

Newbury Community Sports Hub

Value For Money Report



9th November 2021

1.0 Introduction

- 1.1 This report has been prepared for Alliance Leisure to provide commentary on the value for money of the cost submitted by Phoenix Property Solutions Ltd for the construction of Newbury Community Sports Hub.
- 1.2 Varsity Consulting Ltd is a RICS Chartered quantity surveying practice with extensive experience of leisure projects. Varsity currently has no involvement in this project and we are preparing this report on an independent basis.

2.0 Findings

- 2.1 Phoenix's price totals £1,751,206.08, with a further £117,110.00 of 'below the line costs'.
- 2.2 The price includes provision for obtaining BREEAM credits. BREEAM accreditation is unusual for a simple building like this because it is typically difficult to economically achieve enough credits during the normal course of the works. Therefore a number of credits have to effectively be 'purchased' as is the case here. The list of credits being targeted appears sensible (on purely a cost basis), but a good cost saving could be achieved by dropping the requirement for BREEAM.
- 2.3 The price includes design fees totalling £112,017.90. At circa 7.4% of the construction cost these are reasonable.
- 2.4 A contractor contingency of £45,000 is included (circa 3% of the construction cost). This is very good value and quite a low percentage for a design and build project (we would typically expect 5%).
- 2.5 The foundations are included as piled. This is unusual for a building of this size and nature. Being a single storey structure, the impact this has on the m2 cost is exacerbated by not having the economies of scale of a second storey to share the burden of this cost. We would expect the construction cost would be circa £100,000 lower with strip foundations.
- 2.6 Deducting the abnormals; being £112,018 professional fees, £73,384 BREEAM costs, £45,000 contingency (this would normally be below the line), £100,000 foundations premium, and £154,194 external works (not part of the building) leaves a construction cost £1,266,610. At 440m2 this equates to a rate of £2,879/m2.
- 2.7 Whilst simple buildings in terms of their size and form, Sports Hubs are relatively expensive to build for the following reasons:
 - Single storey, so costs of foundations, slab, roof etc don't benefit from the economies of scale of a second storey.
 - WC / shower areas are expensive due to the cubicles, sanitaryware, plumbing etc. There are a lot of these in a relatively small building.
 - Because they are set up for individuals teams it isn't possible to group WCs and shower areas in a single core which increases plumbing and drainage costs considerably.
 - The kitchen is a large one-off cost in a relatively small building.
 - Requirements for robustness, for example aluminium gutters rather than uPVC.
- 2.8 In addition to the above, construction prices are very high at present due to materials shortages and the rush of work post-covid. For example the cost of timber has increased 4-fold since the start of the year, and we are currently seeing tender return rates for concrete, reinforcement, brickwork, partitions and windows between 50% and 100% higher costs than they were in 4Q 2020.

3.0 Conclusion

- 3.1 We would typically expect a Sports Hub construction cost (before abnormals, contingency, design fees etc) to between £2,500/m² and £3,000/m²; therefore at £2,879/m² (on a comparative basis) this project represents good value for money, especially in the current construction market. The abnormal costs also appear sensibly priced.

- 3.2 In addition to a high-level assessment we have reviewed the individual rates and these are generally at or below the rates we are currently seeing in tender returns.

- 3.3 Overall we consider the price submitted by Phoenix offers good value for money.



VARSLITY CONSULTING

Varsity Consulting Ltd is a
Chartered Surveying Practice,
Regulated by RICS

Contact

Tom Francis

Director

T +44 (0) 1223 298 061

E tom.francis@varsityconsult.com

Varsity Consulting Ltd

3 Bramley Road, St Ives, Cambs, PE27 3WS

T +44 (0)1480 583 026

www.varsityconsult.com