

Land at Warburton Lane, Trafford
LPA Ref: 98031/OUT/19
Appeal by Redrow Homes Limited
Appeal Ref: APP/Q4245/W/19/3243720

MAIN PROOF OF EVIDENCE RELATING TO CONSTRUCTION COSTS

OF

G A BUSHELL FRICS, MAE, QDR, APAEWE

ON BEHALF OF THE APPELLANT

DATED

SEPTEMBER 2020

Expertqs Limited

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APPENDICES

Appendix 1 - Expert's report dated 20 February 2020 (REPORT APPENDICES 1 TO 25 IS ARE IN CORE DOCUMENT B3).

Appendix 2 - Summary of Expert's report costs in chronological order.

Appendix 3 - Emails relating to the Council's level of engagement on costs.

Appendix 4 – BCIS Note dated 12 June 2020 entitled “Adjusting BCIS data for the effects of Covid-19” and BCIS Note dated 6 July 2020 entitled “BCIS Price Indices and Covid-19”.

Appendix 5 – Preliminaries cost estimates before and after the Covid-19.

Appendix 6 – BCIS All-in TPI and General Building Cost Index report and chart.

Appendix 7 – Redrow Homes’ Covid-19 addendum V2 to Construction Phase H S & E Plan.

Appendix 8 – Ministry of Housing Communities & Local Government Future Homes Standard 2019 Consultation on changes to Part L and Part F of the Building Regulations for new dwellings.

Appendix 9 - Flixton crossroads improvements drawing SCP/16544/SK13 Rev C.

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Appendix 11 - Redrow Homes’ Covid-19 addendum V2 to Group H S & E Risk Assessment, Guidance and Checklist for Sales Centres and Show Homes.

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1. Introduction

- 1.1. This Proof of Evidence is prepared by Gary Anthony Bushell FRICS, MAE, QDR, APAEWE, Director of Expertqs Limited, construction cost expert witness engaged on behalf of Redrow Homes Limited (hereinafter referred to as 'the Appellant').
- 1.2. I am a Chartered Quantity Surveyor and a Director of Expertqs Limited of Woodside, High Borrans, Windermere, Cumbria, LA23 1JS.
- 1.3. I am qualified by examination and experience and I work exclusively in the field of quantity surveying, specialising in construction costs and quantum for large residential sites such as the Site.
- 1.4. I qualified in 1978 and became a Fellow of the Royal Institution of Chartered Surveyors (FRICS) in 1990. I am an Accredited Member of the RICS President's Panel of Expert Witnesses.
- 1.5. I am an accredited Member of the Academy of Experts (MAE) and a qualified Expert Determiner (QDR) and I have attained the Legal Experience Training Advanced Professional Award in Expert Witness Evidence (APAEWE) accredited by Edexcel.
- 1.6. My expert CV current as at February 2020 can be found in appendix 1 of my February 2020 report.
- 1.7. As confirmed at 1.4.1 of my report dated 20 February 2020 (hereinafter referred to as my 'February 2020 report'), I have previously been appointed as expert adviser and expert witness by the Appellant in connection with three other residential developments over the last five years. To put the scope of these previous appointments into context for the Inquiry, the combined total fees for all my Redrow Homes instructions was less than 5% of my turnover during that period.
- 1.8. I do not consider that this interest which I have disclosed influences my suitability as an expert witness on any issues included in my evidence. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer. This is confirmed in my Declaration and my signed Statement of Truth at the end of my report and at the end of this proof. I am aware that my primary duty as an expert witness is to the Inquiry.
- 1.9. I have produced five reports on development costs relating to the Site dated 17 May 2019 (two full applications and one outline application for 364 units), 18 December 2019 (outline application for 400 units) and 20 February 2020 (appeal for 400 units).
- 1.10. My instructions from the Appellant are to give my expert opinions on the level of standard,

development and abnormal costs. My May 2019 reports were prepared in my capacity as expert adviser and my December 2019 and February 2020 reports were prepared as expert witness.

- 1.11. In this appeal, I am relying on the construction costs in my February 2020 report (**Appendix 1**) which is an updated version of my December 2019 report. Although in this proof, I have addressed below the relationship between my reports, I do not consider my May 2019 reports to be relevant to this appeal.
- 1.12. Having re-read my February 2020 report, I have noticed some typographical errors in my February 2020 report, which are listed below.

List of typographical errors in my February 2020 report

Report reference	Typographical error
P.5, para 1.2.1, line 4	'Mr' should be 'my'
P.20, para 5.1.23, lines 1 and 3	£3,015,000 should be £3,026,250. £6.78 per ft2 should be £6.81 per ft2 as Appendix 5
P.31, para 5.2.19, line 5	Appendix 18 should be 19
P.32, para 5.2.21, line 1	'to be' should be 'will be'
P.32, paras 5.2.24 and 5.2.25	Should refer to Parameters Plan Appendix 2 and Illustrative Masterplan Appendix 16.
P.33, paras 5.2.26 to 5.2.28	Should refer to Parameters Plan Appendix 2 and Illustrative Masterplan Appendix 16.
P.41, para 5.2.63, line 1	£18,000 should be £48,000

- 1.13. None of these typographical errors affect the development costs used in my February 2020 report.
- 1.14. I have appended my February 2020 report for ease of cross referencing. Appendices 1 to 25 of my February 2020 report are in Core Document B3.
- 1.15. This proof has been prepared in respect of an appeal against the Council's non-determination of planning application (Ref: 98031/OUT/19) for the development of land for residential use at Warburton Lane, Partington, Trafford (hereinafter referred to as 'the Site').
- 1.16. I have read Warburton Parish Council's Statement of Case and I acknowledge that it referred at paragraph 1 to affordable housing and viability. There were no issues raised concerning

development construction costs.

1.17. I have read the Council's Statement of Case and I comment on it as follows:

- 1.17.1. On page 2 under the heading "Reason for Refusal 2 (RFR2), the Council stated, "*it is apparent that a parameters plan and indicative drawings are not sufficient in seeking to establish the acceptability of the scheme as a whole*". As far as assessing the costs is concerned, it is my opinion that the Appellant has provided sufficient evidence to the Council to allow a suitably qualified and experienced quantity surveyor to estimate the likely development construction costs. In my experience acting as cost expert on a number of residential viabilities relating to outline planning applications, it is normal practice to ascertain the likely costs based on the illustrative drawings provided at outline stage.
- 1.17.2. On page 4 under the heading "Reason for Refusal 4 (RFR4), the Council stated, "*No allowance has been made for affordable housing provision within the development and the submitted financial viability appraisal has not adequately demonstrated that the development could not otherwise be delivered*". As far as the costs are concerned, it is my opinion that the standard and abnormal and extra over construction costs shown in my February 2020 report and used by Mr Nesbitt's in his February 2020 Financial Viability Assessment, are reasonable assessments based on the available supporting evidence.
- 1.17.3. Since writing my report, it has come to my notice that when calculating the base build cost, I inadvertently used the BCIS average price for the UK as opposed to the Trafford location. This location error has now been corrected.
- 1.17.4. At 3.4 on page 10, the Council stated that it will, "*engage on the SoCGs to narrow areas of dispute and highlight issues which will be central to the decision*". At the time of writing this proof, neither the Council, nor its consultants or experts, have attempted to narrow any areas of dispute.
- 1.17.5. At 5.19 on page 19, The Council stated that any departure from the affordable housing policy requirement requires, "robust justification" and should be "objective, impartial and reasonable" with "justified inputs based on the evidence". I agree with these requirements and in my opinion my February 2020 report satisfies these criteria. At the time of writing this proof, the Council, its consultants, and its experts have failed to engage with me on costs and have repeatedly adopted a negative or critical approach to all information provided to them whilst failing to advance any acceptable alternative costs of their own.
- 1.17.6. At 5.21 on page 19, the Council stated, "*Abnormal costs are exaggerated*". I refute this unfounded allegation which appears to imply some bias on my part. As stated in my

declaration, I am fully aware of my duties under CPR Part 35 and I fully understand that my primary duty as an expert witness is to the Inquiry. My estimated abnormal and extra over costs are quantified and explained in my February 2020 report and the costs are supported by factual evidence wherever possible. Conversely, the Council has failed to provide any evidence whatsoever to support its allegation that my costs are “exaggerated” and has failed to provide any alternative costs of its own. Taking account of the fact that the Council’s statement that “Abnormal costs are exaggerated” pre-dated the appointment of its own expert witness on costs, the reasoning behind the Council’s statement is unclear to me.

- 1.17.7. At 5.22 on page 19, the Council stated that all inputs to the FVAs will be subject to, “*rigorous testing cross-examination. It will be shown that they can be accorded no weight*”. My cost reports were fully evidenced and reasoned and it will be for the Inspector to decide how much weight is to be given to them.
- 1.17.8. At 5.25 of the Council’s Statement of Case, it alleges that the Appellant has failed to engage on a proper basis. From a cost point of view, I disagree with this allegation. I have received no meaningful response to the costs in my February 2020 report from the Council or its consultants or experts.
- 1.18. I have read the Inspector’s Case Conference Note dated 28/2/20¹. At paragraph 9, it confirmed that the Council has concerns about viability as follows:
- 1.18.1. The information in appendix E to the June 2019 viability appraisal, which underpinned the costs work, was required along with the price paid for the option on the land.
- 1.18.2. The Appellant responded that cost information had been provided and, in any event, the June appraisal had been updated and was not being relied upon. Nevertheless, the Appellant agreed to provide appendix E and I am told that the option agreements were also provided to the Council by the Appellant.
- 1.18.3. The Council intimated that if this information was not forthcoming, the expertise of the Appellant’s professional representation was a matter that may need to be explored at the inquiry.
- 1.19. The information in appendix E referred to above was provided by me to the Council and its representative, Mr Lloyd, on 4 March 2020.
- 1.20. As required at 4.7 of Trafford Council’s Revised Supplementary Planning Document 1 (SPD1) – Planning Obligations adopted 7 July 2014², the appellant’s financial viability appraisal includes my “quantity surveyor’s cost assessment”.

