

Email from Guy Bransby dated 28/1/2021
Will,

Our viability consultant, Meedhurst, has reviewed the 'Review of our Viability Report' by Bespoke Property Consultants ('BPM') dated January 2021 that you sent to me yesterday. Meedhurst has identified three errors that we believe should be accounted for. These are as follows:

BPM relied on a review of the Meedhurst cost plan by K2 Rider Hunt (at Appendix B). Section 5 of the K2 report provides a review of elements of the Meedhurst cost plan and we note:

"Ground Works"

- Considers the allowance included for the removal of underground fuel storage tanks including contaminated ground. A value of £350,000 was included and this was based upon information from the BPM Viability Report dated May 2016 prepared for the extant residential consent in which they had accepted a cost of **£318,750** as advised by their QS, Silver DCC in their report dated 29 April 2016 (see page 7 "Facilitating Works"). The figure of £350,000 that we used includes for inflation. Since no works have been undertaken in relation to the underground tanks, we assumed BPM are still satisfied with this allowance and we are merely using the same figure. Therefore, this cost should be added back in.

"Provisional Sums"

- On reviewing the K2 table summary of Provisional Sums at page 11, there is an error in the sum allocated against the kitchenettes. The table includes for 66 care bed kitchenettes, however, a care bed does not have a kitchenette and no allowance has been included in our cost plan. Therefore the deduction of **£198,000** does not apply and should be added back in.

"VAT"

- Considers the allowances in the Meedhurst cost plan against the background of the "New rules of Measurement Order of Cost Estimating and Cost Planning for Capital Building Works". Whilst these rules recommend that VAT is excluded from both "Order of Cost Estimating and Cost Planning", BPM would know from its experience that VAT will be chargeable and non-recoverable in respect of the refurbishment works, white goods, carpets etc. This cost of non-recoverable VAT is **£458,582** as reported in the Meedhurst cost plan.

Therefore, accounting for the above, BPM's cost assessment should be adjusted to add back in these costs:

| | |
|--------------|---|
| | £318,750 as a minimum not including inflation |
| | £198,000 |
| | <u>£458,582</u> |
| Total | £975,332 |

If these costs are accounted for, it results in the scheme note being able to afford to make any financial payment in lieu of Affordable Housing.

Way forward

However in the interests of expediency, given the time that the application has been with the Council for determination, Cinnamon would be prepared to make a unilateral offer of £150,000 on a 'without prejudice' basis if officers are prepared to report the application to the earliest Planning Committee with

a recommendation for approval and without an early or late stage review mechanism. We believe that this unilateral offer is the maximum reasonable sum that the scheme can afford accounting for the comments above.

Please could you let me know whether this offer is acceptable. I look forward to hearing from you.

Kind regards

Guy Bransby

Lead Director - Planning, Development & Heritage

JLL

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