARY****RED LOFT**

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3**

**Appraisal Summary for Phase 3 Residentail**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Social rent	1	1,657	100.00	165,700	165,700
Affordable rent	1	8,284	165.00	1,366,860	1,366,860
Shared ownership	<u>1</u>	<u>6,627</u>	240.00	1,590,480	<u>1,590,480</u>
<b>Totals</b>	<b>3</b>	<b>16,568</b>			<b>3,123,040</b>

**Additional Revenue**

Grant funding	1,360,000	1,360,000
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**NET REALISATION****4,483,040****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(300,753)	(300,753)
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**CONSTRUCTION COSTS****Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Build costs	18,518	210.98	3,907,000	<b>3,907,000</b>

**PROFESSIONAL FEES**

Professional fees	12.00%	468,840	468,840
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**DISPOSAL FEES**

Sales Agent Fee	1.50%	46,846	
Sales Legal Fee	0.35%	10,931	
			57,776

**MISCELLANEOUS FEES**

Profit on affordable	6.00%	187,382	187,382
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**FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		(27,968)	
Construction		190,762	
Total Finance Cost			162,794

**TOTAL COSTS****4,483,040****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%

**Former Wareham Middle School Site  
Financial Viability Appraisal  
Indicative masterplan 3**

IRR% (without Interest)	7.50%
Profit Erosion (finance rate 6.500)	N/A



## APPENDIX 5 – Extra care comparables

Scheme	Address	Unit types	Rent per week	Service charge	Support charge
Foylebank Court	Castle Road, Castletown, Portland, DT5 1BA	1 & 2 bedroom properties	£90.42 - £131.85	£45.59	£3.8
Bluebell Gardens	Hollway Road, Bristol, BS14 8AB	1 & 2 bedroom properties	£91.05 - £135.36	£44.29	£4.81
Diamond Court	Diamond Batch, Weston-Super-Mare, BS24 7FY	1 & 2 bedroom properties	£110.32 - £130.03	£42.5	£3.94
Hillside Court	Batten Road, St George, Bristol, BS5 8NL	1 & 2 bedroom properties	£91.97 - £138.88	£44.54	£5.94
Strawberry Gardens	18 Moorhen Road, Yatton, Bristol, BS49 4GB	2 bedroom properties	£127.92 - £128.3	£47.55	£3.47
Falcon Court	New Cheltenham Road, Bristol, BS15 4FY	1 & 2 bedroom properties	£111.1 - £130.46	£44.66	£4.27
Caroline Square	King William Street, Portsmouth, PO1 3JG	1 & 2 bedroom properties	£119.26 - £145.98	£48.56	£4.25
Brunel Court	Nutfield Place, Portsmouth, PO1 4JB	1 & 2 bedroom properties	£98.42 - £147.81	£45.96	£3.97
Maritime House	Conan Road, Portsmouth, PO2 9DT	1 & 2 bedroom properties	£122.58 - £145.03	£31.5	£2.72
Brent Court	Warren Avenue, Southsea, Portsmouth, PO4 8QQ	1 & 2 bedroom properties	£107.53 - £139.11	£39.59	£4.06
Osprey Court	Moorings Way, Southsea, Portsmouth, PO4 8BQ	1 & 2 bedroom properties	£120.73 - £142.61	£47.64	£4.18
Crane Court	55 Velder Avenue, Portsmouth, PO4 8JZ	1 & 2 bedroom properties	£109.15 - £141.92	£44.92	£3.27
Dairy View	Cloatley Crescent, Swindon, SN4 7FU	1 & 2 bedroom properties	£112.66 - £132.95	£52.76	£5.77
Maple Court	The Street, Moreton, Swindon, SN25 3AF	1 & 2 bedroom properties	£90.65 - £140.33	£39.38	£4.16
Alice Bye Court	Bluecoats, Thatcham, RG18 4AE	1 & 2 bedroom properties	£125.84 - £147.6	£46.41	£3.5
Mulberry Court	Middle Mead Road, Kingshill, Cirencester, GL7 1GG	1 & 2 bedroom properties	£107.37 - £135.36	£46.85	£3.6
Monaveen at Westergate	Peckham Chase, Chichester, PO20 3AR	1 & 2 bedroom properties	£118.84 - £139.95	£53.62	£4.69
Beeches Manor	Reading Road, Wokingham, RG41 1AA	1 bedroom properties	£109.23 - £137.9	£47.56	£4.6
Erdington House	Cresswell Close, Yarnton, Kidlington, OX5 1FZ	1 & 2 bedroom properties	£115.2 - £135.61	£49.9	£4.8
Willow Gardens	Russell Way, Chipping Norton, OX7 5FX	1 & 2 bedroom properties	£118.67 - £139.82	Not available	Not available
Hogshill Gardens	Brighton Road, Crawley, RH10 6RS	1 & 2 bedroom properties	£111.91 - £151.91	£55.7	£5.54
Walstead Court	Barley Close, Crawley, RH10 6BD	1 & 2 bedroom properties	£101.38 - £147.57	69.68	6.85
Stanbridge Hall	Ruskin Road, Banbury, OX16 9FZ	1 & 2 bedroom properties	£114.19 - £134.3	47.65	4.65

**APPENDIX 6 – B&M’s cost estimates**

**COST SUMMARY - ANGLEBURY SITE - LAYOUT 1**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	5040 m2	54230 ft2
Construction Works Estimate	11,345,000.00	Total (A) - see details below
Contract Cost Estimate	13,048,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	14,613,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Care Home Units (60nr)	6,794,000	BCIS £/m2	1,563	145
1.2	Building A - Communal/Admin	901,000	BCIS £/m2	1,300	121
1.3	Site Works	795,000	See breakdown	158	15
1.4	Facilitating Works	500,000	See breakdown	99	9
1.5	Abnormals	225,000	See breakdown	45	4
	<b>Sub-Total</b>	<b>9,215,000</b>		<b>1,828</b>	<b>170</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	1,290,000	based on 14.0%	256	24
	<b>Sub-Total</b>	<b>10,505,000</b>		<b>2,084</b>	<b>194</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	840,000	based on 8.0%	167	15
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>11,345,000</b>		<b>2,251</b>	<b>209</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	169,000	based on 1.5%	34	3
4.2	Construction Inflation Estimate (2023 midpoint)	400,000	based on 3.5%	79	7
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	567,000	based on 5.0%	113	10
5.2	Construction Risks Estimate	567,000	based on 5.0%	113	10
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>13,048,000</b>		<b>2,589</b>	<b>241</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>13,048,000</b>		<b>2,589</b>	<b>241</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	1,435,000	based on 11.0%	285	26
7.2	Other Fees / Surveys	130,000	based on 1.0%	26	2
	<b>Sub-Total</b>	<b>14,613,000</b>		<b>2,899</b>	<b>269</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>14,613,000</b>		<b>2,899</b>	<b>269</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>14,613,000</b>		<b>2,899</b>	<b>269</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	825.00	m2	120.00	99,000.00
1.02	External works - pathways construction	1,275.00	m2	100.00	127,500.00
1.03	External works - landscaped area	1,662.00	m2	10.00	16,620.00
1.04	External works - trees	10.00	nr	350.00	3,500.00
1.05	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.06	External works - surface water drainage (all hardstanding / roof areas)	4,900.00	m2	15.00	73,500.00
1.07	External works - foul water drainage (all building areas)	5,040.00	m2	25.00	126,000.00
1.08	External works - external lighting allowance	1.00	item	20,000.00	20,000.00
1.09	External works - FF&E allowance / canopy	1.00	PS	20,000.00	20,000.00
1.10	External works - site supplies (water) Allowance for trenching	1.00 75.00	item m	30,000.00 250.00	30,000.00 18,750.00
1.11	External works - site supplies (gas) Allowance for trenching	1.00 75.00	item m	25,000.00 250.00	25,000.00 18,750.00
1.12	External works - site supplies (electric - assume generator) Allowance for trenching Allowance for EV charging points	1.00 75.00 1.00	item m item	100,000.00 250.00 10,000.00	100,000.00 18,750.00 10,000.00
1.13	External works - site supplies (BT) Allowance for trenching	1.00 75.00	item m	15,000.00 250.00	15,000.00 18,750.00
1.14	External works - site supplies (Sewerage) Allowance for trenching	1.00 75.00	item m	15,000.00 250.00	15,000.00 18,750.00