¹ Core document C8

² Core document E4

- 1.21. 4.8 of SPD1 states that the Council may seek independent advice to review the financial appraisals that have been submitted, the cost of which will be met by the applicant. The Council has appointed Ms Sandford as its final cost expert to replace Mr R Sale who replaced Mr S Wright.
- 1.22. I have read the Inspector's Second Case Conference Note dated 10/6/20³. At paragraph 43, the Inspector made her views very clear as to the need for the viability experts to establish areas of agreement and disagreement. Paragraph 43 is reproduced below.
- "With regards viability, the statement of common ground needs to progress on issues relating to costs. From what was said it would appear that the Council and the Appellant are working on different assumptions. The Inspector does not consider that this is particularly helpful. **The parties are asked to discuss this as a matter of urgency in order that areas of agreement and disagreement can be clearly established.**"
- 1.23. On 17 March 2020, I was told by the Council's consultant Mr Lloyd that the Council had appointed a cost expert, Mr S Wright of Monaghans, to engage in discussions with me to narrow areas of dispute and arrive at a signed SoCG.
- 1.24. Despite many reminders sent from me to Mr Lloyd, no contact details of the Council's expert, Mr Wright, were provided and on 1 July 2020, I emailed the Appellant's lead planning consultant explaining that due to the Council's failure to provide details of its cost expert, I was being prevented from discharging my expert duties to the Inquiry. I asked for directions as to how I should proceed.
- 1.25. On 6 July 2020, having heard nothing, I researched Mr Wright's details and emailed him. We spoke on the telephone on 7 July 2020 and we both agreed that we would work together to arrive at a meaningful SoCG by 11 September 2020. On 9 July 2020, I emailed my draft SoCG Scott Schedule to Mr Wright for his review and comments.
- 1.26. On 16 July 2020, I was informed by Mr Wright that he had resigned due to ill health.
- 1.27. On 30 July 2020, I was informed that the Council had appointed a replacement cost expert, Mr R Sale of Arcadis. On 31 July 2020, I rang Mr Sale and emailed him a personalised version of my Scott schedule for his review and comments. On 4 August 2020, Mr Sale emailed me and said, "**Many thanks for the information. We are starting to review this week and will be in contact as needed**".
- 1.28. On 12 August 2020, I was told that the Council had informed the Appellant that Mr Sale would no longer be dealing with this matter and the Council's expert going forward would be Ms Karen Sandford, divisional director of A A Projects. As far as I am aware, the Council has given no reasons explaining why Mr Sale ceased to act as the Council's appointed cost

³ Core document C18

expert after 12 days.

- 1.29. On 20 August 2020, a virtual meeting was arranged for 10am on 27 August 2020 with Ms Sandford and her colleague, Mr Oliver Shemwell. Prior to the meeting, I emailed to Ms Sandford my draft SoCG and accompanying appendix 1, this being the Scott schedule showing the development costs extracted from my February 2020 report. I suggested to Ms Sandford that we could use these documents as an agenda.
- 1.30. In reply, Ms Sandford emailed me at 9.05 on the morning of the meeting and stated, "***The agenda will be a very simple one under the headings standard base build and then each of the abnormal based on the information in your original cost breakdown. We will then produce a statement of those items we are in agreement with or not in agreement with. I see this as a very simple document with the detail being picked up in our proof.***"
- 1.31. At the meeting Ms Sandford informed me that she was instructed by Trebbi not to provide any alternative costs on the basis that there was insufficient information for her to cost. Ms Sandford told me at the meeting that she was unable to provide me with a date by which she would respond to me or the format that her response would take.
- 1.32. At 15.02 on 28 August 2020, Ms Sandford sent me her SoCG which was incomplete and provided no alternative costs whatsoever. Ms Sandford had removed some of my paragraphs in the draft SoCG sent to her for comments on 25 August 2020 without any consultation with me before doing so.
- 1.33. Further, Ms Sandford had omitted the Scott Schedule of costs (appendix 1 of my draft SoCG), amended the list of costs itself, and removed the expert declarations under the Statement of Truth section of my draft SoCG. Ms Stanford's SoCG had no Statement of Truth to confirm her independence, other than her signature.
- 1.34. I replied to Ms Sandford with a query at 15.25, by which time she was on holiday until 14 September 2020, the date set by PINS for the submission of the signed SoCG. This meant that Ms Sandford and I were unable to have any further expert discussions after 28 August 2020.
- 1.35. The impact of Ms Sandford's actions is that I have had no choice but to update my SoCG to take account of the limited items that Ms Sandford has agreed and submit my signed version to PINS stating my position on the development costs using the correct declaration for my Statement of Truth. It was not possible for me to amend Ms Sandford's SoCG because she only sent it to me in PDF format and she was unavailable for me to discuss any proposed changes due to her holiday.
- 1.36. I have provided copies of all emails relating to the Council's level of engagement about development costs in **Appendix 3**. To assist the Inspector, the emails are listed below in

chronological order.

List of emails relating to Council's level of engagement.

Date	Time	From	To	Summary of content
24 Feb 2020	17.41	Indigo	M Lloyd	Introduction relating to SoCGs
24 Feb 2020	20.14	WeTransfer	G Bushell	Files sent to M Lloyd successfully
25 Feb 2020	09.14	WeTransfer	G Bushell	Files downloaded by M Lloyd
25 Feb 2020	10.29	G Bushell	B Brown	Report and appendices 1-7, 9-15 sent
25 Feb 2020	10.38	G Bushell	B Brown	Report and appendices 8,16-20 sent
25 Feb 2020	10.43	G Bushell	B Brown	Report and appendices 21-25 sent
25 Feb 2020	10.53	G Bushell	M Lloyd	Timeline for reviewing requested
02 Mar 2020	11.51	G Bushell	M Lloyd	SoCG attached
02 Mar 2020	15.25	G Bushell	M Lloyd	Intention to share May 19 report & appendices
04 Mar 2020	15.08	WeTransfer	G Bushell	Files sent to M Lloyd successfully
05 Mar 2020	09.27	G Bushell	M Lloyd	Timescales requested for discussions
06 Mar 2020	11.55	M Lloyd	D Nesbitt	M Lloyd to respond to SoCGs w/c 9/3/20
13 Mar 2020	09.37	G Bushell	M Lloyd	G Bushell chased response to SoCG
13 Mar 2020	12.24	M Lloyd	G Bushell	M Lloyd to respond to SoCG w/c 16/3/20
13 Mar 2020	14.08	G Bushell	M Lloyd	Response to SoCG required asap
17 Mar 2020	12.22	G Bushell	M Lloyd	Requested update on SoCG sent 2/3/20
17 Mar 2020	13.59	M Lloyd	G Bushell	Agreed to virtual meeting on 19/3/20
20 Mar 2020	10.30	G Bushell	M Lloyd	Contact details for S Wright requested
01 Jun 2020	14.15	G Bushell	M Lloyd	Current position recorded prior to CMC
09 Jun 2020	07.54	G Bushell	M Lloyd	Update requested before CMC
09 Jun 2020	16.19	M Lloyd	G Bushell	S Wright's instructions yet to be clarified
22 Jun 2020	07.41	G Bushell	M Lloyd	CMC Note 43 referred to. 14/9/20 deadline noted. S Wright's details requested again
25 Jun 2020	13.48	G Bushell	M Lloyd	S Wright's details requested by return
25 Jun 2020	17.43	M Lloyd	G Bushell	M Lloyd on holiday
30 Jun 2020	13.03	G Bushell	M Lloyd	S Wright's details requested again
06 Jul 2020	08.03	G Bushell	S Wright	S Wright asked to make contact
07 Jul 2020	11.29	G Bushell	S Wright	Asked for confirmation of receipt of email
09 Jul 2020	13.40	G Bushell	S Wright	SoCG Scott schedule sent
16 Jul 2020	16.14	G Bushell	S Wright	Asked for confirmation of email and reply date
16 Jul 2020	17.22	S Wright	G Bushell	S Wright resigned due to ill health
31 Jul 2020	11.45	G Bushell	R Sale	SoCG Scott schedule sent
04 Aug 2020	07.24	R Sale	G Bushell	R Sale started review and will be in touch
04 Aug 2020	07.36	G Bushell	R Sale	Acknowledgement of R Sale email
19 Aug 2020	15.30	K Sandford	G Bushell	Request for meeting
19 Aug 2020	15.50	G Bushell	K Sandford	Virtual meeting suggested
19 Aug 2020	15.54	K Sandford	G Bushell	Teams meeting agreed
19 Aug 2020	15.57	G Bushell	K Sandford	Request for names of attendees
20 Aug 2020	09.52	G Bushell	K Sandford	SoCG Scott schedule sent
20 Aug 2020	17.16	K Sandford	G Bushell	Teams meeting arranged for 27/8/20
20 Aug 2020	17.22	G Bushell	K Sandford	Agenda for meeting to be discussed
25 Aug 2020	11.48	G Bushell	K Sandford	Draft SoCG sent as suggested agenda
26 Aug 2020	20.33	G Bushell	K Sandford	Request for acknowledgment of documents
27 Aug 2020	09.05	K Sandford	G Bushell	Simple agenda proposed
27 Aug 2020	09.09	G Bushell	K Sandford	Acknowledgement of KS email
28 Aug 2020	15.02	K Sandford	G Bushell	Alternative SoCG attached
28 Aug 2020	15.25	G Bushell	K Sandford	Acknowledgement of KS email with query
28 Aug 2020	15.25	K Sandford	G Bushell	Automatic reply; KS on holiday until 14/9/20

1.37. Matters which are agreed between the parties are set out in my signed SoCG and are outlined in **Section 5** of this proof. The valuation experts have agreed some matters relating

to costs and Ms Sandford has agreed some matters.

- 1.38. Matters relating to costs that have not been agreed, and the reasons for disagreement, are set out in my signed SoCG document and appendix 1 and are outlined in **Section 6** of this proof.

