

Parkside Regeneration Update (Housing, Mark Bawden)

Synopsis of report:

1. Update regarding the procurement of consultants for the Parkside Regeneration project.
2. A high-level explanation of the current construction cost estimates.
3. Update regarding the Communications Plan and actions taken.

Recommendation(s):

None. This report is for information only.

1 Context of report

- 1.1 On 18 October 2022 Housing Committee resolved to recommend that Full Council approve the budget to appoint consultants to progress the Parkside Regeneration project through RIBA (Royal Institute of British Architects) stages 1 to the completion of stage 3. On 20th October 2022 Full Council approved the budget.
- 1.2 The full detail of the RIBA stages is set out in the RIBA Plan of Work 2020 (a copy of which has previously been provided to Committee). In summary the RIBA stages are.
 - Stage 0: Strategic Definition
 - Stage 1: Preparation and Brief
 - Stage 2: Concept Design
 - Stage 3: Developed Design
 - Stage 4: Technical Design
 - Stage 5: Construction
 - Stage 6: Handover and Close Out
 - Stage 7: In use
- 1.3 At the completion of RIBA stage 3 it is anticipated that Planning Permission will be achieved and then following that the Council will seek a development partner for the technical design and construction phases.
- 1.4 This report updates Committee on the progress of the project since the last update at Housing Committee held on 11 January 2023.

2 Procurement

- 2.1 The Housing Service, along with colleagues from Corporate Procurement, have worked with STAR, a procurement consultancy. STAR have helped to develop a tender specification and have advised regarding the potential costs of employing a multi-discipline building construction consultancy (MDBCC) to work through the RIBA stages 1, to the completion of stage 3. A mini competition was held through the Crown Commercial Services procurement framework for construction professional services, a Public Contract Regulations 2015 compliant framework.
- 2.2 The MDBCC will provide the following services:

- Procure the required surveys and reports on behalf of the Council,
- Advise the Council regarding the results and procuring further surveys and reports as appropriate,
- Provide advice regarding sustainability and Mechanical and Electrical (M&E) elements of the scheme with a focus on carbon reduction,
- Act as Lead Consultant,
- Act as Principal Designer as well as providing Health and Safety advice in relation to The Construction (Design and Management) Regulations 2015,
- Provide cost advice, financial planning, and viability assessments,
- Architectural services (built form, landscaping and place making),
- Arranging and supporting consultation with the public and stakeholders.
- Preparing and submitting the planning application(s).

2.3 At the time of writing, the assessment of the bids received from the MDBCCs is still underway. It is envisaged that the appointment of the consultancy will have been achieved by the date of the Committee and therefore a verbal update on the process will be provided then.

3 Construction Cost Estimates

- 3.1 The cost of the MDBCC services are charged as a percentage of the total cost of construction. As has been widely reported, construction fees (labour and materials) have gone up significantly in recent years. For this reason and because it is not yet clear what will be possible on the various sites, it is not currently possible to predict with certainty what the cost of any scheme will be.
- 3.2 A more detailed cost analysis will not be available until the site has been fully assessed and outline plans for the new homes established. The intended aims are ambitious, and the site is constrained by the flood risk, electricity pylons and other issues such as working around the existing road network and increasing occupation density with a scheme that is still in keeping with its surroundings. Whilst efforts will be made from the earliest stages to mitigate the risks/issues, delivery of the total cost of the regeneration may exceed the current estimates.
- 3.3 The current construction cost estimates are high level and are intended to inform members and help to predict the potential cost of the MDBCC. Example illustrative cost breakdowns are included in Appendix 1. At this stage of the project the cost of building the new homes is estimated on a £ per m² basis. This is a common practice pre-feasibility stage for a project of this size, before further information is available regarding the specific circumstances of the site.
- 3.4 The three example illustrations in Appendix A are explained below. It should be noted that these are provided to evidence the potential influence certain elements will have on the cost of the project and figures will be subject to change following further investigations by the Council's appointed specialists. These illustrations do not represent options that are put before the Committee at this time but should be viewed as early estimates of possible considerations that will be put forward in the future.

Illustration 1. Total construction costs £130m

- Includes a modest build cost of £4,000 per m².
- The average size of the homes at 70m² would include a larger number of smaller properties and fewer large family homes/ houses for people with physical disabilities.
- This illustration omits the option to remove the overhead powerline and pylons.