**Site Works 794,870**

Ref	Description	Qty	Unit	Rate	Total
1.01	Demolition of existing buildings	4,375.00	m2	100.00	437,500.00
1.02	Breaking out existing hardstandings	1,000.00	m2	30.00	30,000.00
1.03	Site clearance / adjustment of levels	6,562.00	m2	5.00	32,810.00

**Facilitating Works 500,310**

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormal - asbestos removal works	1.00	item	50,000.00	50,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	75,000.00	75,000.00
1.03	Abnormal - allowance for traffic calming raised table; including traffic management allowance and widening footpath	1.00	item	40,000.00	40,000.00
1.04	Abnormal - allowance for gated pedestrian entrance to Moreton's Court; assume access controlled	1.00	item	10,000.00	10,000.00
1.05	Abnormal - allowance for curved façade	1.00	item	50,000.00	50,000.00

**Abnormal Works 225,000**

**COST SUMMARY - ANGLEBURY SITE - LAYOUT 2**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	4702 m2	50594 ft2 (excludes lodge)
Construction Works Estimate	10,819,000.00	Total (A) - see details below
Contract Cost Estimate	12,444,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	13,937,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Care Home Units (60nr)	6,537,000	BCIS £/m2	1,563	145
1.2	Building A - Communal/Admin	675,000	BCIS £/m2	1,300	121
1.3	Building B - Lodge	84,000	BCIS £/m2	1,400	130
1.4	Site Works	787,000	See breakdown	167	16
1.5	Facilitating Works	500,000	See breakdown	106	10
1.6	Abnormals	205,000	See breakdown	44	4
	<b>Sub-Total</b>	<b>8,788,000</b>		<b>1,869</b>	<b>174</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	1,230,000	based on 14.0%	262	24
	<b>Sub-Total</b>	<b>10,018,000</b>		<b>2,131</b>	<b>198</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	801,000	based on 8.0%	170	16
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>10,819,000</b>		<b>2,301</b>	<b>214</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	161,000	based on 1.5%	34	3
4.2	Construction Inflation Estimate (2023 midpoint)	382,000	based on 3.5%	81	8
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	541,000	based on 5.0%	115	11
5.2	Construction Risks Estimate	541,000	based on 5.0%	115	11
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>12,444,000</b>		<b>2,647</b>	<b>246</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>12,444,000</b>		<b>2,647</b>	<b>246</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	1,369,000	based on 11.0%	291	27
7.2	Other Fees / Surveys	124,000	based on 1.0%	26	2
	<b>Sub-Total</b>	<b>13,937,000</b>		<b>2,964</b>	<b>275</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>13,937,000</b>		<b>2,964</b>	<b>275</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>13,937,000</b>		<b>2,964</b>	<b>275</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	800.00	m2	120.00	96,000.00
1.02	External works - pathways construction	1,307.00	m2	100.00	130,700.00
1.03	External works - landscaped area	1,680.00	m2	10.00	16,800.00
1.04	External works - trees	10.00	nr	350.00	3,500.00
1.05	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.06	External works - surface water drainage (all hardstanding / roof areas)	4,882.00	m2	15.00	73,230.00
1.07	External works - foul water drainage (all building areas)	4,702.00	m2	25.00	117,550.00
1.08	External works - external lighting allowance	1.00	item	20,000.00	20,000.00
1.09	External works - FF&E allowance / canopy	1.00	PS	20,000.00	20,000.00
1.10	External works - site supplies (water)	1.00	item	30,000.00	30,000.00
	Allowance for trenching	75.00	m	250.00	18,750.00
1.11	External works - site supplies (gas)	1.00	item	25,000.00	25,000.00
	Allowance for trenching	75.00	m	250.00	18,750.00
1.12	External works - site supplies (electric - assume generator)	1.00	item	100,000.00	100,000.00
	Allowance for trenching	75.00	m	250.00	18,750.00
	Allowance for EV charging points	1.00	item	10,000.00	10,000.00
1.13	External works - site supplies (BT)	1.00	item	15,000.00	15,000.00
	Allowance for trenching	75.00	m	250.00	18,750.00
1.14	External works - site supplies (Sewerage)	1.00	item	15,000.00	15,000.00
	Allowance for trenching	75.00	m	250.00	18,750.00
<b>Site Works</b>					<b>786,530</b>

Ref	Description	Qty	Unit	Rate	Total
1.01	Demolition of existing buildings	4,375.00	m2	100.00	437,500.00
1.02	Breaking out existing hardstandings	1,000.00	m2	30.00	30,000.00
1.03	Site clearance / adjustment of levels	6,562.00	m2	5.00	32,810.00
<b>Facilitating Works</b>					<b>500,310</b>

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormal - asbestos removal works	1.00	item	50,000.00	50,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	75,000.00	75,000.00
1.03	Abnormal - allowance for traffic calming raised table; including traffic management allowance and widening footpath	1.00	item	40,000.00	40,000.00
1.04	Abnormal - allowance for gated pedestrian entrance to Moreton's Court; assume access controlled	1.00	item	10,000.00	10,000.00
1.05	Abnormal - allowance for curved façade	1.00	item	30,000.00	30,000.00
<b>Abnormal Works</b>					<b>205,000</b>

**COST SUMMARY - HOSPITAL SITE - LAYOUT 1**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	2786 m2	29977 ft2
Construction Works Estimate	6,509,000.00	Total (A) - see details below
Contract Cost Estimate	7,486,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	8,384,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Apartments (15nr)	1,422,000	BCIS £/m2	1,295	120
1.2	Building B - Apartments (8nr)	739,000	BCIS £/m2	1,295	120
1.3	Building C - Houses (9nr)	1,424,000	BCIS £/m2	1,275	118
1.4	Site Works	990,000	See breakdown	355	33
1.5	Facilitating Works	582,000	See breakdown	209	19
1.6	Abnormals	130,000	See breakdown	47	4
	<b>Sub-Total</b>	<b>5,287,000</b>		<b>1,898</b>	<b>176</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	740,000	based on 14.0%	266	25
	<b>Sub-Total</b>	<b>6,027,000</b>		<b>2,163</b>	<b>201</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	482,000	based on 8.0%	173	16
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>6,509,000</b>		<b>2,336</b>	<b>217</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	97,000	based on 1.5%	35	3
4.2	Construction Inflation Estimate (2023 midpoint)	230,000	based on 3.5%	83	8
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	325,000	based on 5.0%	117	11
5.2	Construction Risks Estimate	325,000	based on 5.0%	117	11
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>7,486,000</b>		<b>2,687</b>	<b>250</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>7,486,000</b>		<b>2,687</b>	<b>250</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	823,000	based on 11.0%	295	27
7.2	Other Fees / Surveys	75,000	based on 1.0%	27	3
	<b>Sub-Total</b>	<b>8,384,000</b>		<b>3,009</b>	<b>280</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>8,384,000</b>		<b>3,009</b>	<b>280</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>8,384,000</b>		<b>3,009</b>	<b>280</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	1,830.00	m2	120.00	219,600.00
1.02	External works - pathways construction	2,291.00	m2	100.00	229,100.00
1.03	External works - landscaped area	4,173.00	m2	10.00	41,730.00
1.04	External works - trees	30.00	nr	350.00	10,500.00
1.05	External works - fencing	157.00	m	150.00	23,550.00
1.06	External works - gates	9.00	nr	1,000.00	9,000.00
1.07	External works - Vehicle access gates	1.00	item	10,000.00	10,000.00
1.08	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.09	External works - surface water drainage (all hardstanding / roof areas)	5,938.00	m2	15.00	89,070.00
1.10	External works - foul water drainage (all building areas)	2,786.00	m2	25.00	69,650.00
1.11	External works - external lighting allowance	1.00	item	20,000.00	20,000.00
1.12	External works - FF&E allowance	1.00	PS	15,000.00	15,000.00
1.13	External works - site supplies (water)	1.00	item	30,000.00	30,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
1.14	External works - site supplies (gas)	1.00	item	25,000.00	25,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
1.15	External works - site supplies (electric - assume generator)	1.00	item	75,000.00	75,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
	Allowance for EV charging points	1.00	item	10,000.00	10,000.00
1.16	External works - site supplies (BT)	1.00	item	15,000.00	15,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
1.17	External works - site supplies (Sewerage)	1.00	item	15,000.00	15,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00

