

**Project Documentation**

**POST PROJECT EVALUATION DOCUMENT  
(PPE)**

**PLOT 21, TERMINUS ROAD – RAVENNA POINT**

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**Document History**

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31 <sup>st</sup> July 2019	2	Minor amendments following Corporate Improvement Team review	Jenny Westbrook

**Consideration by the Corporate Improvement Team**

Date	Reviewing Officer	Comments for Consideration
23 <sup>rd</sup> July 2019	Jenny Westbrook	Minor comments fed back to author

**Approvals**

This document requires the following approvals:

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**Distribution**

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**1. PURPOSE OF DOCUMENT**

This document provides a review of how the Plot 21 project performed against the original intentions set out in the Project Initiation Document (PID).

It allows lessons learned to be passed on to other projects and ensures that provisions have been made to address all open issues and risks alongside follow on actions and recommendations where appropriate.

It also provides the opportunity to assess any expected outcomes that have already been achieved and/or provide a review plan for those outcomes yet to be realised.

## **2. ORIGINAL PROJECT DESCRIPTION**

The original project PID identified the need to redevelop the Plot 21 site in order that the then vacant buildings, which had reached the end of their useful life, could be demolished to make way for a new and sustainable industrial scheme on the site. An earlier marketing exercise had confirmed that the existing buildings were unlikely to be let and needed to be redeveloped.

Redevelopment of the site was seen as directly supporting the Corporate Plan 2015-18 priorities to “Improve and support the local economy” and the objective to “Promote commercial activity and economic growth”.

The project PID also acknowledged that as Government funding for Council’s was shrinking, there was a corresponding need to increase income to fund the Council’s annual budget and that maximising income from Council owned property was one way of achieving this. Moreover, it was considered that redevelopment of the brownfield site would improve the environment and present an opportunity for existing Chichester based businesses seeking to expand to secure new premises. This in turn might release existing premises for occupation or redevelopment as well as provide an opportunity to attract new business into Chichester.

## **3. PROJECT OBJECTIVES**

The original outputs from the project objectives and success criteria were expressed as:

- Secure a suitable budget from the Council’s Capital Programme to provide credibility in respect of negotiations to secure a pre-letting agreement to enable the site to be redeveloped.
- Use the allocated fund to initially secure planning permission for the demolition and site clearance and a detailed permission based on pre-let requirements.
- Identify a potential tenant and agree heads of terms to lease the new building under a pre-letting agreement.
- Appoint an employer’s agent to manage the redevelopment of the site with the proposed new building to practical completion.

The project outcomes were identified in the PID as being:

- The redevelopment of a site with a new sustainable building to improve the environment.
- Increase rental income receipts by a sum that at least equates to a return on investment of 7.25%.
- Improve the economy by attracting a new employer to Terminus Road.

- Providing an opportunity for an existing Chichester based company to expand into Terminus Road that may release an existing site for occupation by another tenant or for the site to be redeveloped.
- Demolition of the existing building saving £38,700.50 annual NNDR cost.
- Deliver a new building on time and within budget.
- Create 15 new jobs from the redeveloped site.

In terms of outcome measures, the redevelopment of Plot21 into what is now a 6 unit scheme, “Ravenna Point”, has been delivered as envisaged in the PID in terms of providing a new sustainable building with modern accommodation such that new employment or existing businesses can be brought into Terminus Road. A brownfield site has also been brought back into a more productive commercial use.

The development has now been open and operational for some 8 months and although work is ongoing in terms of attracting businesses to the scheme, the units that are operational are said, by the occupants, to be thriving.<sup>1</sup> Quantum Electrical are not only a new employer to Terminus Road but a new business to Chichester. The two units they occupy currently employ 8 people with a further two posts being recruited. These two units alone will have created two thirds of the new jobs envisaged in the PID from the redevelopment of the site.

An offer has been made on Unit 1 to the front of the site and is currently under consideration. Assuming terms can be agreed this would be another new employer to Chichester. Interest has been expressed in all of the remaining units and discussions with prospective tenants are proceeding.

In terms of the envisaged Return on Investment, it was reported to Cabinet in July 2017 that the market overview report prepared by Henry Adams for the Council advised that some c£160,000 to £180,000 per annum rental income could be achieved for the 6 unit scheme. Likewise, the return on investment would be 7.6% to 8.6% respectively.