- An alternative to the Ground Source Heat Pump is also included, which might be cheaper but would increase the carbon footprint of the development over its lifetime.
- A modest allowance for flood mitigation is included.
- Demolition is set at £5,000 per property.
- An allowance for Biodiversity Net Gain and improvements to the park is set at a low level.
- Works to the protect and/or improve the Basingstoke Canal Conservation Area are set within a budget of £500,000.
- In this scenario the community building is not included.

Illustration 2. Total construction costs £175m

- Includes a build cost of £4,100 per m².
- The average size of the homes at 75m² would allow for a greater number of family homes/ houses for people with physical disabilities when compared to Illustration 1.
- The cost of the removal the overhead powerline and pylons is included, set at the rate UKPN have indicated.
- An estimate of the potential cost of the Ground Source Heat Pump is included although it should be noted that this system could provide an income.
- The allowance for flood mitigation is increased as it is known much of the regeneration area is within a flood zone 3a.
- Demolition is set at £7,500 per property.
- The allowance for Biodiversity Net Gain and improvements to the park is increased from Illustration 1.
- The estimated costs of works to the protect and/or improve the Basingstoke Canal Conservation Area are increased.
- A modest budget for a community building is included.

Illustration 3. Total construction costs £200m

- Includes a slightly higher build cost of £4,200 per m² but with an increase in the number of new homes to 500.
- The average size of the homes at 75m² would allow for a greater number of family homes/ houses for people with physical disabilities when compared to Scenario 1.
- The cost of the removal the overhead powerline and pylons is included, with an uplift to allow for inflation.
- An estimate of the potential cost of the Ground Source Heat Pump is included although it should be noted that this system could provide an income.
- The allowance for flood mitigation is increased further as it is unknown what will be required to address the flood risk.
- Demolition is set at £10,000 per property, an increased allowance that allows for hazardous materials and ecology.
- The allowance for Biodiversity Net Gain and improvements to the park is increased from Scenario 1 but set at the same level as scenario 2.
- The estimated costs of works to the protect and/or improve the Basingstoke Canal Conservation Area are increased again.
- The budget for a community building is increased, although at this stage no firm specification for this building has been agreed.

3.5 When RIBA stage 1 has been completed the results of the MDBCC's stage report will be presented to Housing Committee. This will include information regarding what will be possible and therefore how much the regeneration project could cost.

4 Communications Plan

- 4.1 Involving the community in the Parkside Regeneration project is accepted to be key to its success. It is acknowledged that the regeneration will have a greater effect on some people more than others.
- 4.2 Although at this early stage many questions regarding the regeneration are yet to be answered, residents of the area have been informed that the regeneration is being explored.
- 4.3 The first of the quarterly Parkside Newsletters has now been sent to those people that asked to receive them. In total 120 newsletters were sent out via e-mail (71) and post (49). The next Newsletter will be sent in May.

5 Resource implications

- 5.1 None. This report is for information purposes only.

6 Legal implications

- 6.1 The procurement utilises the Crown Commercial Services RM6165 Construction Professional Services framework which has been set-up in accordance with the Public Contract Regulation 2015 (PCR 2015). Any call-off contract as a result of the further competition is compliant with the PCR 2015.
- 6.2 Legal Services have assisted in the procurement process and the drafting of the consultant appointment contract.
- 6.3 Legal Services are assisting Housing in the procurement of external legal advice on the areas listed below.
 - Due Diligence
 - Land Assembly
 - Planning
 - Compulsory Purchase Orders (if required)
 - Biodiversity Net Gain
 - Energy Generation and Management
 - Construction and Procurement

7 Equality implications

- 7.1 An Equality Impact Assessment was completed prior to engagement with the public.

8 Environmental/Sustainability/Biodiversity implications

- 8.1 Policy EE9 of the Runnymede 2030 Local Plan sets out when biodiversity net gains are required.
- 8.2 A balance would need to be sought between the cost of construction and the energy performance of any new development.
- 8.3 It is intended that the development would replace poor housing stock with modern, fit for purpose homes.

- 8.4 A large part of Site B (Parkside) is within a flood zone 3a (high probability of flooding). Specialist flood consultants will assess the regeneration area to mitigate flood risks.

9 Conclusions

- 9.1 The regeneration of the Parkside area of New Haw is progressing in line with expectations.

(For information)

Background papers

Appendices

Early High-Level Construction Cost Estimates