**Site Works 989,700**

Ref	Description	Qty	Unit	Rate	Total
1.01	Demolition of existing buildings (East Building)	1,350.00	m2	120.00	162,000.00
1.02	Demolition of existing buildings (West Building)	2,500.00	m2	120.00	300,000.00
1.03	Breaking out existing hardstandings	2,500.00	m2	30.00	75,000.00
1.04	Site clearance / adjustment of levels	6,959.00	m2	5.00	34,795.00
1.05	Site clearance existing tree's	1.00	item	10,000.00	10,000.00

**Facilitating Works 581,795**

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormal - asbestos removal works	1.00	item	50,000.00	50,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	50,000.00	50,000.00
1.03	Abnormal - allowance for retaining walls	1.00	item	30,000.00	30,000.00

**Abnormal Works 130,000**



**COST SUMMARY - HOSPITAL SITE - LAYOUT 2**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	2725 m2	29321 ft2
Construction Works Estimate	6,144,000.00	Total (A) - see details below
Contract Cost Estimate	7,067,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	7,915,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Apartments (42nr)	3,529,000	BCIS £/m2	1,295	120
1.4	Site Works	747,000	See breakdown	274	25
1.5	Facilitating Works	584,000	See breakdown	214	20
1.6	Abnormals	130,000	See breakdown	48	4
	<b>Sub-Total</b>	<b>4,990,000</b>		<b>1,831</b>	<b>170</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	699,000	based on 14.0%	257	24
	<b>Sub-Total</b>	<b>5,689,000</b>		<b>2,088</b>	<b>194</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	455,000	based on 8.0%	167	16
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>6,144,000</b>		<b>2,255</b>	<b>210</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	92,000	based on 1.5%	34	3
4.2	Construction Inflation Estimate (2023 midpoint)	217,000	based on 3.5%	80	7
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	307,000	based on 5.0%	113	10
5.2	Construction Risks Estimate	307,000	based on 5.0%	113	10
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>7,067,000</b>		<b>2,593</b>	<b>241</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>7,067,000</b>		<b>2,593</b>	<b>241</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	777,000	based on 11.0%	285	26
7.2	Other Fees / Surveys	71,000	based on 1.0%	26	2
	<b>Sub-Total</b>	<b>7,915,000</b>		<b>2,905</b>	<b>270</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>7,915,000</b>		<b>2,905</b>	<b>270</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>7,915,000</b>		<b>2,905</b>	<b>270</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	1,174.00	m2	120.00	140,880.00
1.02	External works - pathways construction	1,365.00	m2	100.00	136,500.00
1.03	External works - landscaped area	4,662.00	m2	10.00	46,620.00
1.04	External works - trees	20.00	nr	350.00	7,000.00
1.05	External works - fencing	-	m	150.00	-
1.06	External works - gates	-	nr	1,000.00	-
1.07	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.08	External works - surface water drainage (all hardstanding / roof areas)	4,053.00	m2	15.00	60,795.00
1.09	External works - foul water drainage (all building areas)	2,725.00	m2	25.00	68,125.00
1.10	External works - external lighting allowance	1.00	item	20,000.00	20,000.00
1.11	External works - FF&E allowance	1.00	PS	15,000.00	15,000.00
1.12	External works - site supplies (water)	1.00	item	30,000.00	30,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
1.13	External works - site supplies (gas)	1.00	item	25,000.00	25,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
1.14	External works - site supplies (electric - assume generator)	1.00	item	75,000.00	75,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
	Allowance for EV charging points	1.00	item	10,000.00	10,000.00
1.15	External works - site supplies (BT)	1.00	item	15,000.00	15,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00
1.18	External works - site supplies (Sewerage)	1.00	item	15,000.00	15,000.00
	Allowance for trenching	50.00	m	250.00	12,500.00

**Site Works 747,420**

Ref	Description	Qty	Unit	Rate	Total
1.01	Demolition of existing buildings (East Building)	1,350.00	m2	120.00	162,000.00
1.02	Demolition of existing buildings (West Building)	2,500.00	m2	120.00	300,000.00
1.03	Breaking out existing hardstandings	2,500.00	m2	30.00	75,000.00
1.04	Site clearance / adjustment of levels	7,387.00	m2	5.00	36,935.00
1.05	Site clearance existing tree's	1.00	item	10,000.00	10,000.00

**Facilitating Works 583,935**

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormal - asbestos removal works	1.00	item	50,000.00	50,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	50,000.00	50,000.00
1.03	Abnormal - allowance for retaining walls	1.00	item	30,000.00	30,000.00

**Abnormal Works 130,000**

**COST SUMMARY - MIDDLE SCHOOL SITE - LAYOUT 1**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	7591 m2	81679 ft2
Construction Works Estimate	18,483,000.00	Total (A) - see details below
Contract Cost Estimate	21,259,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	23,810,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Health Hub/GP surgery	4,783,000	BCIS £/m2	1,966	183
1.2	Building B - Care Home Units (64nr)	5,346,000	BCIS £/m2	1,563	145
1.3	Building C - Houses (8nr)	800,000	BCIS £/m2	1,275	119
1.4	Building D - Apartments (16nr)	1,438,000	BCIS £/m2	1,295	120
1.5	Site Works	2,264,000	See breakdown	298	28
1.6	Facilitating Works	271,000	See breakdown	36	3
1.7	Abnormals	110,000	See breakdown	14	1
	<b>Sub-Total</b>	<b>15,012,000</b>		<b>1,978</b>	<b>184</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	2,102,000	based on 14.0%	277	26
	<b>Sub-Total</b>	<b>17,114,000</b>		<b>2,255</b>	<b>210</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	1,369,000	based on 8.0%	180	17
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>18,483,000</b>		<b>2,435</b>	<b>226</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	276,000	based on 1.5%	36	3
4.2	Construction Inflation Estimate (2023 midpoint)	652,000	based on 3.5%	86	8
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	924,000	based on 5.0%	122	11
5.2	Construction Risks Estimate	924,000	based on 5.0%	122	11
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>21,259,000</b>		<b>2,801</b>	<b>260</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>21,259,000</b>		<b>2,801</b>	<b>260</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	2,338,000	based on 11.0%	308	29
7.2	Other Fees / Surveys	213,000	based on 1.0%	28	3
	<b>Sub-Total</b>	<b>23,810,000</b>		<b>3,137</b>	<b>292</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>23,810,000</b>		<b>3,137</b>	<b>292</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>23,810,000</b>		<b>3,137</b>	<b>292</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	6,798.06	m2	120.00	815,766.60
1.02	External works - pathways construction	3,732.72	m2	100.00	373,272.40
1.03	External works - staircase constructions	7.00	nr	3,500.00	24,500.00
1.04	External works - landscaped area	5,154.46	m2	10.00	51,544.61
1.05	External works - trees	103.00	nr	350.00	36,050.00
1.06	External works - fencing	114.68	m	150.00	17,202.30
1.07	External works - gates	10.00	nr	1,000.00	10,000.00
1.08	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.09	External works - surface water drainage (all hardstanding / roof areas)	14,069.74	m2	15.00	211,046.10
1.10	External works - foul water drainage (all building areas)	7,591.00	m2	25.00	189,775.00
1.11	External works - external lighting allowance	1.00	item	50,000.00	50,000.00
1.12	External works - FF&E allowance	1.00	PS	30,000.00	30,000.00
1.13	External works - site supplies (water)	1.00	item	50,000.00	50,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
1.14	External works - site supplies (gas)	1.00	item	50,000.00	50,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
1.15	External works - site supplies (electric - assume generator)	1.00	item	150,000.00	150,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
	Allowance for EV charging points	1.00	item	20,000.00	20,000.00
1.16	External works - site supplies (BT)	1.00	item	20,000.00	20,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
1.17	External works - site supplies (Sewerage)	1.00	item	20,000.00	20,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00