2. Instructions

Expertqs reports dated 18 December 2019 and 20 February 2020

- 2.1. I am instructed by the Appellant to act as expert witness to give opinions on the level of development construction costs to be used as inputs for the financial viability assessment prepared by the Appellant's valuation expert, Mr Derek Nesbitt (hereinafter referred to as 'Mr Nesbitt') of Cushman & Wakefield to accompany the outline planning application for 400 dwellings submitted to the Council in December 2019.
- 2.2. Specifically, my instructions⁴ were to give expert opinion on the development construction costs, namely:
 - 2.2.1. The standard base-build cost per square foot for the dwellings, including the cost of the preliminaries for the dwellings.
 - 2.2.2. The cost of standard main estate infrastructure such as roads/sewers, including preliminaries.
 - 2.2.3. The cost of standard plot external works within the curtilages of the plots, including preliminaries.
 - 2.2.4. The cost of standard plot service connections, including preliminaries.
 - 2.2.5. The additional cost of garages, including preliminaries.
 - 2.2.6. The allowance for contingency relating to standard works.
 - 2.2.7. The allowance for professional fees relating to standard works.
 - 2.2.8. The extra over and additional costs of abnormal works specific to this development.
 - 2.2.9. The cost of additional and extended preliminaries relating to the abnormal costs.
 - 2.2.10. The allowance for contingency relating to abnormal works.
 - 2.2.11. The allowance for professional fees relating to abnormal works.
 - 2.2.12. The planning promotion costs.
- 2.3. My expert report dated 18 December 2019, prepared for the outline planning application, dealt with these matters in detail. My report, together with a summary of my appendix 3, and my appendix 5 was included in appendix D of Mr Nesbitt's Financial Viability Assessment dated

⁴ Paras 1.3.2 to 1.3.14 of Expertqs report dated 20 February 2020

December 2019⁵. A full set of my December 2019 report appendices 1-19 was later shared with the Council and its representative, Mr Lloyd.

- 2.4. I was further instructed by the Appellant to update my December 2019 report for the Planning Appeal to take account of the costs of (1) the footpath connections to the east site and the west site, (2) the improvements to the Manchester Rd / Moss Lane roundabout, and (3) the provision of a Pelican controlled pedestrian crossing to Warburton Lane. At the time of my February 2020 report, the footpath connections were the subject of two separate planning applications which I am told have since been withdrawn.
- 2.5. During the process of updating my December 2019 report for the reasons given above, I corrected some minor typographical errors as previously listed in this proof, and I made some textual changes to reflect my further instructions⁶.
- 2.6. When updating my December 2019 report, I also amended my assumptions relating to the scope of the enabling earthworks and I consequently reduced my estimate for the cost of the enabling works from £2,760,749.65 to £2,705,186.90. I amended cost items 1b, c, and g (strip and remove topsoil, remove bedrock) and I omitted cost item f (relocation of topsoil).
- 2.7. For the reasons given above, my February 2020 report (**Appendix 1**) prepared for the planning appeal superseded my December 2019 report which was prepared for the outline planning application. My February 2020 report, together with a summary of my appendix 3, and my appendix 5, were included in appendix D of Mr Nesbitt's Financial Viability Assessment dated February 2020⁷. A full set of my report appendices 1-25 was shared on 25 February 2020 with the Council and its representative, Mr Lloyd.

17 May 2019 reports

- 2.8. Earlier in 2019, I was engaged by the Appellant as an expert adviser to prepare three reports on development construction costs to support the financial viability assessments for the planning applications for the east and west sites (full planning applications) and a combined report⁸ for the whole combined site (outline planning application). It is my understanding that the two full applications have since been withdrawn by the Appellant. My two May 2019 reports relating to the withdrawn planning applications are not core documents.
- 2.9. My three reports dated 17 May 2019 were used to support the financial viability assessments prepared by the Appellant's valuation adviser, Mr Nesbitt, and my reports were included in appendix E of Mr Nesbitt's three Financial Viability Assessments dated May 2019. A draft copy of my report (DRAFT1) was incorrectly appended to Mr Nesbitt's Financial Viability Assessment for the combined site. My FINAL report has been provided to the Council and its

⁵ Core document A23

⁶ Para 1.2.4 of Expert's report dated 20 February 2020

⁷ Core document B3

⁸ Appendix D of Core document B3

representative, Mr Lloyd. As far as I am aware, there are no material differences between the draft and final versions.

- 2.10. My report appendices 1-35 for the east and west sites were later shared with the Council and its representative, Mr Lloyd. Apart from my appendix 5 (re-calculation of the all-in standard build cost for the whole site), the appendices to the combined report are an amalgam of the appendices to the east and west sites added together.
- 2.11. For the purposes of this planning appeal, I am relying on the evidence in my February 2020 report (**Appendix 1**). The Council has made it clear to the Appellant that, in addition to my latest report, it may wish to rely on evidence contained in my May 2019 reports and it has specifically asked for copies of the Stone's Cost Models for the east and west sites that were provided to me by the Appellant in April 2019. The Stone's Cost Models have been provided to the Council and Mr Lloyd but they are not core documents.

Stone's Feasibility Cost Models dated April 2019

- 2.12. My May 2019 reports referred to the Stone's Feasibility Cost Models (hereinafter referred to as the 'Cost Models'). Stone is a firm of quantity surveyors in Manchester, commissioned by the Appellant to prepare detailed feasibility cost models for the east and west sites to assess the full cost of the plot related site works and the main estate infrastructure works on the Site.
- 2.13. When preparing my May 2019 reports, I reviewed the Cost Models and, based on my professional judgement, I made adjustments to the Stone's costs where appropriate and I re-allocated some costs from standard to abnormal to bring them in line with my understanding of industry wide standard costs and site specific abnormal and extra over development construction costs for use in financial viability appraisals.
- 2.14. Although I used the Cost Models as the starting point for my own cost estimates, I did not append the Cost Models themselves to my May 2019 reports because they were not relied upon to support the final costs used in my reports.
- 2.15. The final pages of the Cost Models identify Stone's schedules of assumptions, exclusions, and general pricing notes. The following items, which Stone stated were not intended to represent an exhaustive list, were expressly excluded by Stone:
- 2.15.1. Inflation/building cost increases beyond 2Q19.
 - 2.15.2. Contingencies/risk allowances.
 - 2.15.3. Preliminaries/site supervision and running costs.
 - 2.15.4. Abnormal site/ground conditions unless specifically identified.
 - 2.15.5. Works undertaken beyond the boundary of the site (unless stated).

- 2.15.6. Special acoustic requirements unless expressly stated.
- 2.15.7. Management Company costs.
- 2.15.8. Marketing suite/sales and marketing costs.
- 2.15.9. Remediation works unless specifically identified.
- 2.15.10. Any allowance for off-site highways improvements unless specifically stated.
- 2.15.11. Phasing costs.
- 2.15.12. Any overhead cable diversions & associated compensation claims.
- 2.15.13. Housebuilding costs and normal housebuilding foundations.
- 2.15.14. Residential gardens (front and back) incl. external fencing.
- 2.15.15. Any S278/S38/S104 remedial works prior to adoption unless expressly stated.
- 2.16. The key risks identified by Stone are summarised below.
 - 2.16.1. De-watering duration on site.
 - 2.16.2. Piling solution.
 - 2.16.3. Contamination/remediation works.
 - 2.16.4. Upgrade works to off- site Warburton Lane/Central Road roundabout.
 - 2.16.5. Working around existing gas pipeline and overhead lines.
 - 2.16.6. Works associated with ripping rock from existing ground.
 - 2.16.7. Ground gas protection measures.
- 2.17. My May 2019 outline report included the foreseeable likely costs of the Stone's exclusions and the Stone's identified risks, where relevant to the Site.

Comparison of costs

- 2.18. My February 2020 report reflected my opinion of the quantum of the construction costs used as inputs in Mr Nesbitt's Financial Viability Assessment dated February 2020.
- 2.19. Should the Inspector decide to take account of my earlier reports and/or the Cost Models (which both relate to planning applications that are now withdrawn), then to assist, I have in **Appendix 2** tabulated in chronological order a summary of the site infrastructure, external works and abnormal and extra over costs taken from the Cost Models and from my various

reports. I have provided brief explanatory notes alongside the costs. Stone did not address the base build cost of the dwellings or garages in its Cost Models.

- 2.20. I am satisfied that the all-inclusive costs in my May 2019 report for the outline planning application for the combined site were broadly in line with the heavily qualified and incomplete cost estimates in the Cost Models for the combined site, both being based on a fully designed scheme of 364 units based at 2Q2019.
- 2.21. The estimated costs in my February 2020 report based at 4Q2019 for the outline scheme of 400 units were significantly less than the Stone's costs and less than the costs in my May 2019 report for the combined site, even though there are more houses (400 as opposed to 364). This is due to the fact that the costs in my May 2019 report were based on a fully designed scheme as opposed to the costs in my December 2019 and February 2020 reports which were based on the most recent outline scheme for 400 dwellings with no detailed technical design.

