

Cherry Hinton Hub - Urgent Decision Briefing Paper

Recommendation:

- To approve £841,518 additional capital funding to complete a £1,643,089 funding package as set out in the contractors Bill of Quantities (inclusive 10% contingency), to meet costs to develop the Cherry Hinton Hub scheme

Background:

- The councils [Community Centre Strategy](#) identified a gap in access to community facilities for high need residents in Cherry Hinton. New community facilities planned for nearby growth sites at Marleigh, GB1/2 and Land North of Cherry Hinton will not provide access for the existing community to facilities within a 15 minute walk time
- A new community facility for Cherry Hinton therefore remains a strategic priority for the council and a priority for local residents who do not have currently have access to facilities
- Local residents have been working with the council since 2006 to bring forward a scheme to extend the existing library building to create a Community Hub
- Following extensive consultation with residents, planning approval was granted for the Cherry Hinton Hub scheme in September 2020
- A business plan was also submitted by the Cherry Hinton branch to the Royal British Legion seeking £250k investment to provide a base for RBL activities. However, in September 2021 RBL Trustees confirmed they had not approved the branch business case, citing the impact of COVID and a rethink and recalibration of their existing operational model
- Following planning approval, and a tender exercise, a contractor is now on board and a Bill Of quantities has been prepared
- The accompanying spreadsheet provides a breakdown of S106 funding, approved council capital funding, and spend on the scheme to date to achieve planning approval and a detailed Bill of Quantities
- £96,429 has been spent to date to reach the end of RIBA stage 4 and to prepare the Bill of Quantities
- There is £801,571 of approved capital funding remaining towards RIBA 5 – 7 (construction, handover and close out)
- The Bill of Quantities was issued by the contractor on 17th March 2023 and has been prepared by seeking competitive supplier and contractor quotations for demolition and structural works, mechanical heating and ventilation, access control and interior furnishings and fittings. This has identified a total £1,643,089 budget requirement
- There remains a funding gap of £841,581 to deliver the Cherry Hinton Hub scheme

Why and out of cycle decision is required:

- Since planning approval was granted in 2020, costs to deliver the Cherry Hinton Hub have increased from the architect's initial RIBA stage 1 estimate of £767k because:
 1. Technical design stage work has now been completed (RIBA 3 and 4) based on current market prices and rates
 2. There has been an inflation impact of 9.4%
 3. There is a need to upgrade the UK Power network supply to accommodate the additional capacity required for the café kitchen
 4. Thermal assessment work has shown a requirement to include comfort cooling and fresh air ventilation in the hub
- A provisional sum for the Cherry Hinton Hub scheme was included in the Feb 2023 Budget Setting Report. Officers were aware that there would be insufficient time to complete RIBA stage 3 and 4 design work and to prepare a detailed Bill of Quantities and so the provisional sum was based on a scheme estimate from the appointed contractor.
- A detailed Bill of Quantities from the contractor was then received 17th March 2023, but this was too late to achieve the 10th March 2023 final report deadline for the next Strategy and Resources Committee on 27th March 2023.
- An out of cycle decision is now required because:
 1. The next opportunity for scrutiny at Strategy and Resources (S&R) Committee of the additional capital requirement, would be S&R Committee on 03.07.23, but this will be too late to avoid

additional costs from meeting changes to construction regulations which come into effect on 15th June 2023

2. The next opportunity to include a capital request as part of the council's financial cycle would be the Medium-Term Financial Strategy (MTFS) in October 2023, but planning permission will lapse in September 2023

Cost impact of the Building Reg Changes and Planning Approval Lapsing:

- The scheme was registered under the old construction regulations and the 15th June deadline for enforcement of the new regulations will require a review of the building fabric and amendment of work packages to accommodate the new regulations. This will also require a cost reappraisal of the new requirements and updating of the Bill of Quantities with new supplier quotations
- The Cherry Hinton Hub scheme will see the building fabric upgraded to meet current building regulation standards, and removal of onsite gas with the boiler replaced with an Air Source Heat Pump (ASHP). The fabric upgrade and ASHP will together achieve 30% pa CO2 reduction improvement
- A start on site before regulation changes come into effect on 15.06.23 will reduce the additional capital requirement for the scheme by an estimated £50k
- The delays in completing redesign and cost review work to achieve the new regulations will also mean that the current planning approval lapses.
- Planning approval took 12 months to receive from submission of the planning application. A further 12 months delay will mean an additional planning fee, and 12 months of build cost inflation running at 0.5% per month and equating to around £8,000 per month (total for 12 months would be approximately £100-£150k).
- An out of cycle budget decision is required so that contracting, discharge of the pre-commencement planning conditions, placing orders for work and mobilisation the contractor on site under the current construction regulations can take place and work can begin before planning permission lapses
- The combined impact of the regulation changes and the lapse of existing planning permission on the scheme budget will be approximately £150-£200k additional capital funding

Value for Money Assessment:

- A benchmarking exercise has been completed with other new build community centres schemes. The new Akeman Street Community Centre is £3,600 per m2, and new Meadows Centre scheme is £3,542 per m2. The Cherry Hinton Hub scheme cost is higher at £5,300 per m2, based on the 310sqm hub footprint
- The cost of refurbishment projects will always be higher than new build construction schemes because there are additional risks to do with the age and older construction methods which require upgrading
- Cherry Hinton Hub will also be a stand-alone bespoke construction scheme which, unlike other new community centres the council is currently constructing, won't share any overhead and profit costs as part of a larger development scheme
- The scheme also does not form part of a CIP scheme where profits and risk can be shared and balanced across several sites which differing viability
- Calford Seaden the council's appointed Employers Agent have completed a Stage 4 review of the contractors Bill of Quantities. In summary, the key points from their analysis are as follows:
 1. The Building Cost Information Services (BCIS) has been used to benchmark the scheme at **£1,052,219**
 2. There are **£560,392** abnormal costs in terms of benchmarking arising from scheme specific structural requirements, power upgrade, acoustic attenuation, heating and ventilation
 3. Calford Seaden's estimate, which is based on current BCIS rates with all of the abnormal costs excluded, and adding inflation to the current date, is **£1,018,163**
 4. For benchmarking purposes, DCH's Contract Sum, excluding all abnormal costs, is similar to the BCIS derived and adjusted BCIS figure with a variation of only £34k

- Previous scheme estimates by Ingleton Wood (£767k) and DCH on appointment (£844k) were done at a stage without detailed design or specifications. The following are additional to the original estimate following completion of design progression to RIBA stage 4:

Build cost inflation – there have been considerable increases in build costs over the past year. Applying the BCIS All-in Tender Price index from December 2021 to date gives an uplift of 11.86% over the calford seaden estimate which results in additional costs	£107,951.14
Electric sub-station upgrade, which was not originally required until the updated MEP specification was produced	£85,000.00
CVC quotation for MVHR and air handling units (Extra-over to estimate). The specified air handling units are very expensive	£66,025.54
Steel frame – the design is more substantial than envisaged (Extra-over to estimate)	£27,823.64
The roof design is more expensive than envisaged (extra-over to estimate). Currently disputed with DCH	£69,376.00
Curtain wall glazing more complicated following receipt of design details	£67,756.00
Folding partition not shown on tendered drawings	£7,216.00
David Smith internal doors specified more expensive than envisaged on tender drawings	£8,353.25
Underfloor heating and removal of screed added	£19,930.05
Acoustic upgrades not envisaged at tender	£63,350.33
Extra-over for disabled fittings DOC M PACKS (1 additional to tender)	£2,085.00
Additional Preliminaries as a result of increased works	£39,200.00
Fees increase as a result of additional works	£17,527.00
Additional overheads and profit as a result of increased scope of works	£12,292.00
Total	£593,885.95