With the first two units let, the square footage rental achieved is higher than that envisaged in the Henry Adams report for units 5 and 6. Once the initial 12 month rental incentive has run its course the rent secured for each unit will be £27,770 per annum as opposed to the c£19.802 to £22,277 envisaged in the market report, a 24% increase over the higher face rent envisaged. Securing a trade counter use for the letting of units 5 and 6 has helped secure these values.

If the subsequent letting of units 1 to 4 achieves the rental levels envisaged in the Henry Adams report, then the key project outcome identified in the PID to secure income receipts that equate to a return on investment of 7.25% should be comfortably met, if not exceeded. If, however, rentals levels akin to those already secured for units 5 and 6 are achieved then the return on investment would exceed the higher figure of 8.6% reported to Cabinet.

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<sup>1</sup> As reported by Quantum

#### **4. PROJECT COSTS**

At its meeting of 6 January 2015 Cabinet approved proposals for the development of the site in principle, subject to the PID being approved and authorised the release of £100,000 from capital to fund the demolition of the buildings and clearance of the site. Detailed estimates subsequently obtained indicated the cost of this work, including asbestos removal, would exceed the £100,000 indicated in the PID. At its meeting of 2 June 2015 Cabinet approved an additional budget of £66,000 to enable the work to be undertaken.

Prior to completion of the demolition works, an update report on the emerging proposals was considered by Cabinet at its 12 July 2016 meeting and Cabinet recommended that funding of £150,000 be released from Capital Reserves to enable the detailed design work, planning matters and pre-construction tender process for the revised scheme to commence. The £1,767,000 balance of the estimated total project costs was also released subject to the tender costs remaining within the estimated cost plan total.

A total budget of £2,083,000 was allocated from capital reserves to fund this project.

The capital project cost to date is £1,602,054 including a retained amount of £48,188 for the main contractor, Mildren Construction Limited, a proportion of which is to be included in their Final Account payment with the remaining half paid upon expiry of the defects period in January 2020. A further £550 is also included for the Employers Agent's 12 month end of rectification certification and an outstanding £275 anticipated for their completion of the Final Account.

In total, including costs for the demolition of the existing structures, site surveys, investigations and professional fees, this represents a project underspend of £96,125.

#### **5. PROJECT PLAN**

The PID was originally drafted in October 2014 and after a couple of revisions was subsequently approved by Cabinet in June 2015. The project plan attached comes from the reported version and informs the "scheduled completion dates" in the table that follows below.

The original PID was drafted in the context that a hybrid planning application would be submitted to secure outline consent for the demolition of the existing redundant buildings and their replacement with 5 modern B1/B2 Trade Counter units.

At the time the PID was reported to Cabinet parallel negotiations were also underway with an interested party to secure the pre-let of a single large unit on the plot and an associated planning application was likewise submitted. It was similarly reported that the back stop to these discussions, if the pre-letting fell through, would be for officers to pursue other opportunities to deliver the scheme, principally the multi-unit scheme.

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As the project progressed it became clear, on advice from local commercial property agents Henry Adams, that the most likely route to successful delivery would be through the Council promoting a re-designed 6 unit scheme to provide a better mix of units and to maximise the let ability of the development. The reasons for the change in approach are covered in the report to Cabinet of 11 July 2017.

Development of the revised concept and the time required to commission a suitably experienced team to progress it resulted in additional time being added to the original project plan.

The start of the work on site was delayed upon occupation by the contractor in order that an apparent contamination issue could be resolved in accordance with the previously issued pre-commencement planning conditions. Completion and handover were subsequently delayed owing to the late application to discharge a pre-occupation condition and unresolved defects that required rectification prior to handover of the development to CDC.