3. The Main Cost Issues

- 3.1. The main development construction cost issues raised in my December 2019 and February 2020 reports are:

Principle of using BCIS for base build cost

- 3.1.1. A reasonably competent quantity surveyor should always assess the base build construction costs against BCIS average prices, which is the only recognised industry standard benchmark for the testing of construction costs.⁹
- 3.1.2. The principles of good professional practice laid down for financial viability appraisals apply. The following published documents confirm that development construction costs used as inputs in viability appraisals should be industry benchmarked, and confirm that BCIS data is an appropriate industry standard benchmark for construction costs.¹⁰
- 3.1.2.1. Box 10 of the RICS Financial Viability in Planning (2012) Guidance Note states “**Industry benchmarks - In undertaking scheme specific viability assessments, the nature of the applicant should normally be disregarded as should benefits or dis-benefits that are unique to the applicant. The aim should be to reflect industry benchmarks having regard to the particular circumstances in both development management and plan making viability testing**”. In other words, the costs should be industry wide as opposed to developer specific¹¹.
- 3.1.2.2. Department for Communities and Local Government National Planning Practice Guidance states “**Assessment of costs should be based on robust evidence which is reflective of market conditions. All development costs should be taken into account including build costs based on appropriate data, for example that of the Building Cost Information Service**”.¹²
- 3.1.2.3. Sir John Harman’s Report dated June 2012 entitled Viability Testing Local Plans states “**For build costs, these should be based on BCIS or other appropriate data, adjusted only where there is good evidence for doing so based on specific local conditions and policies including low quantities of data.**”¹³
- 3.1.3. The use of BCIS average costs for viability benchmarking has been confirmed in a number of

⁹ Para 5.1.11 of Expertqs report dated 20 February 2020

¹⁰ Paras 5.1.12 and 5.1.13 of Expertqs dated 20 February 2020

¹¹ Appendix 6 (CD B3) and Para 5.1.13.1 of Expertqs report dated 20 February 2020

¹² Appendix 7 (CD B3) and Para 5.1.13.2 of Expertqs report dated 20 February 2020

¹³ Appendix 8 (CD B3) and Para 5.1.13.3 of Expertqs report dated 20 February 2020

Planning Inspectorate appeal decisions. Examples are provided in my February 2020 report.¹⁴ In summary, the decisions referred to BCIS data as being (1) tangible evidence, (2) widely used in appraisal work, and (3) appropriate.

- 3.1.4. Trafford Council's own Economic Viability Study 2011 Update prepared by GVA refers to **"The baseline costs utilised within the EVS Update (2011) have been sourced from BCIS"**.¹⁵ Table 2 of my February 2020 report at 5.1.15.2 shows the base build costs extracted from GVA's EVS Update and rebases them to 4Q2019, the base date of my December 2019 report. The table demonstrates that that the base build costs used by GVA are significantly higher than the base build costs used in my February 2020 report.
- 3.1.5. The evidence in the documents referred to above accords with my own extensive experience of dealing with viability costs. In my opinion, the principle of using BCIS for assessing standard base build costs is a reasonable industry wide approach for a professionally qualified cost expert to take.

RICS Professional Statement "Financial viability in planning: conduct and reporting"; 1st Edition, May 2019 (Effective from 1 September 2019)

- 3.1.6. The mandatory and good practice requirements of the RICS Professional Statement "Financial viability in planning: conduct and reporting"; 1st Edition, May 2019 Effective from 1 September 2019¹⁶, are relevant to the matter of development construction costs.
- 3.1.7. Page 1 states, **"Sections within professional statements that use the word 'must' set mandatory professional, behavioural, competence and/or technical requirements, from which members must not depart. Sections within professional statements that use the word 'should' constitute areas of good practice. RICS recognises that there may be exceptional circumstances in which it is appropriate for a member to depart from these provisions – in such situations RICS may require the member to justify their decisions and actions"**.
- 3.1.8. Section 2.1 states, **"The report must include a statement that, when carrying out FVAs and reviews, RICS members have acted: with objectivity, impartially, without interference, and with reference to all appropriate available sources of information. This applies both to those acting on behalf of applicants as well as those acting on behalf of the decision-makers."**
- 3.1.9. Section 2.4 states, **"Although certain information may need to remain confidential, FVAs should in general be based around market- rather than client-specific information"**. This good practice requirement is in line with the guidance in Box 10 of the

¹⁴ Appendices 9 to 11 (CD B3) and Paras 5.1.14.1 to 5.1.14.3 of Expertqs report dated 20 February 2020

¹⁵ Appendix 14 (CD B3) and Para 5.1.15 of Expertqs report dated 20 February 2020

¹⁶ Core document J1

RICS Guidance Note 2012.

- 3.1.10. Section 2.6 states, “**All inputs into an appraisal must be reasonably justified. Where a reviewer disagrees with a submitted report and/or with elements in it, differences must be clearly set out with supporting and reasonable justification. Where inputs are agreed, this must also be clearly stated. Where possible, practitioners should always try to resolve differences of opinion**”. This is a mandatory requirement.
- 3.1.11. Section 2.12 states, “**Reports on behalf of both applicants and the authority must be formally signed off and dated by the individuals who have carried out the exercises. Their respective qualifications should also be included. The authors of FVAs and subsequent reviews must come to a reasonable judgement on viability on the basis of objectivity, impartiality and without interference, taking into account all inputs, including those supplied by other contributors**”. This is a mandatory requirement.
- 3.1.12. Section 2.14 states, “**RICS members must ensure that they have allowed adequate time to produce (and review) FVAs proportionate to the scale of the project, area-wide assessment and specific instruction. They must set out clear timeframes for completing work. If the timeframes need to be extended, the reasons must be clearly stated, both at the time and in the subsequent report. Where RICS members believe that the timeframes have not been reasonable, they must state this and give a brief outline of the issues and consequential impacts**”. This is a mandatory requirement.
- 3.1.13. Section 3.2 states, “**The forthcoming second edition of the RICS guidance note Financial viability in planning (1st edition published 2012) will reflect the 2019 PPG and other related government guidance. Until this second edition is available, refer to section 1.4 of this professional statement**”. Section 1.4 states, “**The primary policy and guidance on assessing viability in a planning context is provided in the NPPF 2019 and the PPG 2019. These have sought to change the emphasis on how viability should be approached in the planning system and the weight that should be given to viability assessments at the plan-making and development management stages**”. As far as I am aware, I have complied with the requirements of NPPF 2019 and the PPG 2019 in relation to costs.
- 3.1.14. Section 3.3 states, “**Inputs into the viability appraisal should be objective and reasonable, having regard to the specific scheme being tested at the time of the assessment as well as comparable evidence. As a project progresses, inputs inevitably change. For example, when pricing residential units, the asking price at the time of marketing may differ, sometimes significantly, from those in the original FVA. This is because:**

- **time has passed since the original assessment**

- **agents will always seek to get the best price when marketing and**
- **costs may change through inflation or other causes.**

When developers take on a development, they understand there are risks they have to bear in mind following the grant of planning permission". I note the best practice provisions requiring for objectivity and reasonableness, together with the obligation to re-base the inputs (including costs) as the project progresses. In this proof, I have rebased the construction costs to 4Q2020, this being the period during which the Inquiry hearing takes place.

3.1.15. The Ministry of Housing, Communities and Local Government PPG updated September 2019¹⁷ supersedes the July 2018 version referred to in my report¹⁸. The defined costs are essentially the same for both versions. The September 2019 version sets out the key principles in understanding viability in plan making and decision taking. Paragraph 012 states, "**Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application. Costs include:**

- **build costs based on appropriate data, for example that of the Building Cost Information Service.**
- **abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value.**
- **site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value.**
- **professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value**
- **explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers**

¹⁷ Core document D2

¹⁸ Para 1.3.1 of Expertqs report dated 20 February 2020

return.

- 3.1.16. The RICS Consultation Draft “Assessing Financial Viability in Planning under the National Planning Policy Framework for England, Guidance Note, 1st Edition” has not yet been adopted. As I understand it, a number of consultants had significant concerns regarding many aspects of the draft and representations have been submitted to the RICS during the consultation period to raise these concerns. As far as I am aware, the timescales for publishing a second draft and/or the final document has yet to be provided by RICS. This means that, at the time of writing this proof, the RICS guidance note 1st edition (GN 94/2012) is still in force.

Standard base build cost

- 3.1.17. In accordance with professional and planning guidance, my assessment in my reports of the industry wide standard base build cost, including preliminaries, was £76.57 per ft² (£824 per m²) based on my adjusted BCIS lower quartile average price at 4Q2019 for Estate Housing Generally¹⁹.
- 3.1.18. Since writing my report, I have discovered that I inadvertently relied on a BCIS study for the UK (location factor of 100) as opposed to Trafford (location factor of 98). When this error is corrected, and the correct location factor is applied, my assessment of the standard base build cost at 4Q2019 is reduced to £75.02 per ft² (£808 per m²). This cost is rebased to 4Q2020 later in this proof.
- 3.1.19. I have used the average prices for Estate Housing Generally in my February 2020 report to reflect the fact that, in accordance with RICS guidance, my costs are industry wide as opposed to developer specific and the exact house types are unknown at this outline planning stage. The Council's experts have asserted that the whole site will be constructed of two storey dwellings and therefore the BCIS average price for two storey housing should be used to calculate the base build cost.
- 3.1.20. Paragraph 7.8 of the Design and Access Statement dated December 2019²⁰ indicates some 2.5 storey height dwellings. On this basis it is reasonable for me to assume that some 2.5 storey dwellings will be provided.

Additional costs of detached garages

- 3.1.21. I have assumed that detached single garages will be provided for all 3 and 4 bed houses (269 Nr). It is possible that an approved scheme could contain a mixture of integral, attached, single detached and double detached garages but it is not possible for me to identify the exact mix at this stage. The number of garages has been agreed by the

¹⁹ Paras 5.1.1 and 5.1.8 of Expertqs report dated 20 February 2020

²⁰ Core Document A9

valuation experts in their SoCG.

- 3.1.22. The build cost per single detached garage in my February 2020 report was £11,250 (18m² x £625 per m² based at 4Q2019). This was my estimate for a brick built garage with a tiled pitched roof based on my extensive experience of residential construction costs²¹. This cost is rebased to 4Q2020 later in this proof.
- 3.1.23. I have discovered a typographical error at 5.1.23 of my February 2020 report (page 20). The additional cost of the garages was stated as £3,015,000 (£6.78 per ft²) and should have been £3,026,250 (£6.81 per ft²) as shown on my appendix 5 (269 garages, not 268). No adjustment to my costs is required because the appendix was correct.