**Site Works 2,264,157**

Ref	Description	Qty	Unit	Rate	Total
1.01	Relocation of existing buildings (double unit)	1.00	nr	10,000.00	10,000.00
1.02	Relocation of existing buildings (single unit) x 1	1.00	nr	5,000.00	5,000.00
1.03	Relocation of existing buildings (single unit) x 1	1.00	nr	5,000.00	5,000.00
1.04	Relocation of existing buildings (single unit) x 4	4.00	nr	5,000.00	20,000.00
1.05	Demolition of existing buildings (East Building)	250.00	m2	120.00	30,000.00
1.06	Breaking out existing hardstandings	3,000.00	m2	30.00	90,000.00
1.07	Site clearance / adjustment of levels	19,224.20	m2	5.00	96,121.01
1.08	Site clearance existing tree's	1.00	item	15,000.00	15,000.00

**Facilitating Works 271,121**

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormals - asbestos removal works	1.00	item	10,000.00	10,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	100,000.00	100,000.00

**Abnormal Works 110,000**

**COST SUMMARY - MIDDLE SCHOOL SITE - LAYOUT 2**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	7412 m2	79753 ft2
Construction Works Estimate	18,256,000.00	Total (A) - see details below
Contract Cost Estimate	20,998,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	23,518,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Health Hub/GP surgery	4,742,000	BCIS £/m2	1,966	183
1.2	Building B - Care Home Units (64nr)	5,064,000	BCIS £/m2	1,563	145
1.3	Building C - Apartments (12nr)	1,071,000	BCIS £/m2	1,295	120
1.4	Building D - Houses (12nr)	1,190,000	BCIS £/m2	1,275	119
1.5	Site Works	2,380,000	See breakdown	321	30
1.6	Facilitating Works	271,000	See breakdown	37	3
1.7	Abnormals	110,000	See breakdown	15	1
	<b>Sub-Total</b>	<b>14,828,000</b>		<b>2,001</b>	<b>186</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	2,076,000	based on 14.0%	280	26
	<b>Sub-Total</b>	<b>16,904,000</b>		<b>2,281</b>	<b>212</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	1,352,000	based on 8.0%	182	17
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>18,256,000</b>		<b>2,463</b>	<b>229</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	272,000	based on 1.5%	37	3
4.2	Construction Inflation Estimate (2023 midpoint)	644,000	based on 3.5%	87	8
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	913,000	based on 5.0%	123	11
5.2	Construction Risks Estimate	913,000	based on 5.0%	123	11
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>20,998,000</b>		<b>2,833</b>	<b>263</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>20,998,000</b>		<b>2,833</b>	<b>263</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	2,310,000	based on 11.0%	312	29
7.2	Other Fees / Surveys	210,000	based on 1.0%	28	3
	<b>Sub-Total</b>	<b>23,518,000</b>		<b>3,173</b>	<b>295</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>23,518,000</b>		<b>3,173</b>	<b>295</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>23,518,000</b>		<b>3,173</b>	<b>295</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	8,134.00	m2	120.00	976,080.00
1.02	External works - pathways construction	3,323.00	m2	100.00	332,300.00
1.03	External works - staircase constructions	2.00	nr	3,500.00	7,000.00
1.04	External works - landscaped area	4,030.00	m2	10.00	40,300.00
1.05	External works - trees	76.00	nr	350.00	26,600.00
1.06	External works - fencing	186.00	m	150.00	27,900.00
1.07	External works - gates	12.00	nr	1,000.00	12,000.00
1.08	External works - Access gates	1.00	item	10,000.00	10,000.00
1.09	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.1	External works - surface water drainage (all hardstanding / roof areas)	15,194.00	m2	15.00	227,910.00
1.11	External works - foul water drainage (all building areas)	7,412.00	m2	25.00	185,300.00
1.12	External works - external lighting allowance	1.00	item	50,000.00	50,000.00
1.13	External works - FF&E allowance	1.00	PS	30,000.00	30,000.00
1.14	External works - site supplies (water) Allowance for trenching	1.00 100.00	item m	50,000.00 250.00	50,000.00 25,000.00
1.15	External works - site supplies (gas) Allowance for trenching	1.00 100.00	item m	50,000.00 250.00	50,000.00 25,000.00
1.16	External works - site supplies (electric - assume generator) Allowance for trenching Allowance for EV charging points	1.00 100.00 1.00	item m item	150,000.00 250.00 20,000.00	150,000.00 25,000.00 20,000.00
1.17	External works - site supplies (BT) Allowance for trenching	1.00 100.00	item m	20,000.00 250.00	20,000.00 25,000.00
1.18	External works - site supplies (Sewerage) Allowance for trenching	1.00 100.00	item m	20,000.00 250.00	20,000.00 25,000.00

**Site Works 2,380,390**

Ref	Description	Qty	Unit	Rate	Total
1.01	Relocation of existing buildings (double unit)	1.00	nr	10,000.00	10,000.00
1.02	Relocation of existing buildings (single unit) x 1	1.00	nr	5,000.00	5,000.00
1.03	Relocation of existing buildings (single unit) x 1	1.00	nr	5,000.00	5,000.00
1.04	Relocation of existing buildings (single unit) x 4	4.00	nr	5,000.00	20,000.00
1.05	Demolition of existing buildings (East Building)	250.00	m2	120.00	30,000.00
1.06	Breaking out existing hardstandings	3,000.00	m2	30.00	90,000.00
1.07	Site clearance / adjustment of levels	19,224.00	m2	5.00	96,120.00
1.08	Site clearance existing tree's	1.00	item	15,000.00	15,000.00

**Facilitating Works 271,120**

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormals - asbestos removal works	1.00	item	10,000.00	10,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	100,000.00	100,000.00

**Abnormal Works 110,000**

**COST SUMMARY - MIDDLE SCHOOL SITE - LAYOUT 3**

Base Date of Cost Plan	24-May-2021	
Gross Internal Floor Area	7506 m2	80765 ft2
Construction Works Estimate	18,568,000.00	Total (A) - see details below
Contract Cost Estimate	21,356,000.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	23,919,000.00	Total (C) - see details below