<b>Project Stage</b>	<b>Scheduled Completion Date in original PID</b>	<b>Actual Completion Date</b>	<b>Comments</b>
Cabinet meeting to consider recommended option 3 and secure funding from the Council's Capital Programme.	2 June 2015	2 June 2015	As per programme
Obtain planning permission to demolish and redevelop with new buildings and instruct architect to conclude detailed planning application process.	October 2015	November 2015  December 2015  January 2017	Outline consent for 5 unit scheme.  Permission to demolish granted and replacement with single B2/B8 unit with trade counter use.  Permission for 6 unit scheme secured.  Later timescales reflect revised approach to delivering the development and revised consents required to secure the scheme..
Tender for appointment	July 2015	July 2015	Request for fee

of Employers Agent.			<p>proposal issued July 2015 with subsequent initial EA appointment for the CDM support for demolition works awarded December 2015 following approval of planning consent.</p> <p>December 2016 - EA appointment awarded for delivery of the 6 unit scheme on the cleared site.</p> <p>Subsequent appointment followed a review of the EA support required post demolition.</p>
Demolition of existing building and site clearance.	October 2015	August 2016	Later timescale for completion associated with revised planning application submission for demolition and redevelopment.
Agree Heads of Terms for pre-letting agreement	July 2015	Not completed	Approach changed from a single unit pre-let to a 6 unit speculative development.
Appoint lawyers to act and instruct to draft the pre-letting agreement	July 2015	Not completed	Approach changed from a single unit pre-let to a 6 unit speculative development.
Assemble the development team.	July 2015	February 2017	Later team assembly reflects subsequent extended timetable for submission of

			the revised 6 unit scheme and planning consent.
Tender for construction of the new building and appointment of contractor.	October- November 2015	April – May 2017	Followed on from planning permission for the 6 unit scheme and RIBA Stage 3 developed design work completion.
Practical completion of building.	June 2016	January 2019	Later completion date reflects the extended project plan timeline. Start on site was delayed by contamination issues that required resolution prior to works starting and completion delayed by outstanding defects that prevented handover.
Take on management of new tenancy.	June 2016	January 2019	Follows on from completion date.

## 6. PROJECT MANAGEMENT PROCESS

Given the size of the Council's investment and the nature of the development, Employers Agents were appointed early in the process to provide professional support and guidance. A dedicated internal project resource was also allocated to the project to manage the relationship between the Council and the design team and help support project delivery. This post sits within the Estates Service and provides similar support to other key Council projects.

Regular client, project and Officer Working Group meetings worked well in terms of keeping the overall project objectives in sight. This was further supported by the Council's corporate performance and project monitoring system and reporting to Members and the Senior Leadership Team by exception.

Mildren Construction, the selected contractor of the development, had their own project management resource too, based on site during the works. Their role was to ensure the outcomes met the agreed specification.

Both prior to and upon the start of work on site a "lessons learned" log was kept in order that any issues that had the potential to delay progress were captured and likewise ensure that the lessons learned from their resolution helped inform project delivery going forward. Much of what was captured is useful in scrutinising the responsibilities of appointed consultants rather than the Council's own activities.

Once the development was on site and during its delivery there were occasions when the main contractor was found wanting in terms of the timely production of supporting project progress documentation. This was particularly the case in relation to tracking the discharge of planning conditions, both prior to starting on site and pre-occupation and handover. The CDC project team were instrumental in identifying any potential shortcomings that needed to be addressed and closed out.

## **7. FURTHER ACTION**

With the 12 month defect period more than midway through, the focus for subsequent action centres on resolving any outstanding defects notified to the main contractor. These are relatively minor in nature such as the plastic gas service ducting covers in the forecourt area that have now been replaced with a more durable cast iron product.

## **8. REVIEW PLAN**

The leases for individual units set out the tenants contractual obligations in terms of their occupancy of the demised property and the nature of their operations both within the unit and on the wider estate.

Officers will undertake regular visits to the site to fulfil the Council's own responsibilities as landlord including inspection of the common parts, service areas, boundary structures, landscaping and signage. Whilst units remain vacant, regular site visits will take place to ensure the security and integrity of the overall development has not been compromised. The natural surveillance the occupied units provide will help with this. Going forward and once fully let, site visits will ordinarily coincide with calls to the site to confirm readings for the landlord's utility supplies.

Provisions within the leases allow the Council the right of inspection of individual units should any breach of covenant be suspected or become evident upon visiting the site.

If contractual terms with the prospective tenant of Unit 1 are successful, the total number of anticipated employees in the 3 units let will have met the project objectives for jobs created at the development with a further 3 units still to be occupied.

Henry Adams' Chichester office has been providing marketing support with lettings for the development and has now been joined by Lambeth Smith Hampton in a broader joint initiative to let the remainder of the site.