Preliminaries for standard works

- 3.1.24. The BCIS average prices include the cost of preliminaries for construction of the standard building footprint²².
- 3.1.25. The preliminaries included in the BCIS average prices are generally based on projects which are carried out in one operation under a fixed term building contract. The construction period of large speculative housing developments such as this will normally depend on (1) the lead time to construct sufficient infrastructure to allow house building to start, (2) the lead time to build the first house for sale, and (3) the rate of sale of the private housing thereafter.
- 3.1.26. Because preliminary costs are largely time-related, the embedded cost of preliminaries in the BCIS average prices are unlikely to reflect the costs associated with the extended construction period relating to the Site. For this reason it is probable that the embedded preliminary costs in the BCIS average prices are low.
- 3.1.27. The Site comprises two separate sites (east and west) which are likely to be built concurrently. This would require two separate site establishments, including for example site managers, construction compounds, and sales outlets.
- 3.1.28. Having had the opportunity since I wrote my February 2020 report to review the likely cost at 4Q2019 of the preliminaries on the Site, my cost estimate for preliminaries (**Appendix 5**) referred to later in this proof confirms the estimated cost of preliminaries for the combined site is £14.25 per ft².
- 3.1.29. When the estimated preliminaries cost of £14.25 per ft² is deducted from my amended BCIS base build cost of £75.02 per ft², this leaves £60.77 per ft² for the construction of the dwellings themselves. Based on my extensive experience of developer's building costs in the northwest, it is my opinion that this nett base build cost is too low for a developer to be

²¹ Paras 5.1.20 to 5.1.23 of Expertqs report dated 20 February 2020

²² Paras 5.1.24 to 5.1.31 of Expertqs report dated 20 February 2020

able to deliver the housing that is likely to be built on the Site.

Standard estate infrastructure and plot external works

- 3.1.30. In my February 2020 report, I have made an allowance of £18,000 per plot (£16.20 per ft²) based at 4Q2019 for the cost of the standard estate infrastructure and plot external works²³. My allowance is based on my extensive experience of comparable sites in the northwest. The scope of the standard estate infrastructure and plot external works is defined at 5.1.34 (a) to (g) of my February 2020 report. This cost includes preliminaries and is rebased to 4Q2020 later in this proof.
- 3.1.31. The Council's experts have asked why I have not used the methodology of simply adding a percentage to the base build cost (15% has been suggested to me). I do not favour this approach because I can see no logic in applying an arbitrary percentage addition to the base build cost which is based on the internal floor area of the dwellings. Using 15% of my adjusted base build cost of £75.02 per ft², the derived cost of the standard estate infrastructure and plot external works would be £12,502 per plot (£11.25 per ft² x 444,550 ft² divided by 400 plots). In my opinion this is an unrealistic estimate and my approach should be preferred.

Standard plot service connections

- 3.1.32. In my February 2020 report, I have made an allowance of £2,750 per plot (£2.47 per ft²) based at 4Q2019 for the cost of standard multi-utility plot service connections²⁴. This cost excludes the cost of any service diversions, substations, gas governors, and utility mains capacity reinforcements but includes the cost of preliminaries. It is rebased to 4Q2020 later in this proof.

Contingency on standard costs

- 3.1.33. The cost experts have agreed that 3% contingency should be applied to the standard construction costs in line with Mr Nesbitt's allowance in his financial viability assessment.

Professional fees on standard costs

- 3.1.34. The cost experts have agreed that 5% for professional fees should be applied to the standard construction costs and the contingency in line with Mr Nesbitt's allowance in his financial viability assessment.

Standard all-in costs summary

- 3.1.35. In my industry wide standard all-in construction cost schedule in appendix 5 of my

²³ Para 5.1.32 of Expertqs report dated 20 February 2020

²⁴ Para 5.1.35 of Expertqs report dated 20 February 2020

February 2020 report, I calculated the standard construction cost of £102.05 per ft2 based at 4Q2019 (excluding contingency and professional fees) for the construction of the dwellings, the estate infrastructure, the plot related site works, the plot service connections, and the garages²⁵.

- 3.1.36. The standard all-in construction cost, including 3% contingency and 5% fees, was £110.37 per ft2 based at 4Q2019 which in my opinion was a reasonable allowance for a prudent developer to make at the outline planning viability stage for the Site²⁶.
- 3.1.37. Since writing my report, I have discovered that I have incorrectly relied on a BCIS report for the UK (location factor of 100) as opposed to Trafford (location factor of 98). After making the location adjustment, my assessment of the industry wide standard all-in construction cost based at 4Q2019 has reduced to £100.50 per ft2 (excluding contingency and fees) and £108.69 per ft2 inclusive of contingency and fees. This cost is rebased to 4Q2020 later in this proof.

Site specific development and abnormal extra over costs

- 3.1.38. In my February 2020 report, the additional and extra over cost of the abnormal works on the Site was £15,638,030 (excluding preliminary costs, contingency and professional fees) as shown on my cost estimate in my report appendix 327. The abnormal and extra over costs are rebased to 4Q2020 later in this proof.
- 3.1.39. The reasons why the level of abnormal and extra over costs on the Site is relatively high compared to a site with fewer impediments and constraints are set out fully in my February 2020 report²⁸ and are summarised below.
- a. Developable area of the site is 13.66 Ha out of a gross site area of 24.97 Ha (approximately 55% coverage). There are significant costs associated with works to be carried out on the 45% of the site that is not developable. According to the Parameters Plan there is 11.31 hectares of open space.
 - b. Site density is less than 12 plots per developable acre. This relatively low density leads to greater external works costs.
 - c. Infrastructure costs are high. Details of these costs were provided in my February 2020 report and appendix 3.
 - d. Surplus of topsoil and subsoil to be removed from site. The quantity of spoil generated is likely to be greater than the requirement on site.

²⁵ Para 5.1.50 of Expertqs report dated 20 February 2020

²⁶ Para 5.1.51 of Expertqs report dated 20 February 2020

²⁷ Para 5.2.1 of Expertqs report dated 20 February 2020

²⁸ Para 5.2.3 of Expertqs report dated 20 February 2020

- e. Trees and hedgerows are to be retained. There is a requirement for arboricultural work to the trees and hedges, together with tree and root protection.
- f. Abnormal foundations due to poor ground conditions. Alternative technical solutions will be required to some foundations.
- g. Requirement for earthworks cut and fill, retaining walls and under build. This is due to the level differences on the Site.
- h. Two pumping stations, extensive lengths of on-site and off-site rising mains to be connected to a remote UU sewage works. The cost of the off-site rising mains will include dealing with extensive existing underground services and reinstating the disturbed highway pavings.
- i. Existing HP gas main runs through the site with a 26 m wide easement. The easement area cannot be disturbed and special protection measures will be required where roads and sewers cross the pipeline.
- j. The northern part of site is within the flood plain of Red Brook and cannot be built on.
- k. Utility capacity upgrades and diversions are required, including overhead electricity cables.
- l. New site entrances to sites 1 and 2 with S278 off-site highways alterations.
- m. Upgrades to Warburton Lane/Central Road and Moss Lane/Manchester Road roundabouts.
- n. Improvements to Flixton crossroads. At the time of my February 2020 report, this work was originally part of a S106 contribution for highway improvements. It has since been agreed between the Appellant and the Council that the Appellant will construct the improvements in accordance with drawing SCP/16544/SK13 Rev C (**Appendix 9**). My assessment of the cost for this work has been added later in this proof as an abnormal cost.

3.1.40. The Council's experts have questioned why the abnormal costs are so high on this greenfield site when compared to some brownfield sites. In my extensive experience acting as expert for developers and landowners on large greenfield and brownfield developments for residential use, there is no correlation between the two.

3.1.41. Unlike standard costs, it is not possible to benchmark or compare abnormal and extra over costs between sites because abnormal and extra over costs are site specific and will depend on the characteristics and constraints of each particular site.

- 3.1.42. The abnormal and extra over costs listed above are all required due to the specific site conditions and are not influenced by the greenfield or brownfield nature of the site.

Preliminaries relating to abnormal works

- 3.1.43. The cost experts have agreed that 5% should be applied to the cost of the abnormal works to cover the costs of preliminaries.

Contingency on abnormal costs

- 3.1.44. The cost experts have agreed that 5% contingency should be applied to the abnormal construction costs and the cost of preliminaries in line with Mr Nesbitt's allowance in his financial viability assessment.

Professional fees on abnormal costs

- 3.1.45. The cost experts have agreed that 6% for professional fees should be applied to the abnormal construction costs, cost of preliminaries, and the contingency in line with Mr Nesbitt's allowance in his financial viability assessment.

4. Agreed Matters

- 4.1. The following matters **are agreed** between the Appellant and the Council:

Standard and Abnormal Development Construction costs

Matters agreed by the valuation experts in their SoCG

- 4.1.1. The development comprises 400 units.
- 4.1.2. The development mix is 131 no. 2 bedroom houses, 143 no. 3 bedroom houses, and 126 no. 4 bedroom houses. The storey heights are not agreed.
- 4.1.3. There are 269 no. single detached garages to the 3 and 4 bedroom houses.
- 4.1.4. The gross internal floor area of the dwellings is 444,550 ft².

Matters agreed by Ms Sandford in her SoCG

- 4.1.5. The addition for contingency on standard build costs is 3%.
- 4.1.6. The addition for professional fees on standard build costs is 5%. Although not expressly stated in Ms Sandford's SoCG, the addition for professional fees should be added to the standard build costs and the contingency.
- 4.1.7. The addition for the cost of preliminaries on abnormal works is 5%.
- 4.1.8. The addition for contingency on abnormal build costs and preliminaries is 5%. Although not expressly stated in Ms Sandford's SoCG, the addition for contingency should be added to the abnormal build costs and the preliminaries.
- 4.1.9. The addition of professional fees on abnormal build costs, preliminaries, and contingency is 6%. Although not expressly stated in Ms Sandford's SoCG, the addition for professional fees should be added to the abnormal build costs, the preliminaries, and the contingency.