**Elemental Cost Summary**

Ref	Description	Total (£)	Notes	£/m2	£/ft2
<b>1</b>	<b>Construction Works</b>				
1.1	Building A - Health Hub/GP surgery	4,491,000	BCIS £/m2	1,966	183
1.2	Building B - Care Home Units (64nr)	5,472,000	BCIS £/m2	1,563	145
1.3	Building C - Apartments (12nr)	1,119,000	BCIS £/m2	1,295	120
1.4	Building D - Houses (6nr)	654,000	BCIS £/m2	1,275	118
1.5	Building E - Apartments (7nr)	445,000	BCIS £/m2	1,294	120
1.6	Site Works	2,500,000	See breakdown	333	31
1.7	Facilitating Works	291,000	See breakdown	39	4
1.8	Abnormals	110,000	See breakdown	15	1
	<b>Sub-Total</b>	<b>15,082,000</b>		<b>2,009</b>	<b>187</b>
<b>2</b>	<b>Main Contractor's Preliminaries Estimate</b>	2,111,000	based on 14.0%	281	26
	<b>Sub-Total</b>	<b>17,193,000</b>		<b>2,291</b>	<b>213</b>
<b>3</b>	<b>Main Contractor's Overheads &amp; Profit</b>	1,375,000	based on 8.0%	183	17
<b>(A)</b>	<b>Construction Works Estimate (Total)</b>	<b>18,568,000</b>		<b>2,474</b>	<b>230</b>
<b>4</b>	<b>Inflation</b>				
4.1	Tender Inflation Estimate (2022)	277,000	based on 1.5%	37	3
4.2	Construction Inflation Estimate (2023 midpoint)	655,000	based on 3.5%	87	8
<b>5</b>	<b>Risk Allowances Estimate</b>				
5.1	Design Development Risks Estimate	928,000	based on 5.0%	124	11
5.2	Construction Risks Estimate	928,000	based on 5.0%	124	11
5.3	Dayworks	-	Excluded	0	0
	<b>Sub-Total</b>	<b>21,356,000</b>		<b>2,845</b>	<b>264</b>
<b>6</b>	<b>Main Contractor Fees / Surveys</b>				
6.1	Pre Construction Fees	-	Incl. elsewhere	0	0
6.2	Professional / Design Fees	-	Incl. in 7.1	0	0
6.3	Surveys / Reports	-	Incl. in 7.2	0	0
<b>(B)</b>	<b>Contract Cost Estimate (Total)</b>	<b>21,356,000</b>		<b>2,845</b>	<b>264</b>
<b>7</b>	<b>Project/Design Team Fees</b>				
7.1	Client Direct Consultant Fees	2,349,000	based on 11.0%	313	29
7.2	Other Fees / Surveys	214,000	based on 1.0%	29	3
	<b>Sub-Total</b>	<b>23,919,000</b>		<b>3,187</b>	<b>296</b>
<b>8</b>	<b>Other Development / Project Costs</b>				
8.1	Client Direct Costs	-	N/A	0	0
8.2	Loose Fittings and Equipment	-	N/A	0	0
	<b>Sub-Total</b>	<b>23,919,000</b>		<b>3,187</b>	<b>296</b>
<b>9</b>	<b>Employer Risk Allowance</b>	-	Excluded	0	0
<b>(C)</b>	<b>Project Cost Estimate (excl VAT)</b>	<b>23,919,000</b>		<b>3,187</b>	<b>296</b>

**Cost Breakdowns**

Ref	Description	Qty	Unit	Rate	Total
1.01	External works - roadways construction	8,556.00	m2	120.00	1,026,720.00
1.02	External works - pathways construction	3,858.00	m2	100.00	385,800.00
1.03	External works - landscaped area	6,810.20	m2	10.00	68,102.01
1.04	External works - trees	95.00	nr	350.00	33,250.00
1.05	External works - fencing	80.00	m	150.00	12,000.00
1.06	External works - gates	6.00	nr	1,000.00	6,000.00
1.07	External works - access road works/crossover	1.00	item	20,000.00	20,000.00
1.08	External works - surface water drainage (all hardstanding / roof areas)	16,344.00	m2	15.00	245,160.00
1.09	External works - foul water drainage (all building areas)	7,506.00	m2	25.00	187,650.00
1.10	External works - external lighting allowance	1.00	item	50,000.00	50,000.00
1.11	External works - FF&E allowance	1.00	PS	30,000.00	30,000.00
1.12	External works - site supplies (water)	1.00	item	50,000.00	50,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
1.13	External works - site supplies (gas)	1.00	item	50,000.00	50,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
1.14	External works - site supplies (electric - assume generator)	1.00	item	150,000.00	150,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
	Allowance for EV charging points	1.00	item	20,000.00	20,000.00
1.15	External works - site supplies (BT)	1.00	item	20,000.00	20,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00
1.16	External works - site supplies (Sewerage)	1.00	item	20,000.00	20,000.00
	Allowance for trenching	100.00	m	250.00	25,000.00

**Site Works 2,499,682**

Ref	Description	Qty	Unit	Rate	Total
1.01	Relocation of existing buildings (double unit)	1.00	nr	10,000.00	10,000.00
1.02	Relocation of existing buildings (single unit) x 1	1.00	nr	5,000.00	5,000.00
1.03	Relocation of existing buildings (single unit) x 1	1.00	nr	5,000.00	5,000.00
1.04	Relocation of existing buildings (single unit) x 4	4.00	nr	5,000.00	20,000.00
1.05	Demolition of existing buildings (East Building)	250.00	m2	120.00	30,000.00
1.06	Breaking out existing hardstandings	3,000.00	m2	30.00	90,000.00
1.07	Site clearance / adjustment of levels	23,154.20	m2	5.00	115,771.01
1.08	Site clearance existing tree's	1.00	item	15,000.00	15,000.00

**Facilitating Works 290,771**

Ref	Description	Qty	Unit	Rate	Total
1.01	Abnormals - asbestos removal works	1.00	item	10,000.00	10,000.00
1.02	Abnormal - supplies to site (backup generators etc)	1.00	item	100,000.00	100,000.00

**Abnormal Works 110,000**



**APPENDIX 7 – Dorset Council: Purbeck Gateway - Procurement approach**

5/5/20

**DRAFT –**

**Contents:**

- Current agreement with health partners on procurement approach
- Procurement approach shared in market engagement event in January 20
- Procurement timeline
- Suggested options for procurement
- Suggested Scope for financial advice for Option 1

**Appendix 1:**

Insights revealed from 1:1s with potential developers and VWV advice:

**Appendix 2:**

Correspondence between Adam Fitzgerald, Aidan Dunn (DC S151 Officer) & Jim McManus (DC Finance Corporate Director)

**Appendix 3:**

Insights & information about Prime/DEP Joint Venture

5/5/20

## **Current agreement with Health Partners on Procurement Approach**

Independently evaluate land values owned by the different partners and produce a benefit sharing model.

NHS England are comfortable with one capital receipt for all the land allocated,.

Tender evaluation to include quality and price. The price element is likely to be based on a capital receipt; we will lock down all the other variables, eg what the lease cost will be for the health centre building.

The current charges for the Health Hub are around 600k a year. The new building is likely to be around 2,500 square metres. Annual charge includes heating, light, FM.

### **From benefit-sharing model:**

The Procurement of the developer will use the Competitive Dialogue process. Using two stages of dialogue,

- with Stage One focusing on design and planning, schedule of accommodation and initial commercial and financial proposals.
- Stage Two will finalise the design and planning and schedule of accommodation proposals and focus on the detailed dialogue on commercial and financial proposals. A Procurement Strategy will be developed and agreed by stakeholders and this will describe in more detail the timeline, stages and Gateway Review process.

The Benefits Sharing Model will be included in the Tender Information Pack issued to bidders as part of the Development Requirements and issued to bidders prior to Stage One and initially as part of the Expressions of Interest pack.

A Gateway Review, aimed at providing check-points that stakeholders can review progress against the Benefits Sharing Model and Gateway development objectives will occur after Stage One. If, at that stage Stakeholders are of the opinion that the desired outcomes cannot be achieved then the procurement is stopped. On the contrary, if stakeholders agree that the desired outcomes can be achieved then the procurement proceeds to Stage Two.

A final Gateway Review will be held prior to the Call for Final Tenders, this again will be a 'go – no go' process and may result in further dialogue being called for.