5. Matters in Dispute

- 5.1. The parties' cost experts were not able to agree on any construction costs for the reasons given earlier in this proof. A summary of events is set out below.
- 5.2. The Council's final cost expert, Ms Sandford, contacted me on 19 August 2020 informing me that she was in the process of "**putting together our report**" and in the same email Ms Sandford requested a meeting.
- 5.3. The virtual meeting took place on 27 August 2020 with Ms Sandford and Mr Shimwell and it lasted around 1 hour 20 minutes.
- 5.4. At the meeting, Ms Sandford told me that she was instructed not to provide any alternative costs. The meeting broke up with no costs being agreed.
- 5.5. On 28 August 2020, Ms Sandford emailed me her SoCG. In her email she wrote, "**Please find attached what we consider to be appropriate as a Statement of Common Ground. This lists the items rather than going into the detail which will be picked up in the proof but which was discussed on our call yesterday. I would appreciate it if you could sign it and return it.**"
- 5.6. In her SoCG, Ms Sandford agreed none of my costs, failed to put forward any alternative costs of her own, and provided no reasons for disagreement.
- 5.7. Ms Sandford did agree the additions for contingencies and professional fees on standard and abnormal costs, together with the addition for the cost of preliminaries on abnormal works.
- 5.8. Ms Stanford omitted some of my text in the first draft sent to her and she omitted the Scott Schedule which listed the costs in dispute.
- 5.9. Ms Sandford deleted the Statement of Truth declarations completely. My SoCG included my suggested declaration which is recommended by The Academy of Experts,

I the undersigned expert individually understand my overriding duties to the Planning Inquiry, have complied with them and will continue so to do.

I further confirm that I have neither jointly nor individually been instructed to, nor has it been suggested that I should, avoid or otherwise defer from reaching agreement on any matter within my competence.

- 5.10. After receiving Ms Sandford's SoCG, I acknowledged it by email and I received an immediate automatic reply informing me that Ms Sandford was on holiday until Monday 14 September

2020. Ms Sandford did not mention her impending holiday during our meeting.

- 5.11. As a result of Ms Sandford's failure to substantively engage with me in expert discussions, I have been prevented from discharging part of my duties as an expert witness with a primary duty to the Inquiry.
- 5.12. I have been left with no other choice than to prepare and sign my own SoCG and submit it unilaterally to PINS. Unfortunately this means that the evidence relating to the standard and abnormal extra over development costs will have to be covered in proofs, rebuttal submissions, and cross-examination. This will have an adverse impact on the Appellant's costs.
- 5.13. Apart from the standard and abnormal extra over construction costs in my February 2020 report, in my draft SoCG I raised the issues of some additional costs relating to the effects of Covid-19, the effects of the proposed enhanced Building Regulations, the improvement works to the Flixton crossroads, and the indexation of the costs in my February 2020 report to the date of the appeal.
- 5.14. I mentioned these issues orally during my meeting with Ms Sandford and she told me that she was not instructed to consider any additional costs. Ms Sandford later deleted all references to them in her SoCG dated 27 August 2020. These additional cost items are listed in my SoCG and dealt with in detail below.
- 5.15. Matters not agreed are:

Standard, Additional, and Abnormal Extra Over Construction Costs

Standard Costs in my February 2020 report

- 5.15.1. The standard base-build cost per square foot for the dwellings, including the cost of preliminaries. In my report, the industry wide standard base-build cost for the Site, based at 4Q2019, was £76.57 per ft².
- 5.15.2. Since writing my report, I have discovered that I have inadvertently relied on a BCIS report for the UK (location factor 100) as opposed to Trafford (location factor 98). Had I used the correct location factor in my report, my assessment of the standard base build cost at 4Q2019 would have reduced to £75.02 per ft² (£808 per m²).
- 5.15.3. The standard build cost of the main estate infrastructure and the plot related external works. In my opinion, the industry wide standard cost for infrastructure and plot external works for the Site, based at 4Q2019, was £18,000 per plot or £16.20 per ft².
- 5.15.4. The cost of standard plot service connections. In my opinion, the additional cost of plot service connections for the Site, based at 4Q2019, was £2,750 per plot or £2.47 per ft².

5.15.5. The additional cost of detached garages. In my opinion, the additional cost of 269 detached garages for the Site, based at 4Q2019, was £3,026,250 or £6.81 per ft². The quantity of garages has been agreed by the valuation experts.

Abnormal and extra over costs in my February 2019 report

5.15.6. The additional and extra over cost of abnormal works specific to this development and the Site. In my opinion, the total cost of the abnormal works for the Site, based at 4Q2019, was £15,638,030 (excluding preliminary costs, contingency and professional fees). The abnormal works were fully detailed in appendix 3 of my February 2020 report in the following sections:

a.	Enabling works ²⁹	£2,705,187
b.	SW attenuation drainage ³⁰	£1,293,425
c.	FW drainage ³¹	£425,500
d.	Off-site rising mains ³²	£1,288,000
e.	Roads & footpaths ³³	£1,723,682
f.	Landscaping, paths, play areas ³⁴	£2,138,135
g.	S278 highway works ³⁵	£701,174
h.	Abnormal foundations & retaining walls ³⁶	£2,211,167
i.	Miscellaneous abnormal costs ³⁷	£1,930,236
j.	Abnormal utility costs ³⁸	£1,221,524

Indexation of costs from 4Q2019 to 4Q2020

5.15.7. The standard, abnormal and extra over costs in my February 2020 report were based at 4Q2019. The enquiry hearing falls in the period covered by the BCIS All-in Tender Price Index (TPI) quarter 4Q2020. Accordingly, I have rebased the construction costs used in my February 2019 report using the TPI indices (**Appendix 6**) in Table 1 below.

²⁹ Paras 5.2.4.1 to 5.2.4.3, and 5.2.5 to 5.2.11 of Expertqs report dated 20 February 2020

³⁰ Paras 5.2.12 to 5.2.17 of Expertqs report dated 20 February 2020

³¹ Para 5.2.18 of Expertqs report dated 20 February 2020

³² Paras 5.2.19 to 5.2.23 of Expertqs report dated 20 February 2020

³³ Paras 5.2.24 to 5.2.29 of Expertqs report dated 20 February 2020

³⁴ Paras 5.2.30 to 5.2.35 of Expertqs report dated 20 February 2020

³⁵ Para 5.2.36 of Expertqs report dated 20 February 2020

³⁶ Paras 5.2.37 to 5.2.46 of Expertqs report dated 20 February 2020

³⁷ Paras 5.2.47 to 5.2.59 of Expertqs report dated 20 February 2020

³⁸ Paras 5.2.60 to 5.2.68 of Expertqs report dated 20 February 2020

Table 1 – Construction costs indexation from 4Q2019 to 4Q2020.

Cost headings	4Q2019 report costs (Firm TPI index 331)	4Q2020 hearing costs (Forecast TPI index = 333)
Standard Costs		
BCIS Estate Housing Generally, Trafford, LQ Average Price including standard preliminaries	75.02	75.47
Standard roads and sewers, plot related site works	16.20	16.29
Standard plot service connections	2.47	2.49
Single garages	6.81	6.85
Standard all-in build cost	100.50	101.10
3% contingency (AGREED)	3.02	3.03
Standard all-in build cost including contingency	103.52	104.13
5% professional fees (AGREED)	5.18	5.21
Standard all-in build cost including contingency and fees	108.69	109.34
Abnormal Costs	4Q2019	4Q2020
Enabling works	2,705,187	2,721,533
SW attenuation drainage	1,293,425	1,301,240
FW drainage	425,500	428,071
Off-site rising mains	1,288,000	1,295,782
Roads & footpaths	1,723,682	1,734,097
Landscape, paths, play areas	2,138,135	2,151,054
S278 highway works	701,174	705,410
Foundations & retaining walls	2,211,167	2,224,528

Miscellaneous abnormal costs, including footpath bridge links	1,930,236	1,941,899
Abnormal utility costs	1,221,524	1,228,905
Total abnormal cost	15,638,030	15,732,519
5% preliminaries on abnormal works (AGREED)	781,901	786,626
Abnormal cost including preliminaries	16,419,931	16,519,145
5% contingency (AGREED)	820,997	825,957
Abnormal cost including preliminaries and contingency	17,240,928	17,345,102
6% professional fees (AGREED)	1,034,456	1,040,706
Abnormal cost inclusive totals	18,275,383	18,385,808

- 5.15.8. The TPI index of 331 for 4Q2019 is firm whereas the index of 333 for 4Q2020 is forecast **(Appendix 6)**. There is evidence from the BCIS, that the TPI data has been affected by the lack of samples being submitted to BCIS because of the effects of the Covid-19 pandemic during the lockdown and users should consider including an adjustment for the Covid-19 impact.
- 5.15.9. The forecast increase in the TPI of 0.6% (331 to 333) from 4Q2019 to 4Q2020 is significantly lower than I would expect to see. By way of comparison, the BCIS General Building Cost Index (GBCI) for the same period **(Appendix 6)** is forecast to increase by 1.6%. This cost index covers price increases at the factory gate and does not reflect any changes to site productivity. This fact leads me to the conclusion that the true increase in construction costs between 4Q2019 and 4Q2020 is likely to be greater than 1.6% (based on the forecast GBCI) as opposed to the understated 0.6% (based on the TPI forecast increase) currently applied.
- 5.15.10. The BCIS has confirmed in its Note dated 6 July 2020 entitled “BCIS Price Indices and Covid-19” **(Appendix 4)** that the “*flow of available schemes has slowed significantly*” and it is now relying on “*the output from the BCIS TPI Panel to determine the TPI until such a time as sufficient projects are available for indexing or alternative approaches are available.*” Based on these facts, it is my opinion that the forecast TPI for the period 1Q2020 to 4Q2020 is unreliable until the flow of samples submitted to BCIS returns to pre-Covid levels.
- 5.15.11. The BCIS TPI and GBCI results page with chart **(Appendix 6)** clearly shows

that the BCIS expects construction tenders and building costs to rise significantly during 2021. According to the results page, the TPI is set to rise by 4.2% and the GBCI by 4.1% in 2021. These forecasts made by the BCIS indicate to me that that the BCIS forecast indices at 4Q2020 are artificially low and there is likely to be a period where the indices catch up once construction projects are completed and further data samples are submitted to the BCIS.

The effects of the Covid-19 pandemic on construction costs

- 5.15.12. Since the submission of the financial viability appraisals and my reports in December 2019 and February 2020, the effects of the Covid-19 pandemic have adversely affected construction costs and build periods.
- 5.15.13. According to BCIS Note dated 12 June 2020 entitled “Adjusting BCIS data for the effects of Covid-19” (**Appendix 4**), the lockdown has had three potential affects:
- 5.15.13.1. Productivity: changes in productivity resulting from the implementation of site operating procedures (SOP).
- 5.15.13.2. Preliminaries: lengthening due to extended contract period and thickening due to increased cost of supervision for SOP, increased welfare, PPE, etc.
- 5.15.13.3. Market conditions: reduced demand, reduced availability of resources, and increased overheads.
- 5.15.14. The BCIS Note dated 12 June 2020 states, “***For Estimates based on BCIS £/m2 data (Average Prices and Analyses), users should consider including an adjustment for the Covid-19 impact.***”
- 5.15.15. I have considered the issues that have been raised by the BCIS and I have assessed the additional preliminary costs on the Site caused by the likely productivity changes and the lengthening and thickening of the preliminary costs.
- 5.15.16. In my February 2020 report³⁹ I assumed:
- 5.15.16.1. The anticipated pace of sale for the open market housing was 5.5 units per calendar month based on the assumption that sites 1 and 2 would be constructed simultaneously.
- 5.15.16.2. The total sales period for 400 market sales units would be around 73 calendar months.

³⁹ Paras 2.2.9 to 2.2.12 of Expertqs report dated 20 February 2020

- 5.15.16.3. The total build period was 88 calendar months.
- 5.15.16.4. A separate site set-up and marketing set-up will be required for sites 1 and 2 in order to construct them concurrently.
- 5.15.17. These assumptions were confirmed at paragraph 8.41 of Derek Nesbit's FVA dated 20 February 2020.
- 5.15.18. Since my February 2020 report, I have been able to review the build periods for the eastern site 1 and western site 2 individually based on the assumed sales pace of 5.5 market housing units per calendar month for the combined site, or 2.75 market housing units per calendar month for the separate sites.
- 5.15.19. Due to its elongated shape, the eastern site 1 will require more infrastructure works to be built before the construction of the first house for sale can be commenced. I have reviewed the work required and I have estimated a lead in period of 9 calendar months to complete the enabling infrastructure, such as roads and sewers. In addition to this, 6 calendar months will be required to construct the first house for sale, and a further build period of 61 calendar months will be required for 167 dwellings based on a sales pace of 2.75 market housing units per calendar month.
- 5.15.20. The western site 2 will require less infrastructure works to be built before the construction of the first house for sale can be commenced. Based on my assessment of the abnormal works required for site 2, I estimate a lead in period of 6 calendar months to complete the enabling infrastructure, 6 calendar months to construct the first house for sale, and a build period of 85 calendar months for 233 dwellings based on a sales pace of 2.75 market housing units per calendar month.
- 5.15.21. I have assessed the likely cost of the pre-Covid preliminaries based at 4Q2020 using the assumptions made above in my preliminaries cost estimates (**Appendix 5**).
- 5.15.22. Also in my preliminaries cost estimates, I have considered the changes that would be necessary to the inputs to take account of the effects of the Covid-19 pandemic.
- 5.15.23. With regards to the lengthening of preliminaries as predicted by the BCIS note, my assumption is that the build period for the average dwelling on the Site will be increased by 20% due to social distancing and other health and safety measures employed by developers and subcontractors to mitigate the effects of Covid-19. This assumption increases the build period for an average house from 6 calendar months to 7.2 calendar months which increases the assumed pre-Covid build periods on both sites 1 and 2. The differences are tabulated below in Table 2. I have assumed that the infrastructure lead periods will not be affected because there is more opportunity for social distancing on outside works.

Table 2 – Additional build periods due to the effects of Covid-19.

Site	Pre-Covid build period in months	Post-Covid build period in months (+20%)
Eastern Site 1	$9+6+61 = 76$	$9+(6 + 61) \times 1.2 = 89$
Western Site 2	$6+6+85 = 97$	$6+(6 + 85) \times 1.2 = 115$

5.15.24. Redrow has provided me with Addendum HSEMS0440-V2 to its Construction Phase HS&E Plan (**Appendix 7**) that identifies the areas of general control that Redrow has put in place on its construction sites to prevent and control the spread of Covid-19. This Addendum must be read in conjunction with government guidelines.

5.15.25. In my opinion, the controls put in place by Redrow will apply to any reputable developer and on that basis I am content to adopt Redrow's mitigation measures as being typical industry wide measures for the purposes of this proof.

5.15.26. I have reviewed Redrow's Construction Phase Plan Addendum and I summarise below the additional controls and measures required to mitigate the effects of Covid-19:

1. Preparation and distribution of Covid Risk Assessment and Method Statement.
2. Preparation and distribution of Covid Addendum to HS&E Plan.
3. Covid Supervisor salary and car.
4. Covid supervisor PPE.
5. Covid supervisor mobile telephone.
6. Covid supervisor office.
7. Additional cleaning of operated plant and drivers.
8. Signage, markings, and hand cleaning stations at site access and egress points.
9. Signage and markings for safe access routes.
10. Mobile hand cleaning stations around the site.
11. Additional regular cleaning to reception, offices, access control, and delivery areas.
12. Covid induction helmet stickers.
13. Signage, markings, hand sanitiser, additional regular cleaning to site offices.
14. Signage, markings, hand sanitiser, soap, towels, disposable gloves, bins, additional regular cleaning to canteen.
15. Signage, markings, hand sanitiser, additional regular cleaning to drying room.
16. Signage, markings, hand sanitiser, soap, towels, disposable gloves, bins, additional welfare facilities, additional regular cleaning to toilet facilities.
17. Markings and signage to smoking areas.
18. Additional PPE.
19. Additional supervision.
20. Signage, barrier chains, additional regular cleaning to plots.
21. Enhanced cleaning procedures across the site.
22. Information posters.

5.15.27. Redrow has provided me with Addendum HSEMS0454-V2 to its Group HS&E Risk Assessment – COVID-19, Guidance HSEMS0437-V3, and Checklist HSEMS0441-V2 (**Appendix 11**). These documents identify the risks and the areas of specific control that

Redrow has put in place in its sales centres and show homes on its sites to prevent and control the spread of Covid-19. This Addendum must be read in conjunction with government guidelines.

5.15.28. I have reviewed the Group HS&E Risk Assessment Addendum and Guidance and I summarise below the additional controls and measures required to mitigate the effects of Covid-19:

1. Preparation and distribution of Group HS&E Risk Assessment – COVID-19, Guidance HSEMS0437-V3, and Checklist HSEMS0441-V2.
2. Sales staff Covid-19 training.
3. Sales reception screens.
4. Additional single use gloves for visitors and staff. Bins for disposal.
5. Signage and markings to car parks.
6. Signage, barrier chains, and markings to sales centres and show homes.
7. Hand sanitising stations.
8. Additional regular cleaning to sales centres and show homes (every two hours).
9. Additional cleaning to toilets in emergency use.
10. Information posters.

5.15.29. I have considered the preliminaries thickening effects of the above mitigation measures and the likely additional costs to provide them. Where I have uplifted the pre-Covid preliminary costs to cover the mitigation measures in the Addendum, I have highlighted the changes in yellow in the post-Covid section of my preliminaries cost schedules (**Appendix 5**).

5.15.30. My preliminaries cost estimate, demonstrates that based on my assumptions, the cost of the preliminaries increases from £6,335,700 (£14.25 per ft²) to £9,480,866 (£21.33 per ft²) due to the extending and thickening effects of Covid-19, an increase of £3,145,166 (£7.08 per ft²) calculated over the full build period of the development (circa 7.5 years pre-Covid and circa 9 years post-Covid).

5.15.31. I do not know how long the enhanced working practices on building sites will be required or whether the current mitigation measures will remain in place indefinitely. The additional costs currently being incurred by contractors and developers will definitely impact on BCIS average prices once the additional costs filter through to the BCIS data. These additional costs are not currently reflected in my standard or abnormal build costs in Table 1 above or Table 3 below and therefore some additional provision should be made to cover the costs to mitigate the effects of Covid-19 as advised in the BCIS Note dated 12 June 2020 (**Appendix 4**).

5.15.32. Based on my preliminaries cost schedules, my best estimate of the additional costs due to the mitigation and control of the effects of Covid-19 relating to the FVA at the date of the Inquiry is to allow a period of one year up 4Q2020. The cost for one year is calculated by dividing £3,145,166 by 9 years. The result is £349,463 (£0.79 per ft² based on 444,550 ft²).

- 5.15.33. As an alternative methodology, it would be possible to use the Construction Leadership Council COVID-19 Cost Assessment Toolkit (RICS launch page dated 31 July 2020, CLC launch page dated 21 July 2020, CLC COVID-19 Cost Assessment Toolkit dated July 2020 (**Appendix 12**). I do not have the inputs required to accurately populate the CLC template but the fact that it has been produced by CLC and endorsed by RICS demonstrates the need for practitioners to take account of the costs of mitigating and controlling the effects of Covid-19.
- 5.15.34. At this stage I have not added this additional cost to my abnormal and extra over costs, but should the Inspector decide that it is appropriate to include this item then £349,463 should be added plus further additions of 5% for contingency and 6% for professional.