### **4.2 Stage One**

The Dialogue at Stage One will concentrate on the bidder and procurement team developing the bidder's proposals for:

- The design of the development, including spatial plan, landscaping, infrastructure, place making and architectural merit;

5/5/20

- The approach to achieve a successful Planning determination to include place and the impact of the development on it, housing mix in terms of the relationship between private for sale and affordable/social housing. Ground conditions e.g. flooding and road and site infrastructure.
- Delivering the schedule of accommodation contained in the Development Requirement pack, which will include the Benefits Sharing Model.
- Achieving an indicative Affordable position for stakeholders in terms of: the cost of leasing premises, optimising capital receipts and delivering the overall scheme within the Affordability Envelop.

#### **4.3 Gateway One**

Gateway One will review the following proposals from bidders:

- The Schedule of Accommodation – has it been achieved or exceeded and does it meet the property specification and type required e.g. a [300 square metre] Health Hub is required, does the Bidder's proposals meet the required building specification?
- Is the design fit for purpose and will it attain a successful Planning Determination?
- Is the Bidder's proposal's affordable and likely to achieve and deliver the financial benefits required?

#### **4.4. Stage Two**

The Dialogue at Stage Two will concentrate on the bidder and procurement team developing the bidder's proposals in terms of affordability and the schedule of accommodation, the following review mechanism will be used:

Confirmation of:

- The final and agreed design of the development, including spatial plan, landscaping, infrastructure, place making and architectural merit;
- The bidder's approach to achieve a successful Planning determination to include place and the impact of the development on it, housing mix in terms of the relationship between private for sale and affordable/social housing. Ground conditions e.g. flooding and road and site infrastructure.

With a prime focus on achievement of benefits including:

- Delivering an agreed schedule of accommodation contained in the Development Requirement pack, which will include the Benefits Sharing Model.
- Achieving an agreed Affordable position for stakeholders in terms of: the cost of leasing premises, optimising capital receipts and delivering the overall scheme within the Affordability Envelop.

#### **4.5 Gateway Two**

5/5/20

Gateway Two will review the following proposals from bidders:

- The agreed Schedule of Accommodation – has it been achieved or exceeded and does it meet the property specification and type required e.g. a [300 square metre] Health Hub is required, does the Bidder's proposals meet the required building specification?
- Is the design fit for purpose and will it attain a successful Planning Determination?
- Is the Bidder's proposal's affordable and likely to achieve and deliver the financial benefits required?

In governance terms, the review will be shared with the Procurement Process, Senior Responsible Officer and stakeholder Finance Director's. Dependent on the outcomes of the review the Procurement Team will recommend that the call for final tender be instructed or that further dialogue continues. In which case a Three Gateway review will be required.

5/5/20

## **Procurement approach & slides from market engagement event in January 20**

- Design, fund, build and manage contract
- Competitive dialogue process
- All developments and sites grouped into a single Lot
- Consortium bids from specialist developers and investors working together are actively encouraged
- Our preference is that all care services will be procured separately through the Dorset Care Framework

### **Procurement Opportunity:**

Notices will be sent to the new UK e-notification service instead of EU Office (OJEU)

The new UK service is called "Find a Tender" (FTS)

You will be able to access Find a Tender after EU exit day

The Council's e-procurement provider, Proactis, already parallel publish on OJEU and FTS Opportunities will continue to be published on Gov.UK Contracts Finder

### **Competitive Dialogue:**

Dialogue with selected participants (potential providers)

Aim of identifying and defining the best way to meet the need described

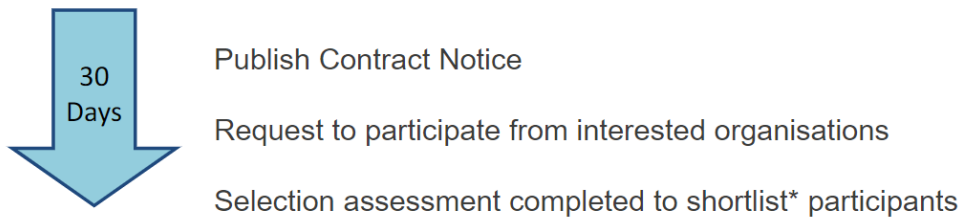
Competitive Dialogue (CD) vs Competitive Procedure with Negotiation (CPN)

- CPN requires publication of the scope of the contract and the minimum requirements – these can be refined by negotiation
- CD only requires the minimum requirements –so opportunity to discuss possible solutions

5/5/20

Stage 1

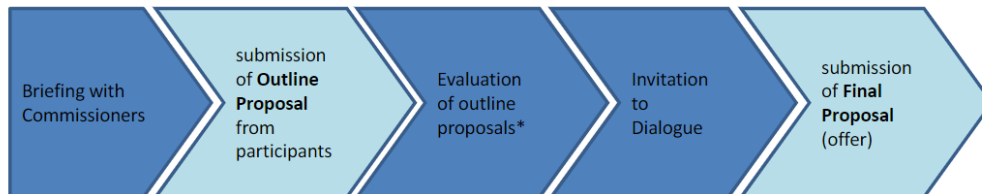
**Request to Participate**



A minimum of three candidates will be shortlisted  
The criteria used to shortlist will be disclosed in the Contract notice and procurement documents

Stage 2 (proposed)

**Dialogue**



This stage may be used to reduce the number of participants  
Participants who do not progress to the next stage will receive a de-brief within 15 days

5/5/20

## **Suggested options for procurement**

### **Option 1 - Get financial advice & DC carry out own procurement**

#### **Pros**

Likely high financial benefit both in once-off capital receipt and ongoing revenue to fund the service once the project is complete  
Transformational financing

#### **Cons**

Resource heavy at a time when team resource is depleted. This can be offset by lengthening the programme.  
Likely need to include other villages in the agreement.

### **Option 2: Use Prime & DEP**

#### **Pros**

Can proceed at pace with Wareham project  
Can decide later how to proceed with other villages

**Cons** - Likely high opportunity cost from both capital & revenue financial benefits

### **Option 3: Procure as per Bridport DA.**

**Pros** – can learn lessons from Bridport experience  
Quickest option.

#### **Cons**

Likely high opportunity cost from both capital & revenue financial benefits  
Another process will have to be done for future villages.

### **Option 4: Set up JV as per DEP which can be used on all future villages**

#### **Pros**

Can learn lessons and gain insights from the DEP, SEP & YEP contracts.  
One process for all villages.

#### **Cons**

Resource heavy at a time when team resource is depleted. This can be offset by lengthening the programme.  
Likely high opportunity cost from both capital & revenue financial benefits



5/5/20

**Revised Procurement timeline 30/4/20: Completed items in blue**

Start	End	Activity	
Jan '20	Jan '20	Preliminary Market Consultation	
Feb '20	March '20	1:1s with potential developers	
April '20	May '20	Design Procurement Process :	
		<b>Option 1: <u>Get financial advice &amp; DC carry out own procurement:</u></b>	<b>Option 2: <u>Use Prime &amp; DEP:</u></b>
	w/c 27/4/20		Get DEP contract from DCH – Get advice from YEP & SEP on their experiences Get Procurement advice from David McDonald
	w/c 4/5/20	Discuss financial advice with Jim McManus	Discuss with DC Legal and VWV Get LLP Agreement from DCH & send to Legal
	w/c 11/5/20	Get steer from Cllr Ferrari	
	w/c 18/5/20	Discuss strategy with briefholders Finalise procurement strategy	
	w/c 25/5/20	Present to Board for Decision	Present to Board for Decision
June '20	July '20	Business case production	
June '20	28/7/20	Cabinet Decision	Proceed with DEP with DC Legal
July '20	Aug '20	Contract Notice, Expressions of Interest	
Sept '20	Sept '20	Selection Questions & Shortlist Evaluation	Proceed with Wareham project once DEP up and running
Oct '20	Oct '20	Invitation to Submit Outline Solutions	
Nov '20	Jan '21	Dialogue	
Feb '21	Feb '21	Submit Final Offer	
March '21	April '21	Evaluation, Approval to Award	
May '21	July '21	Award Notice, Finalise Contracts	

5/5/20

**Option 1: Scope for financial advice**

- Use of PWLB for on-lending to developer to provide income for running (commissioning) costs of development
- Procurement led by operator rather than developer to ensure social value is embedded in contract
- Transaction to involve lower land value in exchange for share of the profit in the market housing to increase future income for DC.
- Weighing up the income streams:
  - Nursing home bed rental
  - Length of lease for nursing home
  - Health hub rent
  - Unit cost of extra care housing
  - Rental income from extra care housing
  - Unit cost of market housing
  - Rental income from market housing
  - Percentage of housing allocated as keyworker/ social/ affordable
  - Unit cost of keyworker/ social/ affordable housing
  - Rental income from keyworker/ social/ affordable housing
  - Funding from Homes England
  - Land value

5/5/20

## Appendix 1

### Summary of Insights from 1:1s with potential developers and advice from VWV & DCH:

**Kajima** – Interested in the fact that there is quite a bit of car parking shown and it is out of town – there may be a potential commercial opportunity here.

**Apollo** – Asked whether stakeholders have conflicting interests in terms of disposals, acquisitions and rents as their focus would be to make the district valuer a primary care scheme as value for money for the public purse whereas the council's possible agenda may be to maximise return on the sale price of a site. So the sale price of that site depending on where it is will increase the rent and value for money. So is there an opportunity to have a pool of receipt and take from that rather than having individual assets, like the OPE ethos; is there a conflicting interest?

Evaluation – financial side is about capital receipts.

#### **Morgan Ashley** –

It's good for care provider to be on early, not sure how we would do it if we were procuring separately unless you were to give bidders a standard lease with set terms to say to the care provider that's what you are bidding on but still a question mark on who you select will have to have council covenant.

South West Care Framework: DC could underwrite that lease and then we will sublet to them. Framework is established and will be up for renewal in a couple of years. It is quite flexible and has a number of Lots, has a residential lot, social inclusion, dom care. Social inclusion – covers anything else, things we haven't even thought of. It's how we buy care homes. Block contract with some beds.

There's another couple of options as well: can use PWLB and come in at that level and they wouldn't have any problems if the council willing to take a head lease in terms of finding investors that are interested on that basis and offer terms. We would need to flex your evaluation criteria, at that point you become interested in what lease you're committing to. Good solution if council is to come in on the lease

**Assura** - EITF capital can be used in order to improve health in new buildings.

Your key project is the health hub. The financial valuation may or may not be linked to the best solution for the health hub. What are your financial metrics with regard to the health hub, is it an affordability, revenue?

Cost attributed to high Breeam

**Aster:** Just joined with East Boro (RP).

**Specialised Supported Housing (SSH):** What weighting do you apply on someone who is funding? Do you care that it's offshore vehicle etc? Funders who have different motives?

5/5/20

Charities Properties fund – that is good finance, cheapest. No private capital being used. They can't be competed with as their money comes from charitable agency.

They would like shared risk on voids between all parties.

They suggested suds assessments and asbestos reports.

**Medcentres:**

**Drew Smith:** You need to know how that revenue would be generated there is a cost associated. If we are looking to tender for land we will get an indicative from an RP before we put our land offer in and get a feel for what they would pay for the home so that we can factor that in at development appraisals so you probably need to do same from a care home perspective.

She thinks this needs a JV type arrangement because you have a development partner on board who is sharing the risk of the project throughout the entire process and cost associated as bringing forward planning application. Having a JV would mean derisk.

Having an RP that has a consortium when the council would approach one person

**Kevin Hodder from East Boro said:** Best not to have a developer-led bid as they are likely to treat this as if it were a private development, and try to profiteer from it. They would want to choose the developer after the tender.

Suggests that the process covers all the villages to cut down on effort in procurement, which in turn increases costs for all. Partnership team for all parties in a JV would be best.

He previously spoke to Helen Coombes & Mathew Kendall about lending using the PWLB, and lending on from this to the developer. If this were done the interest could potentially pay for all commissioning on-costs.

DC could offer a smaller capital receipt for the land in exchange for a share in the profit for the market housing, which will massively increase the final income to DC.

He notes that in COVID19 conditions the market for sale & value of land for property development is likely to reduce. DC are the second largest landowner in Dorset (after Drax).

Generally, day centres & local offices don't consider private income streams like rental properties above them when designing new buildings.

**VWV:**

16<sup>th</sup> Jan '20 provided advice on the Contract Notice for a Strategic partnership (email)

13/2/20: telecon with David McDonald: Stephanie could describe future models. Discussion to be tested in dialogue. Stephanie to provide scope to produce a procurement strategy. AF to look at resource required & appetite for quick decision-making by key stakeholders.

5/5/20

## **Appendix 2:**

### **Correspondence between Adam Fitzgerald, Aidan Dunn & Jim McManus:**

Hi Adam

I think there are a couple of strands to this. The first two questions are strategy questions which we, as an organisation need to answer for ourselves. I think we have the skills in-house to be able to do the level of analysis that sits beneath the investment/ownership questions, we need a strategy decision about what our involvement should be (Aidan copied in).

We also need to think about whether anyone on the treasury management adviser side might be able to help us with any of the decisions we might want to make (Dave copied in) as it seems to me that there are a number of advisers who might be able to support us.

Perhaps worth a conversation with me, Aidan and David Wilkes at some point soon? Jim

Hi Jim

As discussed, we've had a series of 1:1 market engagement sessions over the course of the last few weeks for our Wareham Project, and there are a couple of issues we are being asked by developers and investors that merit some consideration or specialist advice:

- 1) Is Dorset interested in using it's ability to access cheap borrowing to be an investor in one of these projects and to gain a commercial return, much as any of the other commercial investors will do?
- 2) Is Dorset interested in retaining ownership of any of the assets being constructed - the Health Hub in particular is seen as very attractive asset because it will have an NHS tenant paying circa £600k per annum in lease rents – so would we want to ultimately be the lessor for this building?
- 3) We would benefit from some specialist commercial advice to understand the benefits and pitfalls of the various commercial and funding arrangements that could be on the table and how to engineer the best arrangement for Dorset. I will speak to David and Dawn about this but I think based on our conversations already we may need to bring some external advice in – any thoughts on the right place to go for this would be appreciated.

Any useful contacts from within your service that I can pick some of these conversations up with would be very much appreciated

Thanks, Adam

5/5/20

### **Appendix 3:**

#### **Insights & information about Prime/DEP Joint Venture**

##### **David MacDonald & Jo House (DC procurement BP & solicitor) telecon 4/5/20**

JH: DWP had a bad experience with PDP which they're trying to extricate themselves from.

DM: Highways have a term service - £500m for 10 years.

DM: Procurement for Bridport Gateway was actually a competitive procedure with negotiation – not a competitive dialogue which would be used for much larger eg MOD procurements.

DM: An option would be we borrow the money & build it ourselves.

JH: JV procurement is more complex than DA process – more unknowns. Ownership of company may change.

DM: DC pension has £350m of assets & investment portfolio.

**Prime** - Chief Exec of Prime is also a Director of Dorset Estate Partnerships - a partnership set up with Dorset County Hospital & accessible to all STP partners including Dorset Council.

DC would keep the land for the time being and would design up for various schemes. When the schemes were ready to go, and they got the planning consent they would buy up the land off various parties at the pre agreed fund. Long term investor would own the building and land going forward.

They would be happy to accept a capital receipt for that.

Social value the driver for this. There is no incentive on DEP to maximise the commercial outcome on a project by project basis. That's not the driver, not for DCH. Driver is the delivery of their overarching master plan.

Some of those projects there, will be a commercial driver to it in which case they would use their expertise to maximise the outcome from it. Where there is a much more important patient, visitor, staff objective then that's what they're aiming to achieve as opposed to financial outcome. They are still trying to achieve best possible value, but it's not about maximising commercial outcome, about minimising cost too.

We envisage starting work on all three sites at the same time. The new health hub would progress as a development project and the Hospital and Bonnets Lane sites would initially be worked upon using DEP's partnership services methodology. Once the Council is happy with nature, content and operational approach to the rebuilt Anglebury Court we can agree how this is delivered – either as a DEP development project or via an alternative methodology. Importantly, there is no exclusivity provision within the DEP partnership agreement. We have drafted a 'structure' diagram for each project that we hope provides further clarity around our thoughts.

Health hub

5/5/20

DEP would market test the funding and construction elements of the health hub project. Dorset HealthCare (and Council and CCG if they wish) can input into the choice of contractor/funder through the market testing process. The developer role having been market tested in the creation of DEP.

It is envisaged that once we have reached a position where we could financially close, Prime would purchase the land for the health hub from the Council and enter into contract with the Trust, the building contractor and the funder. We would suggest that the GPs are committed to their underlease with the Trust at the same time. Once the building process reaches practical completion the land and contract agreements will transfer to the funder and the occupational lease between the Trust and the funder will commence.

As set down within the DEP partnership agreement Prime will cash flow and take risk around all the development and construction costs up to practical completion.

#### Wareham Hospital site

Working with the Trust, Council and local planning authority in a consultancy capacity we will work up a design brief that achieves the agreed balance between commercial outcomes and housing mix. Once all parties are agreed on this detailed brief DEP will be able to co-ordinate the marketing of the site to appropriate residential developers. The ownership of the site will pass directly from the Trust to the residential developer.

#### Bonnets Lane

From what we understood from the market briefing and our discussion last week the Council would like to spend sometime assessing the options for the facility's operating model. DEP would provide consultancy support to the Council to undertake this assessment in a structured manner and provide a report for consideration. DEP would also work with you to consider the design and specification of the facility.

Once the Council were happy that a preferred approach had been established DEP could either manage the site's disposal to an operator, as suggested with the hospital site slide or DEP could develop out the facility using a similar structure to that proposed on the slide for the health hub.

The contract documentation in place around DEP is a formal corporate JV between the Trust and Prime it has a number of documents including a LLP agreement and a partnership agreement that regulate a very wide range of services and possibilities over a 15 year period. Once we have done the walk through reading the relevant sections is quite straightforward.

The best person to contact at Yeovil is Jonathan Higman the Chief Executive ([Jonathan.Higman@YDH.NHS.UK](mailto:Jonathan.Higman@YDH.NHS.UK)) as he is the only person left that has been involved with the Yeovil SEP since the outset. Dave Shire the head of estates is exiting any day now to move to Taunton. Alternatively, you could speak to Peter Baker at UHS who is our main contact within a very similar arrangement at Southampton - [Peter.Baker@uhs.nhs.uk](mailto:Peter.Baker@uhs.nhs.uk)

**Ben Print – programme manager, DCH meeting 4/3/20:**

5/5/20

The partnership was procured through competitive dialogue & initially included Interserve who was subsequently removed,

DEP haven't yet delivered anything for DCH but is the vehicle through which they are pursuing their aspiration for a Multi-Storey Car Park. Prime work with hospitals in Yeovil and Southampton and have already delivered infrastructure in these partnerships.

Prime have previous experience of car parks. Prime have found an investor for DCH & will cashflow the development. DCH have no estates or PM internal capability for construction projects and needed a partner for that as well as for financing.

It is a non-exclusive agreement.

Prime have really helped on the Masterplan as a critical friend – this was partly them & partly the consultants they have brought in. DCH manage the softer relationships but Prime bring the commercial skills.

**Mark Osborne – Dorset Council Estates surveying manager telecon 29/4/20:** Why is DEP different from DDP (Dorset Development Partnership)?

DC have inherited 4 partnerships from the previous organisations. They are JV LLPs like the DEP. Only the DCC one with PDP (called DDP) has done anything but hasn't actually offered much to us.

The aim is that individual projects seek to add value to sites. Mostly relatively complex sites – add value once declared surplus to DCC's requirements. DDP has sold 4 sites with planning consent. DCC take a base value out of it, DDP take a profit. We get a share in the profit.

However, Members are keen to bring the arrangement to an end and Jim McManus is not positive about it. Projects were not delivered to the agreed timeframe and the perception was the DDP took more profit than DC would like.

PDP do have a similar JV LLP to the one with Prime in Middlesborough, and have an ambition to do a similar thing in Dorset. Currently though the skills we use in our current partnership with them are just estates surveyors skills rather than the wider set the DEP with Prime is offering.

**Peter Baker – deputy commercial Director of University Hospital Southampton (UHS) telecon 28/4/20:**

PB not sure whether NHS has access to PWLB moneys.

SEP started around 2014. Have delivered a multistorey car park, retail development and a masterplan. Joint investment & strategic expansion of a 10 acre site with the hospital & a 3<sup>rd</sup> party is underway. UHS & Prime are both investing.

UHS have an Estates team who do construction, planning, repair & maintenance, but they rely on the JV with Prime for skills on planning process, streamlined procurement process of contractors etc., and definitely for investor market knowhow and access. Deals are reliant on the nature of contracts with the supply chain.



5/5/20

UHS transfer risk to Prime. They go through a set of steps to identify the procurement process – shared assessment & due diligence which varies in cost from £10k - £100k. This process is jointly funded until go/no go point. At 'go', Prime provide a max cost for delivering the project to feed into the Full Business Case.

The risk sits with Prime to secure funding & a contractor. They will borrow the required amount from an investor. This is open book.

Not the cheapest way to undertake development but low risk. They can access funding UHS wouldn't normally access.

They have a schedule of rates and a project delivery fee negotiated between Prime & the pension fund.

The investor is looking for a secure long-term asset-based place to put their money. This is all wrapped up in the finance agreement. The Trust is repaying.

As they go through the design, Prime are meticulous about derisking it and they spend more on fees in the early stages than UHS would in order to do so (I noted that this is good construction management practice as it reduces construction costs & risk).

Prime have a huge background in health and understand the CCG. They are not a very big company and PB has consistent senior interactions. Overall very positive.

**Jonathan Higman - CEO of Yeovil Hospital - telecon 1/5/20:**

The JV has been operational for 4 years. Was originally 3-way with Interserve but they subsequently pulled out.

YEP did a key enabling scheme to produce a multistorey car park & staff residences – 150 units. The hospital were concerned about the risk that the residences would not be filled, but they were. Prime purchased non-hospital owned land. Before staff rented 50 properties across town of varying quality. Their rent covers the cost of the building. Worked really well on non-clinical developments.

Also a daycare unit was built on the freed up space following from those developments. The Estates Planners are incredibly helpful. They PM smaller projects and provide construction oversight. Projects over a certain value go out to tender. Prime benefit Yeovil in that they help with planning process and have access to capital. NHS capital funding routes are really tortuous – they work for huge projects but not smaller ones.

Prime access pension fund capital. They had no land cost. Yeovil Hosp are paying back like a mortgage to pension company for works after they are handed over.

Now looking at a day surgery unit – more difficult to access capital – no generated revenue to offset.

Prime have made them think more strategically about use of space, and buying land.

His previous finance director – Tim Newman – (lives in Dorch – now a consultant) arranged the process. He is very commercially astute and could talk Prime's language. They were



**Dorset**  
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## **Building Better Lives Programme**

### **Purbeck Gateway - Procurement approach**

5/5/20

taking a commercial risk at the time – could be criticised for doing commercial capital developments at the expense of improving clinical estate. It revolutionised the patient experience though. A subsidiary company of Prime's runs GP practices. JH will send across a document they published earlier this year.

# redloft

## **OUR HEAD OFFICE**

Red Loft  
24-28 Toynbee Street  
London  
E1 7NE

## **CONTACT INFO**

**Phone:** 020 7729 0450  
**Email:** [office@redloft.co.uk](mailto:office@redloft.co.uk)