The effects of proposed Building Regulation changes on construction costs

- 5.15.35. Since the submission of my February 2020 report, it has become apparent to me that there are planned changes to the Building Regulations to reduce carbon emissions and increase energy efficiency.
- 5.15.36. The Ministry of Housing Communities & Local Government Future Homes Standard 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings dated October 2019 (**Appendix 8**) sets out the scope of the government consultation which ended on 7 February 2020.
- 5.15.37. At 3.2 on page 24 of the consultation document, it is stated that the government's preferred option is to go as far to the Future Homes Standard as possible in 2020 by future-proofing for low carbon heat with building standards that minimise heat loss and are affordable to run.
- 5.15.38. My February 2020 report made no allowances for any additional costs of any planned Building Regulation enhancements. At 3.9 on pages 25 and 26 of the government consultation document, estimates are provided for the additional build costs for new homes, depending on the design option taken by the builder.
- 5.15.38.1. Option 1 – 'Future homes fabric' would provide a 20% reduction in CO₂ from new dwellings compared to current standards. According to the government this would add £2,557 to the build cost of a new home.
- 5.15.38.2. Option 2 – 'Fabric plus technology' would provide a 31% reduction in CO₂ from new dwellings compared to current standards. This option is likely to encourage the use of low carbon heating or renewables. According to the government this would add £4,847 to the build cost of a new home.

- 5.15.39. The cost effect of the additional build costs estimated by the government on the Site is.
- 5.15.39.1. Option 1 – additional build cost of £1,022,800, (£2,557 x 400 plots) based at October 2019. This equates to an increase of £2.30 per ft². When indexed to 4Q2020 using TPI indices (**Appendix 6**), the additional cost is £1,028,980 (£2.32 per ft²).
- 5.15.39.2. Option 2 – additional build cost of £1,938,800, (£4,847 x 400 plots) based at October 2019. This equates to an increase of £4.36 per ft². When indexed to 4Q2020 using TPI indices (**Appendix 6**), the additional cost is £1,938,800 (£4.39 per ft²).
- 5.15.40. The additional costs of the chosen option are not reflected in the standard build costs in Table 1 and Table 3. For the purpose of this proof, I have assumed that the lower cost option 1 will be adopted by a typical developer. It may not be possible to achieve overall compliance with the Regulations using Option 1 only. If this is the case, then the additional cost is likely to fall between Options 1 and 2 and my minimum allowance would increase.
- 5.15.41. My best estimate of the total additional costs due to the enhanced Building Regulations if implemented in 2020 is £1,028,980 (£2.32 per ft²). This cost applies to the whole site and the date of its phased implementation is yet to be finalised.
- 5.15.42. At this stage I have not added this additional cost to my base build costs. Should the Inspector decide that it is appropriate to include this item, then a cost based on £2.32 per ft², plus 3% for contingency, plus 5% for professional fees could be added to the base build cost.

Improvements to Flixton Crossroads

- 5.15.43. At the time of my February 2020 report, this work was originally part of a S106 contribution of £1.5m for highway improvements. The Council has since asked the Appellant for a £1.215m contribution to transport. As I understand it, the improvements to the Flixton crossroads will be carried out by the developer and will be dealt with by a Grampian condition in accordance with drawing SCP/16544/SK13 Rev C (**Appendix 9**). Accordingly, the estimated costs of the improvements should be added to the abnormal and extra over costs in my February 2020 report.
- 5.15.44. I have prepared a cost estimate of the improvement works shown on SCP SK13 Rev C. My estimate (**Appendix 10**) includes:

- Take up pavings and dispose off site
- Take up kerbs and dispose off site
- New carriageways, inc drainage and kerbs
- New footpaths and edgings

- Remove existing island
- Relocate existing island
- Form new island
- Make good existing pavings
- Street lighting
- Road markings and signage
- Pavings and kerbs to pedestrian crossings (x 5 nr)
- Work to traffic controller to operate the signals
- Utility service main diversions
- Preliminary costs and traffic management

5.15.45. My estimated cost of £411,614 has been added later in this proof in Table 3 as an additional abnormal cost. The cost of preliminaries is included in my estimate but allowances for 5% contingency and 6% professional fees should be applied. My estimate includes an allowance of £100,000 for the cost of diverting the existing services in the vicinity of the works. Should I be provided with quotations from the utility companies then I could adjust my allowance.

Summary of Conclusions

5.16. I set out below in Table 3 the comparison between the construction costs based at 4Q2019 in my February 2020 report (left hand column) with the base build cost adjusted for the Trafford location and the costs rebased at 4Q2020 for the appeal hearing with cost added for the improvements to the Flixton crossroads (additional abnormal cost).

Table 3 – Final summary of Costs based at 4Q2019 (my report) and 4Q2020 (the hearing).

Cost headings	4Q2019 report costs (Firm TPI index 331)	4Q2020 hearing costs (Forecast TPI index = 333)
Standard Costs		
Standard all-in build cost from Table 1	100.50	101.10
Adjusted standard all-in build cost	100.50	101.10
3% contingency (AGREED)	3.02	3.03
Standard all-in build cost including contingency	103.52	104.13

5% professional fees (AGREED)	5.18	5.21
Standard all-in build cost including contingency and fees	108.69	109.34
Abnormal Costs	4Q2019	4Q2020
Total abnormal and extra over costs from Table 1, including footpath bridge links, excluding Covid-19 mitigation costs	15,638,030	15,732,519
5% preliminaries on abnormal works (AGREED)	781,901	786,626
Abnormal cost including preliminaries	16,419,931	16,519,145
Improvements to Flixton crossroads, including preliminaries (work re-allocated from S106 contributions)	0	411,614
Total abnormal costs	16,419,931	16,930,759
5% contingency (AGREED)	820,997	846,538
Abnormal cost including preliminaries and contingency	17,240,928	17,777,297
6% professional fees (AGREED)	1,034,456	1,066,638
Total abnormal costs	18,275,383	18,843,935

- 5.17. My best estimate of the additional costs to mitigate the effects of Covid-19 based at 4Q2020 is £349,463. This cost is not reflected in Table 3 and could be added separately as an additional abnormal and extra over construction cost.
- 5.18. My best estimate of the additional costs relating to the enhanced Building Regulations 2020 based at 4Q2020 is £1,028,980. This cost is not reflected in Table 3 and, if implemented in 2020, could be added separately as an additional standard construction cost.
- 5.19. I mentioned these additional cost items during my meeting of experts with Ms Sandford and she told me that she was not instructed to consider any additional costs.
- 5.20. During our meeting of experts, Ms Sandford expressed the view that some abnormal costs listed in my report are not abnormal costs because they are required on every site (Ms Sandford gave SW attenuation as an example). Further, Ms Sandford expressed the view that the costs of such items are included in the standard costs.

- 5.21. Costs for work such as SW attenuation are site specific and are normally treated as abnormal extra over development costs. In my extensive experience of viability costing, works such as SW attenuation are always treated as an abnormal extra over development cost.
- 5.22. The definitions of my standard costs are expressly defined in my February 2020 report and it is my opinion that my standard build costs are insufficient to cover such abnormal extra over development costs as SW attenuation.
- 5.23. All costs exclude VAT.

Expenditure profile of abnormal and extra over costs

- 5.24. I am instructed to provide an expenditure profile for the abnormal extra over costs.
- 5.25. I have assigned a start month and duration to all the abnormal and extra over costs in my expenditure profile (**Appendix 13**) which has been provided to Mr Nesbitt as inputs to calculate the finance costs in his financial viability assessment. My expenditure profile is based on the assumed build periods for the 100% market housing scheme, not the policy compliant scheme which is likely to have a shorter build period. I have not been instructed to provide an expenditure profile for a policy compliant scheme.

6. Declaration

6.1. I, Gary A Bushell FRICS, MAE, QDR, APAEWE, DECLARE THAT

- 6.1.1. I understand that my duty in providing written reports and giving evidence is to help the Inquiry, and that this duty overrides any obligation to the party to whom I am engaged or the person who has paid or is liable to pay me. I confirm that I have complied and will continue to comply with my duty.
- 6.1.2. I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.
- 6.1.3. I know of no conflict of interest of any kind, other than any which I have disclosed in my report.
- 6.1.4. I do not consider that any interest which I have disclosed affects my suitability as an expert witness on any issues on which I have given evidence.
- 6.1.5. I will advise the party by whom I am instructed if, between the date of my report and the trial, there is any change in circumstances which affect my answers to points 6.1.3 and 6.1.4 above.
- 6.1.6. I have shown the sources of all information that I have used.
- 6.1.7. I have exercised reasonable care and skill in order to be accurate and complete in preparing this proof.
- 6.1.8. I have endeavoured to include in my proof those matters, of which I have knowledge or of which I have been made aware, that might adversely affect the validity of my opinion. I have clearly stated any qualifications to my opinion.
- 6.1.9. I have not, without forming an independent view, included or excluded anything which has been suggested to me by others, including my instructing lawyers.
- 6.1.10. I will notify those instructing me immediately and confirm in writing if, for any reason, my proof requires any correction or qualification.
- 6.1.11. I understand that;
- 6.1.12. My proof will form the evidence to be given under oath or affirmation;
- 6.1.13. Questions may be put to me in writing for the purposes of clarifying my proof and that my answers shall be treated as part of my proof and covered by my statement of truth;

- 6.1.14. The Inquiry may at any stage direct a discussion to take place between the experts for the purpose of identifying and discussing the expert issues in the proceedings, where possible reaching an agreed opinion on those issues and identifying what action, if any, may be taken to resolve any of the outstanding issues between the parties;
- 6.1.15. The Inquiry may direct that following a discussion between the experts that a statement should be prepared showing those issues which are agreed, and those issues which are not agreed, together with a summary of the reasons for disagreeing;
- 6.1.16. I may be required to attend Inquiry to be cross-examined on my proof by a cross-examiner assisted by an expert.
- 6.1.17. I am likely to be the subject of public adverse criticism by the Inspector if the Inquiry concludes that I have not taken reasonable care in trying to meet the standards set out above.
- 6.1.18. I have read Part 35 of the Civil Procedure Rules, the accompanying practice direction and the Guidance for the instruction of experts in civil claims and I have complied with their requirements.
- 6.1.19. I confirm that this proof complies with the requirements of RICS – Royal Institution of Chartered Surveyors, as set down in the RICS practice statement '*Surveyors acting as expert witnesses*'.

7. Statement of Truth

- 7.1. I confirm that I have made clear which facts and matters referred to in this proof are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

Signed by G A Bushell FRICS, MAE, QDR, APAEWE

Date: 11 September 2020

Signed:

