

TOTNES COMMUNITY DEVELOPMENT SOCIETY

Atoms Totnes Delivery Plan

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This document aims to provide a summary overview of the proposed Atmos Totnes development, setting out:

- An overview of the Made Community Right to Build Order
- The Order Conditions that need to be met in order to complete the development
- The programme for delivery of the development and how procurement and construction delivery will take place
- The costs involved in acquiring the site and the capital costs of the development
- An overview of the revenue income generated by the development
- An overview of the risks

In preparing this document information is drawn from a number of other documents. These are referenced at the start of each section and it is suggested that the reader also reads the reference documents as well as this document.

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1. Project Origins

KEY DOCUMENTS

TCDS Strategic Plan 200129

- 1.1 In June 2007 Dairy Crest Group Plc closed their milk processing plant in Totnes resulting in the loss of 161 jobs.
- 1.2 Occurring at the same time the Dartington Art College announced its relocation from Dartington (just outside Totnes) to Falmouth, hundreds of households in Totnes were adversely affected by the closure of the Totnes creameries. The impact of the closure on an already fragile local economy raised concerns across the Totnes community, and by July 2007 a broad-based community Steering Group had been set up.
- 1.3 The remit of the Steering Group, with representation from Totnes Town Council, Totnes and District Community Strategy Group, Totnes Development Trust, Totnes Chamber of Commerce, and Transition Town Totnes, was to consider what could be done to ensure that lost jobs were replaced and that the Creameries site was not sold for market housing. Local jobs, local housing and local facilities were the key driver of this Steering Group as it established Atmos Totnes.

2. Atmos Totnes

- 2.1 Atmos Totnes (so named because of the connections the site has with Isambard Kingdom Brunel, the Atmospheric railway and the reflection on the need to address both the energy and the climate crises and to preserve the atmosphere) aims to transform the derelict 3.5 hectare Totnes Creameries site into a thriving hub of new industry and much needed affordable housing. Plans have been developed in line with strategic housing and economic needs, and in direct response to engagement and consultation with the people and business community of Totnes.
- 2.2 The development of Atmos Totnes between June 2007 (the site closure) and August 2014 (the signing of legal agreements with Dairy Crest Group Plc) is one best described as a period of building the relationship with Dairy Crest Group Plc and gathering information and understanding about the site. During this period:
 - the first funds for the project were raised;
 - technical feasibility work was commissioned to gather information about the site and to start to reveal the viability of a community led development;
 - the Brunel Building was listed;
 - lobbying with the local authority and national agencies took place with a view to fostering support for community organisations to undertake large scale development projects;
 - Totnes Community Development Society was established; and, credibility and trust was developed with Dairy Crest Group Plc. which in May 2013 led to agreement of a Heads of Terms setting out the arrangements under which Totnes Community Development Society could undertake the masterplanning for the site and move forward to develop and acquire the site. As part of the Heads of Terms Dairy Crest introduced a developer to the project that they wished TCDS to work with.

- 2.3 During the period May 2013 to August 2014 negotiations took place between Totnes Community Development Society, Dairy Crest Group Plc. and the developer (McCarthy and Stone Limited, Mc&S). These negotiations resulted in the following legal agreements being drawn up:
 - a. An Agreement relating to the sale of the Brunel Building and surrounding land between Dairy Crest Group Plc. and TCDS (the Phase 1 Agreement);
 - b. An Agreement relating to the sale of land and buildings on the South of the site between Dairy Crest Group Plc. and McCarthy and Stone (Mc&S) (the Mc&S Agreement);
 - c. A Collaboration Agreement relating to the land and buildings on the South of the site TCDS and Mc&S (the Collaboration Agreement); and
 - d. An Option Agreement relating to the land on the North of the site between Dairy Crest Group Plc. and TCDS (the Option Agreement).

These legal agreements were signed on 8th August 2014, and exchange took place on 11th August. The agreements set out a number of deliverables which must be achieved by Totnes Community Development Society in order to secure the site into community ownership.

- 2.4 From October 2014 onwards Totnes Community Development Society has been following a Community Right to Build Order process in order to bring forward development on the site.

3. Atmos Totnes Vision and Values

- 3.1. The vision for The Atmos Project has focussed on six key elements from the outset, as follows:

Vision/Value	Commentary
Owned and managed as a Community Enterprise	In order for the community of Totnes to have a limited control over the Town's future economic, environmental, social and cultural needs, it is necessary to acquire and manage the site for and on behalf of residents of Totnes and District. Only by being landowners will the community of Totnes be able to exert influence over the management of the site and the types of businesses that are attracted to the town.
Carbon Neutral development	Atmos Totnes is aligned to the emerging response to climate change and peak oil. It will be an architecturally significant, low-carbon, exemplar development and act as a transport 'gateway' to Totnes and the wider area. The built environment will respond, by design, to the impact of climate change and peak oil.
Complement and improve the prosperity of other organisations	Atmos Totnes will attract new investment, new talent and new customers to Totnes, South Hams and the South West by demonstrating how a sustainable community enterprise and a low carbon economy can be established and managed. Atmos Totnes will attract new intellectual capital creating synergies and opportunities for employers and leaders in the low-carbon industry.
An inspiring place to work, learn, live and relax	Atmos Totnes will generate a 'cradle to grave' approach to training and education and create excellent community and civic space for all those using the site.

Vision/Value	Commentary
Establishing a meaningful connection with the historic town	<p>It is critical that the development taking place on the site stimulates and supports the wider economic, social and community growth across Totnes. No longer is it acceptable for developments to not be rooted within the wider needs of the whole community.</p> <p>Atmos Totnes will seek to establish linkage to the town centre of Totnes to support the economic development of the retail heart.</p> <p>The development and management of Atmos Totnes will therefore ensure that no existing businesses are displaced and moreover will actively encourage synergies between the towns existing business and those locating at Atmos Totnes.</p>
Financial viability	In developing the business case there is a need to ensure that the in the long-term proposals are viable.

5. Order Conditions

KEY DOCUMENTS

1. The Order Conditions Tracker 191213
2. TCDS - Framework CMP - 191010
3. The European Protected Species Licence (Licence number 2018-35740-EPS-MIT)
4. TCDS Atmos Totnes CRtBO Baseline Position 190317

- 5.1 The Made Community Right to Build Order contains a number of Order Conditions that need to be discharged so that the development can take place and be completed; these are set out below.

No	Order	Condition
5.1	Time Limit	The development hereby permitted shall begin before the expiration of three years from the date of approval of the Order.
		Details of the appearance, landscaping, layout and scale (hereinafter called “the reserved matters”) for each phase or phases of the development shall be submitted to, and approved in writing by, the local planning authority before any development of the relevant phase begins, and the development shall be carried out as approved.
		Application for approval of the reserved matters for the first phase of the development shall be made to the local planning authority not later than three years from the date of this permission.
		The development hereby permitted shall begin not later than two years from the date of approval of the last of the reserved matters to be approved for the first phase of the development.
		No development shall take place until a phasing programme for the whole development hereby permitted has been submitted to, and approved in writing by, the local planning authority. Development shall be carried out in accordance with the approved phasing programme or any variation to this phasing programme that has previously been submitted to, and approved in writing by, the local planning authority.
5.2	Layout and scale	The layout and scale of the development shall be implemented to be in full accordance both with the master plan and the associated strategies for energy and environmental design, flood management and mitigation, foul and surface water drainage, travel, landscape and ecological management contained within the Design and Access Statement
		The development hereby permitted shall be carried out in accordance with all the plans submitted for Independent Examination (including materials if appropriate).
5.3	Building Design and External Appearance	Building designs will be developed in accordance with the approved master plan and the associated design and access statement. All details shall be submitted to and approved in writing by the local planning authority before any development commences on the site. Development shall be carried out as approved.
5.4	Energy and Environmental Design of Buildings	Technical details of building orientation, passive design principles, building fabric efficiency and renewable/recyclable materials, building services and energy provision shall be submitted to and approved in writing by the local planning authority before any development commences on the site. Development shall be carried out as approved.
5.5	Sewage and Drainage works	None of the dwellings shall be occupied until the sewage disposal and drainage works have been completed in accordance with the submitted plans. None of the dwellings shall be occupied until works for the disposal of sewage have been provided on the site to serve the development hereby permitted, in accordance with details to be submitted to and approved in writing by the local planning authority. Development shall not begin until drainage works have been carried out in accordance with details to be submitted to and approved in writing by the local planning authority.
5.6	Flood Risk Management and Surface Water Drainage	The development hereby permitted shall be carried out in accordance with the Flood Risk and Surface Water Drainage Assessment. Prior to commencement of development a scheme relating to flood management and a detailed design and long term maintenance of the flood defence measures outlined within the Flood Risk and Surface Water Drainage Assessment shall be submitted to, and approved in writing, by the local planning authority. As a minimum the details shall include: <ul style="list-style-type: none"> • A drawing showing the finished ground levels and floor levels of the proposed development; • Detailed design and maintenance arrangements of the flood compensation area; • Detailed design and maintenance arrangements of the proposed throttle structure on the Mill Leat; and • A flood warning and evacuation plan.
		The scheme shall be fully implemented and subsequently maintained in accordance with the timing/phasing arrangements embodied within the scheme, or within any other period as may subsequently be agreed, in writing, by the local planning authority.
5.7	Site Investigation and Remediation of Contamination	No development approved by this Order shall take place until a scheme that includes the following components to deal with the risks associated with contamination of the site shall each be submitted to and approved, in writing, by the local planning authority: <ol style="list-style-type: none"> 1) A preliminary risk assessment which has identified: <ul style="list-style-type: none"> • all previous uses

No	Order	Condition
		<ul style="list-style-type: none"> potential contaminants associated with those uses a conceptual model of the site indicating sources, pathways and receptors potentially unacceptable risks arising from contamination at the site.
		2) A site investigation scheme, based on (1) to provide information for a detailed assessment of the risk to all receptors that may be affected, including those off site.
		3) The results of the site investigation and detailed risk assessment referred to in (2) and, based on these, an options appraisal and remediation strategy giving full details of the remediation measures required and how they are to be undertaken.
		4) A verification plan providing details of the data that will be collected in order to demonstrate that the works set out in the remediation strategy in (3) are complete and identifying any requirements for longer-term monitoring of pollutant linkages, maintenance and arrangements for contingency action.
		5) Any changes to these components require the express written consent of the local planning authority. The scheme shall be implemented as approved.
5.8	Site Remediation of Contamination	Prior to occupation of any part of the permitted development, a verification report demonstrating completion of the works set out in the approved remediation strategy and the effectiveness of the remediation shall be submitted to and approved, in writing, by the local planning authority. The report shall include results of sampling and monitoring carried out to demonstrate that the site remediation criteria have been met. It shall also include, where relevant, a plan (a “long-term monitoring and maintenance plan”) for longer-term monitoring of pollutant linkages, maintenance and arrangements for contingency action and for the reporting of this to the local planning authority.
5.9	Unsuspected Contamination	<p>If, during development, contamination not previously identified is found to be present at the site then no further development (unless otherwise agreed in writing with the Local Planning Authority) shall be carried out until the developer has submitted, and obtained written approval from the Local Planning Authority for, an [amended] investigation and risk assessment and, where necessary, a[n amended] remediation strategy and verification plan detailing how this unsuspected contamination shall be dealt with.</p> <p>Following completion of measures identified in the approved remediation strategy and verification plan and prior to occupation of any part of the permitted development, a verification report demonstrating completion of the works set out in the approved remediation strategy and the effectiveness of the remediation shall be submitted to and approved, in writing, by the local planning authority.</p>
5.1	Odour Control	A scheme of odour control for any proposed kitchen extraction equipment shall be submitted to and approved in writing by the Local Planning Authority prior to commencement of development. The approved odour control scheme shall be implemented on site prior to the extraction system being brought into use and shall thereafter be so retained.
5.11	Lighting	A Lighting plan will be submitted to, and approved in writing by, the local planning authority prior to commencement of development.
5.12	Foul Drainage	Technical details of the proposed foul drainage arrangements for the site shall be submitted to and approved in writing by the local planning authority before any development commences on the site. Development shall be carried out as approved.
5.13	Ecology and Landscape	No development hereby permitted shall take place until the Construction Environmental Management Plan (CEMP, covering the construction phase) and a Landscape and Ecology Management Plan (LEMP) have been submitted to and approved in writing by the Local Planning Authority before the development begins and the development shall be carried out as approved.
5.14	Tree Protection	No development shall take place within an approved phase of the development hereby permitted until details of tree protection measures for that phase during construction have been submitted to, and approved in writing by, the local planning authority. The measures shall accord with BS 5837:2012 Trees in relation to design, demolition and construction and shall indicate exactly how and when the trees will be protected throughout the construction period. The measures shall include provision for the supervision of tree protection works by a suitably qualified arboricultural consultant. Development shall be carried out in accordance with the approved details and protection measures.
5.15	Noise	Construction work shall not begin until a scheme for protecting the proposed development from noise from the nearby railway track and industrial uses has been submitted and approved in writing by the local planning authority; all works which form part of the scheme shall be completed before any part of the noise sensitive development(s) is occupied. The assessment to be carried out in accordance with BS8233:2014 and BS4142:2014.
5.16	Construction Management	<p>Prior to commencement of any part of the site the Planning Authority shall have received and approved a Construction Management Plan (CMP) including:</p> <ol style="list-style-type: none"> the timetable of the works; daily hours of construction; any road closure; hours during which delivery and construction traffic will travel to and from the site, with such vehicular movements being restricted to between 8:00am and 6pm Mondays to Fridays inc.; 9.00am to 1.00pm Saturdays, and no such vehicular movements taking place on Sundays and Bank/Public Holidays unless agreed by the planning Authority in advance; the number and sizes of vehicles visiting the site in connection with the development and the frequency of their visits; the compound/location where all building materials, finished or unfinished products, parts, crates, packing materials and waste will be stored during the demolition and construction phases; areas on-site where delivery vehicles and construction traffic will load or unload building materials, finished or unfinished products, parts, crates, packing materials and waste with confirmation that no construction traffic or delivery vehicles will park on the County highway for loading or unloading purposes, unless prior written agreement has been given by the Local Planning Authority; hours during which no construction traffic will be present at the site; the means of enclosure of the site during construction works; and details of proposals to promote car sharing amongst construction staff in order to limit construction staff vehicles parking off-site

No	Order	Condition
		k) details of wheel washing facilities and obligations l) The proposed route of all construction traffic exceeding 7.5 tonnes. m) Details of the amount and location of construction worker parking. n) Photographic evidence of the condition of adjacent public highway prior to commencement of any work;
5.17	Highways and Travel	The public rights of way shall be constructed and laid out in accordance with details to be approved by the Local Planning Authority in writing before their construction begins. For this purpose, plans and sections indicating, as appropriate, the design, layout, levels, gradients, materials and method of construction shall be submitted to the Local Planning Authority prior to commencement of the site.
5.18	Highways and Travel	For internal roads on the site within an approved phase of the development hereby permitted; the proposed estate road, cycleways, footways, footpaths, verges, junctions, street lighting, sewers, drains, retaining walls, surface water outfalls, road maintenance/vehicle overhang margins, embankments, visibility splays, accesses, car parking arrangements and street furniture within that phase shall be constructed and laid out in accordance with details to be submitted to, and approved in writing by, the local planning authority before their construction commences. The submitted details shall indicate, as appropriate, the design, layout, levels, gradients, materials and method of construction.
5.19	Highways and Travel	No, mud, stones, water or debris shall be deposited on the public highway at any time.
5.20	Highways and Travel	All off site highway works shall be completed prior to occupation of any part of the site.
5.21	Highways and Travel	Prior to commencement of the site a Travel Plan shall be submitted and approved by the Planning Authority.
5.22	Plant Machinery	Notwithstanding the provisions of Article 3 of the Town and Country Planning (General Permitted Development) Order 1995, no further plant or machinery shall be erected on the site under or in accordance with Part 8 of Schedule 2 to that Order without planning permission from the local planning authority or a like form of restriction for changes of use.
5.23	Occupancy Restrictions	The occupancy of the retirement dwellings indicated on the master plan as shall be limited to a person or persons aged 60 years or older, or to the partner of a person living in the premises who is 55 years or older.
5.24	Archaeology	No development shall take place until the applicant has secured the implementation of a programme of archaeological work and historic building recording in accordance with a written scheme of investigation which has been submitted by the applicant and approved by the Planning Authority. The development shall be carried out at all time in strict accordance with the approved scheme, or such other details as may be subsequently agreed in writing by the Planning Authority.

5.2 In commencing work to discharge the conditions the following work has been completed:

- i. A full phasing plan and programme for the development work are in place.
- ii. European Protected Species Licence (Licence number 2018-35740-EPS-MIT) is in place. This allows for the ecological mitigation prior to and during construction works.
- iii. Further pre-application advice and opinion has been sought from the Environment Agency so as to provide the basis for the licences and permits for the construction work and a full and detailed Flood Risk Management and Surface Water Drainage Development Strategy has been agreed. As part of this the first two Flood Risk Activity Permit (FRAP) applications have been submitted to the Environment Agency: one for the construction of the Bat House and one for final geotechnical investigation works of the leat.
- iv. Listed Building consent for the refurbishment and reuse of the Atmospheric Pumping Station has been granted.
- v. The Framework for Construction Management Plans is in place and has been approved by South Hams District Council.

5.3 To support the on-going work in discharging the Order Conditions an Order Conditions Tracker has been established. This sets out the work completed or underway. It has a clear relationship with the programme for the development and sets out the lead for the work alongside other professional team member input. See the full Order Conditions Tracker.

6. Site Acquisition

KEY DOCUMENTS

1. Overage agreement
2. Devonshires Report on Title

- 6.1 Following the establishment of a Made Community Right to Build Order in 2017, McCarthy and Stone confirmed in September 2018 that they wished to release their interest in the site. As a consequence of this decision a revised contract for a single sale of the whole site to TCDS is being drawn up.
- 6.2 In May 2019 Dairy Crest Group Plc. (now Suputo Ltd.) and Totnes Community Development Society jointly commissioned JLL to undertake a valuation of the entire site for sale and purchase purposes based on the Community Right to Build Order. The valuation report was issued in May 2019.
- 6.3 As of December 2019, the draft contract for sale of the site is in place (see Overage Agreement). This contract sets out the purchase of the site for £460,000 with an overage agreement on the land previously assigned to McCarthy and Stone (outlined in red on the masterplan shown to the right). The proposal is that The Additional Consideration (AC) (the overage) is calculated in accordance with the following formula:

$$AC = AP \times (RLA \times (OMV - PP) - GD)$$

Where:

- AC is the Additional Consideration;
- AP is the Agreed Percentage;
- RLA is the gross external area of the Disposal Property in square metres measured in accordance with the Measurement Code;
- GD is the Gross Development;
- OMV is the higher of:
 - i. the Open Market Value of the Disposal Property per square metre; and on a Disposition, the price per square metre obtained by the Buyer for the Disposal Property; and
 - ii. PP is the Purchase Price of the Property.

The rationale for this is:

- a. The Made Community Right to Build Order only provides for the sale of the McCarthy Stone land. The rest of the site must be held in perpetuity as affordable.
 - b. The price of the site assumes the infrastructure and foundation costs across the site.
- 6.4 Alongside the Overage Agreement Devonshires Solicitors (the Society's legal advisors) have completed a full search on the title of the site.



7. Valuation Advice

KEY DOCUMENTS

1. Whole site valuation
2. Development Platform valuation
3. Brunel Building Valuation
4. Brunel Building Market Value on Completion

- 7.1 In seeking to determine the value of the site as it is now and once key elements of the development have been completed Jones Lang LaSalle (JLL) have completed valuation work considering:
- i. The whole of the site;
 - ii. The site as it now and with the enabling works completed; and
 - iii. The Brunel Building.
- 7.2 JLL have reported on their findings in accordance the current RICS Valuation - Global Standards 2017 (which incorporates the IVS, published by the Royal Institution of Chartered Surveyors and the RICS Valuation - Professional Standards UK January 2014 (revised April 2015); the RICS Red Book as applicable) on the basis of Market Value of the Made Community Right to Build Order for the site, the contractual arrangements for the sale of the site to Totnes Community Development Society and any constraints relating to the title of the property.

Whole Site Valuation

- 7.3 In undertaken valuation work to determine the value of the whole of the site JLL adopted three approaches to the valuation:
- i. They undertook a residual appraisal of the proposed scheme having regard to comparable evidence in order to arrive at the gross development value (GDV) and adopting the construction costs set out in Mace Cost Consultancy Ltd cost estimate. Using this method the development costs are significantly in excess of the GDV which results in the appraisal showing a residual land value of negative £55,350,000.
 - ii. They undertook a comparable valuation approach on the basis that purchasers may seek to acquire the property in order to redevelop the site for a similar mix of uses and density as those within the Made Community Right to Build Order. Given this is unlikely to be bought forward by another community right to build organisation, the site would not have the benefit of an extant planning permission and the purchaser would need to discount any offer to reflect the cost, time and risk of obtaining an implementable planning permission. JLL have calculated the value of the land as a clean site and deducted the site clearance and remediation costs as well as the costs associated with raising levels, retaining structures and the bridge and throttle and creating the development platform, as set out in the cost estimate. Making a further allowance for the costs and risk of obtaining planning permission results in a land value of £460,000 or £62,528 per acre.
 - iii. They considered the value of the property in its existing employment use where a purchaser would acquire the property, undertake the essential demolition and remediation works but otherwise continue to use the property in its current employment use. This assumes that the bridge does not need to be replaced and that flood mitigation works will not be required. This results in a net land value of £450,000 or £60,179 per acre.

- 7.4 Given the relatively consistency between the two comparable approaches, JLL based their opinion of market value on the higher of these two figures and valued the site at £460,000.

Development Platform Valuation

- 7.5 In order to understand if the costs of the demolition and enabling works to establish a development platform could be met by selling the site once the development platform had been created JLL undertook an appraisal on the entirety of the site on the assumption that the groundworks had been undertaken to provide a development platform across the proposed developed area in the current masterplan (excluding the footprint of the Brunel Building); and planning permission is in place for a policy compliant residential development across the whole site.
- 7.6 In undertaking the valuation JLL assumed a relatively high density development, which is consistent with other brownfield site re-developments could be achieved, and that the property could accommodate a mixture of residential and retirement dwellings. On this basis, JLL appraised a scheme of 103 residential dwellings and 36 retirement apartments.
- 7.7 On the basis that the assumptions can be met a valuation in the region of £6.6 to £7.7 million would be achieved.
- 7.8 The MACE Cost Consultancy Ltd cost plan indicates the costs of demolition and enabling works is £6.8 million.

Brunel Building Valuation

- 7.9 In seeking to assess the current value of the Brunel Building and the market value of the building once refurbished JLL have valued the building adopting a comparable valuation approach. This valuation was necessary to establish the Conservation Deficit and thereby support the application for funding for the capital refurbishment of the building from the National Lottery Heritage Fund.
- 7.10 JLL advise that the current value of the Brunel Building is in the region £25,000 whilst the market value once completed would be in the region £700,000.

8. Phasing Plan

KEY DOCUMENTS

Atmos Totnes Programme

8.1 The phasing plan for the development on site is shown below. This sets out four main phases of development each with sub phases.



8.2 A full and detailed construction programme has been established and the consolidated

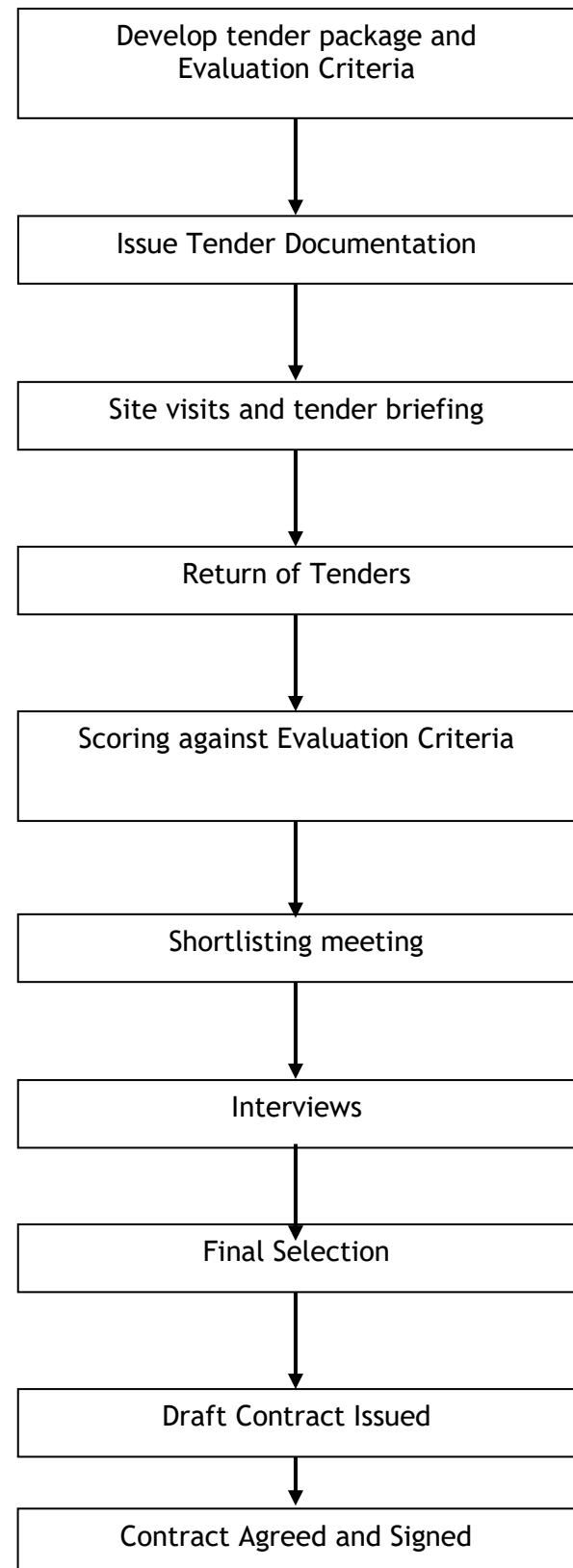
Building	Phase	Construction Starts		Construction completes		Construction period (years)
		Year	Qtr	Year	Qtr	
Bat House	1A	2020	1	2020	3	0.75
Brunel Building	1B	2020	1	2021	3	1.5
Energy Centre	1C	2021	2	2021	4	0.5
Hotel	2A	2022	1	2022	4	0.75
Residential Older Persons Affordable	2B	2022	1	2023	1	1
Residential Community Link Affordable	2C	2022	1	2023	2	1.25
Live Workspace	2C	2022	1	2023	2	1.25
Residential Community Link Affordable	3A	2022	4	2023	3	0.75
Residential Community Link Affordable	3B	2023	2	2024	2	1
Corner Shop	3B	2023	2	2024	2	1
River Link Café	3C	2023	3	2024	3	1
Health and Wellbeing	3C	2023	3	2024	3	1
Youth Facility	3D	2024	1	2024	3	0.5
Microbrewery	4A	2024	2	2025	1	0.75
Residential Community Link Affordable	4B	2024	2	2025	3	1.25
School for Food Entrepreneurs	4C	2024	4	2025	3	0.75
Residential Community Link Affordable	4D	2024	3	2025	3	1

detail of that programme is shown in the table below:

8.3 The construction period is five years. This takes account of the both the complexity of the construction, particularly around the site clearance and enabling works, but also recognises that the delivery of construction through training will result in a longer delivery period, as there is a need to align the construction programme with the academic year so as to provide the greatest opportunity for training for full time students of construction through the Community Labour Initiative.

9. Procurement

9.1 In tendering the work and in seeking to let contracts for construction work Totnes Community Development Society adopted the following ten stage procurement process as shown in the diagram below.



9.2 The details of each stage of the process is as follows:

Procurement Stage	Commentary
Develop tender package and Evaluation Criteria	<ol style="list-style-type: none"> 1. The full tender pack which includes the Employers' Requirements is prepared by the Principal Designer and reviewed by the Design Team and Totnes Community Development Society TCDS Project Management support. 2. TCDS prepare the Evaluation Criteria for the scoring of the tender responses. Evaluation Criteria are prepared considering the key elements of the work required including pricing and commercial value, understanding the project, the proposed methodology, the project team experience, the approach to community engagement alongside any other specific relevant criteria.
Issue Tender Documentation	<ol style="list-style-type: none"> 1. Tender documents are issued as widely as possible, with all tender material available on-line and invitations sent to contractors using existing database contacts, relevant press and other relevant member networks (for example Devon Construction Training Group). 2. Tender instructions set out how contractors/suppliers should submit their tender and presented timescales for submission.
Site visits and tender briefing	<ol style="list-style-type: none"> 1. A date for a site visit and tender briefing for all contractors/suppliers interested in submitting tender is set before the tender is issued. 2. Contractors and suppliers are asked to advise that they are attending the site visit and briefing. 3. Following the site visit any questions asked by contractors/suppliers are compiled and responses sent to all contractors/suppliers. 4. Updates on questions received and responses are provided to all contractors/suppliers as they are responded to.
Return of Tenders	<ol style="list-style-type: none"> 1. Tenders returned to TCDS need to be returned on or before the closing date for receipt of tenders to be deemed submitted.
Scoring against Evaluation Criteria	<ol style="list-style-type: none"> 1. All tenders submitted on or before the tender submission deadline are scored by TCDS Directors and relevant members of the Design Team. 2. The criteria are weighted as follows: <ul style="list-style-type: none"> • pricing and commercial value - 30%, • understanding the project - 10% • the proposed methodology - 25% • the project team experience - 20% • the approach to community engagement - 10% • other specific relevant criteria - 5%
Shortlisting meeting	<ol style="list-style-type: none"> 1. Following scoring of tender submissions, TCDS Directors and Design Team members who have scored tender submissions meet to consider which contractors/suppliers to shortlist for interview. 2. At this meeting a standard set of interview questions are agreed. These questions aim to consider the areas where there is still a requirement for clarity from the contractor/supplier.
Interviews	<ol style="list-style-type: none"> 1. Interviews are held on the same day for all those contractors/suppliers shortlisted. Interview questions are scored by those interviewing. 2. The interview panel consists of TCDS Directors and relevant members of the Design Team. 3. One set of questions is asked at all the interviews, and there is an opportunity for the contractor/supplier to ask questions.
Final Selection	<ol style="list-style-type: none"> 1. Post the interviews TCDS Directors and members of the Design Team who have shortlisted and interviewed meet to consider if the contract for the work should be offered to any of the contractors/suppliers that have submitted a tender and been interviewed.
Draft Contract Issued	<ol style="list-style-type: none"> 1. If there is agreement that a contract should be offered, then a draft contract is issued to contractor/supplier selected.
Contract Agreed and Signed	<ol style="list-style-type: none"> 1. The contract for the work tendered is only let to a contractor/supplier once the contract for the work is agreed and signed.

9.3 In order to provide clarity to contractors seeking to tender for services the Society put together Employers Requirements which provide clarity on the project team, the procurement strategy and tender process, the Community Right to Build Order, the Community Labour Initiative the Framework Construction Management Plan, consultees

and stakeholders and the tender documents as well as the criteria for evaluation for the tender returns.

- 9.4 In setting out the requirements for the response to any tender the Society provides clear guidance and expectations on the Sustainable Sourcing Strategy and the Community Labour Initiative, these are both key elements of the development at Atmos Totnes and so are specifically highlighted to prospective tenderers, so as to allow them to reflect these requirements in their tender prices, as follows:

Sustainable Sourcing Strategy

'Exemplar' sustainable design is to be required for all buildings. All proposed materials used are to achieve an environmentally responsible selection considering minimal environmental impact in the production, implementation and lifecycle where practical. Sourcing of local, natural materials ensures a low embodied energy solution can be achieved.

- All materials are to be sourced as locally as possible.
- Timber to be FSC Certified (or similar) with a chain of custody certificate.
- Materials to be used in construction will be selected to minimise the environmental impact of the building in their production and during its entire lifecycle.
- Breathable construction is preferred considering the external walls and roof build up.

Prospective tenderers are asked to set out their sourcing strategy, detailed information about their supply chain and what knowledge and experience they have working with natural materials and high levels of energy efficiency.

Community Labour Initiative Strategy

A Community Labour Initiative (CLI) scheme will be incorporated into the construction process to assist in developing out the project under the management of the Main Contractor. The CLI is a form of labour programme which enables vocational training, specialist knowledge and capacity building for a range of local people and businesses. It is an integral part of Atmos Totnes and will therefore be applied to as many elements of the refurbishment of the Brunel Building as possible.

All Contractors involved in the delivery of Atmos Totnes will be required to participate fully in the CLI. Contractor's Construction Management Plans will be required to include associated targets, procedures and plans. Key outcomes for the CLI include:

- The employment and training of local labour from TQ post code areas.
- The agreement of packages of work to be undertaken by trainees, either independently or in conjunction with contractor's/sub-contractor staff.
- The number of formal and informal training outcomes derived through delivery of the contract.
- The use of local firms in each sub-contract

Prospective tenderers are asked to set out they would engage in CLI delivery through their work and what experience they have of working on community led developments or projects of a similar nature where public engagement was involved.

10. The Community Labour Initiative

- 10.1 In developing the plans for Atmos Totnes the community engagement undertaken recognised the need for training and skills development and job creation. Through this engagement the Atmos Totnes Community Labour Initiative (CLI) emerged with the aim provide construction training and skills development, enhancing the experience of those working in the construction sector and create new job opportunities.
- 10.2 Alongside the community engagement undertaken as part of the preparation of the Atmos Totnes Community Right to Build Order the Society have sought to engage with employers in the construction sector; over the last 3 years we have engaged with 87 employers.
- 10.3 Much of this engagement has involved the procurement of both construction services and professional services. Commonly we have found it difficult to obtain tender responses from suitably qualified contractors. The Society's experience indicates that employers are interested in responding to tenders, and are genuinely interested in the projects we are seeking to commission, however, all too often they are already contracted to other work and so cannot take on new work within the same timescales or they report that they do not have the skill and experience base necessary to complete the work. Often it is a mix of both. In effect they report that if there was a skilled work force available, they would look to grow their businesses to take on new employees so as to make the most of the current availability of work and increase the sustainability of their businesses.
- 10.4 In engaging with those employers who do tender many report that whilst they have apprenticeships and training programmes, they still struggle to find reliable, skilled employees. Many also report that it is difficult to find multi-skilled individuals; for example, brick layers who can also plaster and render. In addition, employers report that apprentices are often surprised by the work on the ground (for examples plumbers who have not experienced lifting floorboards and are afraid of spiders!).
- 10.5 For small and medium sized employers, these issues limit the opportunities they can tender for, acting as a constraint to the amount or variety of work they can undertake at any one time. Many report that they would take on other employees if there were reliable and skilled people available. Whilst it is suspected that for SME's it is likely that only a limited number of new employees would be recruited to each business, it is clear that the lack of reliable and skilled people with on-site (real) experience means that additional recruitment does not take place and as a result employers are subsequently not able to pick up the volume or range of work available.

Community Labour Initiative Pilot

- 10.6 Over the period 2016 to date the Society has developed the Community Labour Initiative through pilot work. Through this pilot work we have identified different types of labour for each area of skills development. In broad terms the types of labour correspond to those the training is aimed at, taking into account Health & Safety, previous experience, level of skill required for certification, and difficulty/specialism of the task. The four different types of labour identified are as follows: vocational, higher education, under 18s, and community. The key learning from our engagement with employers is set out below.
 - i. Vocational Training
Two of the employers contracted at the Mansion have been facilitated to actively involve apprentices working directly with them to fulfil the service contracts within this Grade 2* Listed building in the centre of Totnes. One is in a planned preventative maintenance (PPM) role and the other in a development capacity. Both apprentices

complete formal training at a local college and then assist in hands on delivery of the service contracts. The employers in this case felt that the experience gained by the apprentices helped them to recognise the complexity of delivery or work on the ground and as a consequence of in working in such a busy and diverse setting helped them develop softer skills such as customer care.

In some circumstance's employers have not been able to offer any training as part of their work. In these situations, we have sought to identify why this is the case and have gained important information about the human resource gap that prevents small local employers taking on apprentices. Often employers are not able to support apprentices as they are constrained by the flow of work they have and as a result cannot provide the breadth and depth of experience. In our discussion with South Devon College we have raised the idea of apprentices gaining their experiences with a number of employers rather than just one. This has led to the discussion about TCDS hosting apprentices, and through the engagement with employers across Atmos Totnes CLI, developing ways to provide them with the full breadth and depth of experience required.

As the Society seeks to tender for construction work at Atmos Totnes (as well as tendering to fulfil both preventative planned maintenance contracts for buildings which the Society manages and runs) specific reference to training requirements and receptiveness to apprentices have been included as part of the tender process. As part of such tendering process, employers are offered the opportunity to make provision for costs associated with hosting apprentices and supporting training and development. This provision recognises that employers will bear costs related to taking on apprentices and providing on-site training which should be recognised at the outset.

To date we have found employers are receptive to tendering to meet the Society's CLI requirements and that the costs submitted are comparable to those submitted which would not include provision for apprentices and training. It appears that direct labour costs are lower but that there is a slightly elongated programme of delivery (which we have already accommodated for at Atmos Totnes). This tendering process will be in place throughout the lifetime of Atmos Totnes and for all other contracts TCDS seeks to tender.

ii. Higher Education

Over the last three years we have worked with Plymouth University, most recently with the Department of Architecture and Built Environment and three disciplines within Architectural Engineering, Building Surveying and the Environment and Construction Management and the Environment to complete live on-site project relating to the listed building at Atmos Totnes (the Brunel Building).

The students have used Atmos Totnes to develop the Brunel Building "concentrating on the design, survey and management aspects of the proposals" and responding to TCDS as their client (Final Year Built Environment Project Brief 2018). In 2018 the project ended with TCDS, as the client, forming part of the examination team providing feedback on work presented which contributed to the final marks issued to the students.

Whilst many of the students are already contacted to employers there are always a number that have not yet secured employment. The University report that through

experiences gained by students working on 'live' projects means that they are better placed to understand how the responsibilities of the jobs they are seeking. This in turn makes them more attractive to employers.

Within the overall construction of Atmos Totnes there are a number of discrete projects that students in higher education can be involved in. Experience gained through the pilot indicates that providing the processes for site visits and management of students is clear from the outset there is limited resource implications to supporting this work.

Given the known shortage of construction managers we have had recent discussions with a number of members of our design team about their need for technical professionals). At this stage a number would be interested in developing the relationship with Plymouth University to consider how, through their engagement for services at Atmos Totnes, they might be able to take on newly qualified or soon to be qualified construction managers and other professionals. We believe that the range of professional disciplines needed across the duration of the construction of Atmos Totnes (which is due to the constraints of the site and the phasing of the construction) provides the opportunity for a number of other technical professional disciplines to be recruited into members of our design team.

iii. Under 18s

Over the last three years the Society has three groups of Year 10 students on work experience from KEVICC the local community college. The focus has been to consider "how places and spaces can be used creatively by young people and other local people for the benefit of the whole community." Students have been hosted on site and spent time with members of the Atmos Totnes design team (architect, planners, ecologist, etc). Ultimately this work experience has led to the repurposing of the Elmhirst building, based on the brief developed by the students.

In speaking with KEVICC it is clear that insurance, health and safety considerations and that students are only available for short periods of time, are the main barriers to employers taking work experience students; reasons echoed by the employers we have asked. In order to overcome these barriers:

- the Society has worked with our insurance brokers (Colin Hardy & Co. Ltd.) to put in place insurance cover that allows for work experience and volunteering in all aspects of construction work undertaken or tendered by the Society,
- we have worked with all employers to ensure that they put in place method statements and risk assessments required to meet the insurance cover, and
- we have included work experience in our tendering requirements.

iv. Community Service

The Society have started working with the local probation service who have completed site visits so that the Society can provide opportunities for individuals on the probation services Community Payback and Unpaid Work schemes on renovation, maintenance and administration connected with the Mansion and the Elmhirst building are in place. Two types of work programmes have been explored, one being individual work placements and the other working groups each suiting a different type of task.

Through the CLI pilot we have worked with employers to review standard practise in order to provide opportunities for volunteers without compromising quality and

safety. For example, as we reinstated the water system at the Elmhirst Building the employer leading the job deliberately chose a process and materials that supported unskilled labour to help them, not only reducing the cost but providing a volunteer with insight into that element of facilities maintenance. The same employer is now gearing up to train regular volunteers to undertake the monthly water hygiene compliance checks.

Atmos Totnes Community Labour Initiative

- 10.7 The Atmos Totnes CLI will use the development at Atmos Totnes as the means by which to improve the employability of individuals seeking employment within the construction sector, support those already working within the sector to improve their skills and experience and increase the numbers employed within the sector.
- 10.8 The Atmos Totnes CLI will meet the following objectives:
- To raise the profile of employment within the construction sector for those in full time education and with groups underrepresented in the sector (for example women),
 - To provide opportunities for on-site work experience and taster sessions for those interested in employment within the sector,
 - To provide the opportunity for skills development and on-site experience for students and trainees on existing college-based construction courses,
 - To provide opportunities for those already working in the sector to gain new skills and experience
 - To create a route into employment in the construction sector for unemployed people looking for work and those at risk of exclusion from employment opportunities (particularly those within the criminal justice system).
 - To match those accessing on-site construction training and experience with job employers are seeking to recruit to.
 - To support construction employers (herein after called employers) to meet their training needs and establish new job opportunities.
- 10.9 In terms of the range of professions and trades where on site experience and training can be offered the nature of the development at Atmos Totnes allows us to provide for all of the target occupations required by the CITB for the South West as well as a number of others. As the construction work takes place, the development of Atmos Totnes will provide for the many of the trades and professions across the 5 years of delivery of the construction. In broad terms the phasing of the construction of Atmos Totnes requires demolition followed by enabling works and grounds works, the enabling works will effectively see the site infrastructure put in place so as to result in a number of serviced plots. This means that on-site training and development can take place across a number of trades and professions across the duration of the construction. Once key benefit of the development being led by a not for profit organisation is that the programme for the construction work has been prepared to accommodate for on-site training and development. This recognises that the construction work will therefore take longer than would normally be expected.
- 10.10 Lastly the challenges and constraints of the site (functional floodplain, nine species of bat, a listed building, next to the main line railway and next to the river Dart), mean that the skills development and training opportunities (and therefore subsequent employment opportunities) that can be provided can be enhanced as a result of working to mitigate the constraints. Rather than being seen as a barrier and challenge to overcome, the constraints and challenges associated with the site provide further opportunities to improve skills and gain valuable experience which is unlikely to be possible on other sites. This should be an opportunity that many employers will be interested in.

Atmos Totnes Community Labour Initiative Costs

10.11 The costs of the development and delivery of the Atmos Totnes Community Labour Initiative are set out below:

Item	Breakdown		Costs Per Annum
TCDS Direct Costs	Contract Manager, Construction Manager, Administrator, Office costs, Insurance and Accountancy	<ol style="list-style-type: none"> 3 fte posts Full onsite office for duration of Atmos Totnes Governance costs (legal, insurance and accountancy) 	£ 122,066.23
Training Costs	Costs of Training provision	<ol style="list-style-type: none"> Costs of 1 fte onsite training manager. Costs of 21 apprentices over three years Costs of 25 short courses (average £230 per participant) Cost of Continuing Professional Development onsite experience 	£ 109,087.32
Revenue Costs	Costs of travel, refreshments, printed material for site visits/work experience/probation		£ 6,985.42
TOTAL COST			£ 238,138.96

Atmos Totnes Community Labour Initiative Governance

10.12 Overall Governance and project management will rest with TCDS. Formally the Society is governed using a programme structure allowing a separation between strategic and operational decision making. In this model:

- The Society is the Programme, managed by the Directors with accountability for setting the strategic direction, allocating resource and budget.
- Underneath the Programme, there are Projects, managed independently, with freedom to make operational decisions, subject to regular oversight by the Programme.
- There are Board Meetings to provide governance and oversight.

10.13 A key advantage of this structure is that it allows the Project Manager the freedom to get on with 'doing' within an agreed framework without having to constantly go back and ask for direction and/or approval. Practically this means that Directors can lead projects, and in the early stages of a project would be expected to do so assuming that they have the necessary skills. For the Atmos Totnes CLI a Director will lead the strategic development of the project, with day to day project management resting with the TCDS Contracts Manager and the TCDS Construction Project Manager, with support from an Administrator. To support the governance and management contractual relationship will be put in place as follows:

- Employers contracted to delivery construction services at Atmos Totnes: these contracts will be managed by TCDS Construction Project Manager. To enable good project management and to ensure good governance there will be monthly meetings to review progress, attended by Employers Construction Manager/s, TCDS Construction Manager and Directors and the professional team.
- Training providers: a memorandum of understanding already exists between South Devon College and Totnes Community Development /Society. Where South Devon College (or other training providers) provide on-site training through construction (as South Devon College are keen to do), the Society will seek to contract this provision,

so that there is clarity about expectations, management of learners and quality assurance.

- Probation Service: the Society has in place a Service Level Agreement for Supervised Groups and a Service Level Agreement for Placements. This means that the Society can already support groups or take individuals.
- Job Centre Plus: the Society does not have a formal agreement with Job Centre Plus, but Job Centre Plus are keen to develop a longer-term relationship and so it is likely that the Society will seek to put in place a memorandum of understanding.

Atmos Totnes Community Labour Initiative Outputs

10.13 Over the course of the first three years of the Atmos Totnes Community Labour Initiative will be provided for 1649 individuals, with at least 945 being regarded as site ready by employers and 694 being offered entry into work. Of these in the region 50% (473 individuals) will be employed with 20% (95) from underrepresented groups.

11. Financial Projections

KEY DOCUMENTS

1. TCDS Strategic Plan 200129
2. MACE Cost Consultancy Limited Formal Cost Plan NR1
3. TCDS and Atmos Totnes Financial Modelling 2019-2055

Capital Costs

11.1 The total capital costs are as follows:

Element of Cost	Cost
Post Planning Pre-Development Work (including Project Management)	£ 250,000
Site Purchase	£ 460,000
Debt repayment of pre-development loans	£ 581,181
Construction costs (including contractors prelims, overheads and profits)	£ 51,471,134
	£ 52,762,315

- i. The post planning pre-development work relates to design work still to be carried out in order to discharge all of the Made Community Right to Build Order Conditions;
- ii. The site purchase costs are those set out in Section 5.
- iii. The debt repayment costs relate to the repayment of at risk and unsecured loans taken by the Society in order to prepare to complete the technical feasibility work required to prepare the Community Right to Build Order and start to discharge the Made Order Conditions.

It is noted that all costs are ex VAT with the exception of the post planning pre-development work.

Construction Costs

- 11.2 Cost advice has been taken from MACE Cost Consultancy Limited and a formal cost plan for the whole of the development has been prepared.
- 11.3 The cost plan provides a building by building and a phase by phase breakdown of the capital costs of the development.
- 11.4 The costs of each phase are set out below. These costs include the build costs and the costs of prelims, contractors overheads and profits and the allowance for inflation:

Phase	Order of Cost (£)
Demolition & Site Remediation	867,255
Site Infrastructure & Enabling Works	5,606,118
Brunel & Energy Centre	4,982,818
Hotel & Transport Hub	5,917,913
Residential and workspace	21,000,000
River Link café & Youth Activity Hub	3,727,262
Health and Wellbeing Centre	1,896,722
Micro Brewery	1,081,502
School for Food Entrepreneurs	1,809,467
External Works & Footbridges	4,582,077
	51,471,134

11.5 Key commentary on the cost plan is as follows:

- i. The cost estimate represents the anticipated construction cost at current prices using competitive methods of procurement and traditional forms of contract.
- ii. An inflation percentage of 2.5% has been applied utilising the BCIS, Mace Cost Consultancy Tender Price Literature and feedback from the market.
- iii. The estimated cost is generally higher than average based on £/m² and this is due partly to the nature of the site with a significant amount of infrastructure works required prior to construction. In addition, the brief indicates a high-quality building targeted with sustainable aspirations which indicates construction costs at the upper end of expectations for this type of development.

Plant, Labour and Materials Cost Plan

11.6 As part of the preparation of the formal cost plan and as a means to start to identify possible cost savings through to delivery of the Community Labour Initiative costs have been split into costs associated with plant, labour and materials. The key commentary from MACE on these splits is as follows:

- i. The method used to split these costs has come from general experience and also using industry recognised cost data such as the BCIS and Spons price books.
- ii. Fundamentally the cost of plant has been estimated using assumptions on items such as small tools, working platforms, health and safety precautions and large items of plant such as piling rigs and/or cranes. Further savings will be made on the main contractors general preliminaries which have not been accounted for at this stage. It is expected that once the design is further developed further cost consultancy advice will engage with the market and gain a greater understanding.
- iii. Simply labour has been calculated by estimating the number of man-hours required to construct an element while material cost is more straight forward to calculate using experience, research and previous project costs. It should be noted that where commentary states 'man days' this is not a stipulation of the sex of labour but general construction terminology for the number of working days estimated for each element
- iv. A certain amount of uncertainty is applied. Especially for those items where plant might be shared between elements, such as working platforms and scaffolding.
- v. The commentary on labour man days has made certain assumptions and does not take into account elements working in co-ordination with another. The man days has been rounded down to the nearest full day. As the design progresses the Profit, Labour and Materials analysis should then be aligned to individual building/phase programmes.
- vi. No assumptions have been on what TCDS can undertake themselves or via community/self build and is based on traditional construction methods. It is felt that TCDS will need to make their own assumptions on what activities can be completed via alternative methods.

11.7 In reviewing the plant, labour and materials cost plan across the plan the splits for the total cost of the build not including prelims, overheads and profit or inflation are as follows:

Plant	Labour	Materials	Build Total
9.0%	27.0%	64.0%	100.0%

11.8 The breakdown of the build costs indicates that in the region of 27% of the build costs are associated with the costs of labour. On a phase by phase basis the following splits are provided:

Phase	Plant	Labour	Materials
Demolition & Site Remediation	58%	38%	4%
Site Infrastructure & Enabling Works	17%	23%	60%
Brunel & Energy Centre	3%	26%	71%
Hotel, Transport Hub & Live/Work Industry	6%	26%	68%
Residential, River Link café & Youth Activity Hub	7%	30%	63%
Residential & Health and Wellbeing Centre	6%	30%	64%
Residential, Live/Work Block & Local Corner Grocery	7%	29%	64%
Residential, School for Food Entrepreneurs & Micro Brewery	6%	29%	66%
External Works & Footbridges	19%	25%	56%

11.9 Whilst the cost plan does not factor in construction delivery through the Community Labour discussions with training providers indicate that on-site training is welcomed and whilst not without costs (relating to tutors and assessors) the labour costs are reduced.

Capital Income

11.10 It is anticipated that Atmos Totnes will attract investment, donations and grant funding from a range of sources.

11.11 The financial model developed shows income from the following sources:

Income Source	Amount	Commentary
HLF Capital funding	£2,595,622	<ul style="list-style-type: none"> Heritage Lottery Funding capital grant for refurbishment of Brunel Building. The grant was approved in December 2019. It is assumed that the grant will be an equal split across two years. This grant also includes funds for staff costs (£39,000) which funds TCDS staff costs. This £39,000 is removed from the capital grant and is shown in the TCDS Consolidated Cash Flow as it relates to TCDS staff costs relating to the delivery of the Brunel Building project within Atmos Totnes.
Capital grants for affordable residential	£4,950,000	<ul style="list-style-type: none"> It is assumed that capital grant fund to be applied for from Homes England for the development of affordable housing, similar to the current Shared Ownership and Affordable Homes Programme 2016 to 2021. An average level of £50,000 per unit has been used to model the likely levels of grant that will be sought.
Share issue	£ 800,000	<ul style="list-style-type: none"> Investment from the Community Share Issue modelled on the mid range of investment. See relevant Share Issue Document for more information.

Income Source	Amount	Commentary
Enabling Works Loans	£8,000,000	<ul style="list-style-type: none"> Assumes 25 year loan at 3.2% fixed. Assumes 1.5% arrangement fee factored into first year of repayment.
Energy Centre	£ 2,000,000	<ul style="list-style-type: none"> Assumes 25 year loan at 3.2% fixed. Assumes 1.5% arrangement fee factored into first year of repayment.
Investment for residential and workspace	£ 17,300,000	<ul style="list-style-type: none"> Assumes 40 year loan at 2% fixed based on in principal investment from Cheyne Capital Assumes 1.5% arrangement fee factored into first year of repayment.
Investment for Hotel	£ 5,000,000	<ul style="list-style-type: none"> Assumes 25 year loan at 3.2% fixed. Assumes 1.5% arrangement fee factored into first year of repayment.
	£ 40,645,622	

11.12 Over the course of the construction period revenue income is generated as a result of the phasing of the development. This provides for completion of the construction and also repayment of debt.

11.13 It is felt that over the course of the construction period further grant income can be secured which will reduce the loan investment sought.

Delivery Through The Community Labour Initiative

11.14 Whilst not all elements of the construction of Atmos Totnes can be delivered through training and skills development many areas can.

11.15 In considering the phase by phase splits it is clear that the construction of the housing elements has greater labour costs than other elements. These elements of build are those that are well suited to delivery through training and are the elements that South Devon College construction students are well placed to deliver through the Community Labour Initiative.

11.16 The delivery of Atmos Totnes through the Community Labour Initiative therefore has the potential to reduce capital costs. Taking just the housing element an example if all of the housing element above foundation is delivered through the Community Labour Initiative then the combined costs of plant and labour is set out in the Cost Plan as £6,268,357. It is also noted that whilst there is no saving on materials costs the plant required will be the same across all of the housing elements of the build. Whilst cost of plant will be incurred if the plant is held on site and used for each phase of housing construction.

11.17 The financial modelling shows the expenditure on the development and delivery of the Community Labour Initiative and the capital cost savings which will be derived if the residential, workspace, river link café, health and wellbeing centre, corner grocery, school for food entrepreneurs and micro brewery are delivered through the Community Labour Initiative. These elements of build are those where the risk is low and they are ideally suited for delivery through training and development. It is likely that other elements of construction will also be delivered through the community Labour Initiative thereby increasing the capital cost savings.

Market Testing Capital Costs

- 11.18 Soft market testing of the enabling works and the refurbishment and re-development of the Brunel Building and the construction of the Energy Centre has been carried out. This market testing indicates that capitals costs may be lower than those set out in the cost plan.
- 11.19 To support this soft market testing the first stage tender returns submitted for the refurbishment and re-development of the Brunel Building and the construction of the Energy Centre show a decrease in capital costs when compared to the Cost Plan.

Organisational Development and VAT position

- 11.20 The financial projections do not show the organisational development that will be undertaken by Totnes Community Development Society in delivering Atmos Totnes.
- 11.21 Development of all elements of Atmos Totnes will be procured through Totnes Community Development Society. Procurement will either be through specialist contractors or through a trading subsidiary company established by Totnes Community Development Society. TCDS and the trading subsidiary will be running and managing training programmes under the Community Labour Initiative.
- 11.22 Once the development is completed the freehold of the land and buildings will remain within TCDS and there will be no sales of any element of the development.
- 11.23 The trading subsidiary company will supply construction services, and not just materials, to Totnes Community Development Society. The trading subsidiary company will be registered for VAT and will zero rate supplies to TCDS where these relate to the construction of new residential buildings or buildings that qualify as RCP (Relevant Charitable Purpose).
- 11.24 Totnes Community Development Society is seeking to become a Registered Provider and will retain the freehold and management of the housing developed within TCDS. Rental income of residential property is exempt for VAT purposes and so no VAT will be charged to tenants.
- 11.25 Totnes Community Development Society will grant a lease to its subsidiary company for the hotel, the river link café, brewery and the School for Food Entrepreneurs. The activities and services delivered from these buildings alongside hospitality and facilities management will rest within the trading subsidiary company.
- 11.26 TCDS is currently taking advice on the possible VAT status of the enterprise buildings within the development. Under currently accepted VAT practice, standard rate VAT will apply to the construction of the elements of the development deemed to be commercial. These elements form an intrinsic part of the community development and the Board are therefore exploring options to obtain RCP treatment for these elements. If this treatment is not achieved, TCDS will opt to tax the enterprise property to recover the VAT on construction costs, and charge VAT appropriately on the income generated.
- 11.27 The trading subsidiary company will be established as a company limited by shares with shares being held by Totnes Community Development Society. The trading company will covenant taxable profits to Totnes Community Development Society.
- 11.28 The financial projections are therefore all excluding VAT figures in relation to construction costs with the exception of expenditure for professional fees which will be charged at 20% VAT rate.

Revenue Business Model

- 11.29 Alongside the capital costs of Atmos Totnes revenue projections have been modelled for occupancy of building post completion of the construction works.
- 11.30 The business model established for Atmos Totnes for each element of the development (in summary) is as follows:

Building	Business Model
Brunel Building	Managed by Totnes Community Development Society providing local people with high quality local food and drink and a flexible venue space for live music, market, functions, training, conference etc.
Energy Centre	Workspace accommodation available for rent, with energy provision either managed by the Society or others.
Hotel	Managed by Totnes Community Development Society in partnership with South Devon College as a training hotel.
Residential Older Persons Affordable	Residential accommodation which may be available for rent or for sale dependent on local need.
Residential Community Link Affordable	Residential accommodation which will only be available for rent.
Live Workspace	Workspace accommodation available for rent.
Corner Shop	Accommodation available for rent.
River Link Café	Café accommodation available for rent.
Health and Wellbeing	Workspace accommodation available for rent.
Youth Facility	Accommodation available either for rent or to be managed by the Society.
Microbrewery	Workspace accommodation available for rent.
School for Food Entrepreneurs	Workspace and training accommodation available for rent or to be managed by the Society.

Alongside the above all open space and landscaping will be managed by the Society as will the electric car pool.

- 11.31 In modelling the rental income from housing the South Devon BRMA weekly housing rates, as of December 2019 have been used:

No of Beds	South Devon BRMA weekly rates 2019	Rent pcm
1 bed	£ 96.91	£ 420
2 bed	£ 128.19	£ 555
3 bed	£ 153.02	£ 663
4 bed	£ 192.24	£ 833

- 11.32 In modelling the rental income from workspace advice from Bettsworth Ltd. has been used to set the current all inclusive rental charges per square foot of workspace rental levels. These rents are those that are achieved at the Mansion in Totnes.

Employment/workspace	£/ft ²
Live work employment	£ 8
River Link café	£ 10
Corner shop	£ 13
Health and well being centre	£ 8
Micro Brewery	£ 10
Youth Building	£ 8
School for Food Entrepreneurs	£ 12
Office space	£ 13
Energy Centre	£ 13

11.33 In addition to the above baseline positions in respect of rental charges for housing and workspace the TCDS and Atmos Totnes Financial Modelling 2019-2055 provides the financial modelling in detail including the full set of assumptions that have been used. The modelling also includes a sensitivity analysis using the following:

Inflation	2.5%
Residential	
Occupancy rate	95.0%
Management fee residential	17.0%
Annual Rent increase: inflation	2.5%
Assumed level of grant per unit (Homes England SOAHP)	£ 50,000
Office and Workspace	
Occupancy Rates	85.0%
Management fee for office and workshops	17.0%
Rent increase every 5 years: inflation	2.5%
Energy Centre	
Occupancy rate	95.0%
Rental increase from year 5 onwards (Inflation)	2.5%

Revenue Projections

11.34 The TCDS and Atmos Totnes Financial Modelling 2019-2055 sets out the revenue income and expenditure related to each element of the Atmos Totnes development.

- i. For the housing this is based on income from rent and an expenditure of 17% of management costs of total rent collected per annum.
- ii. For the workspace this is based on income from rent and an expenditure of 17% of management costs of total rent collected per annum.
- iii. For the Brunel Building and Energy Centre workspace full business modelling and business planning has been completed.
- iv. For the hotel initial modelling based on comparable sized hotels has been completed.

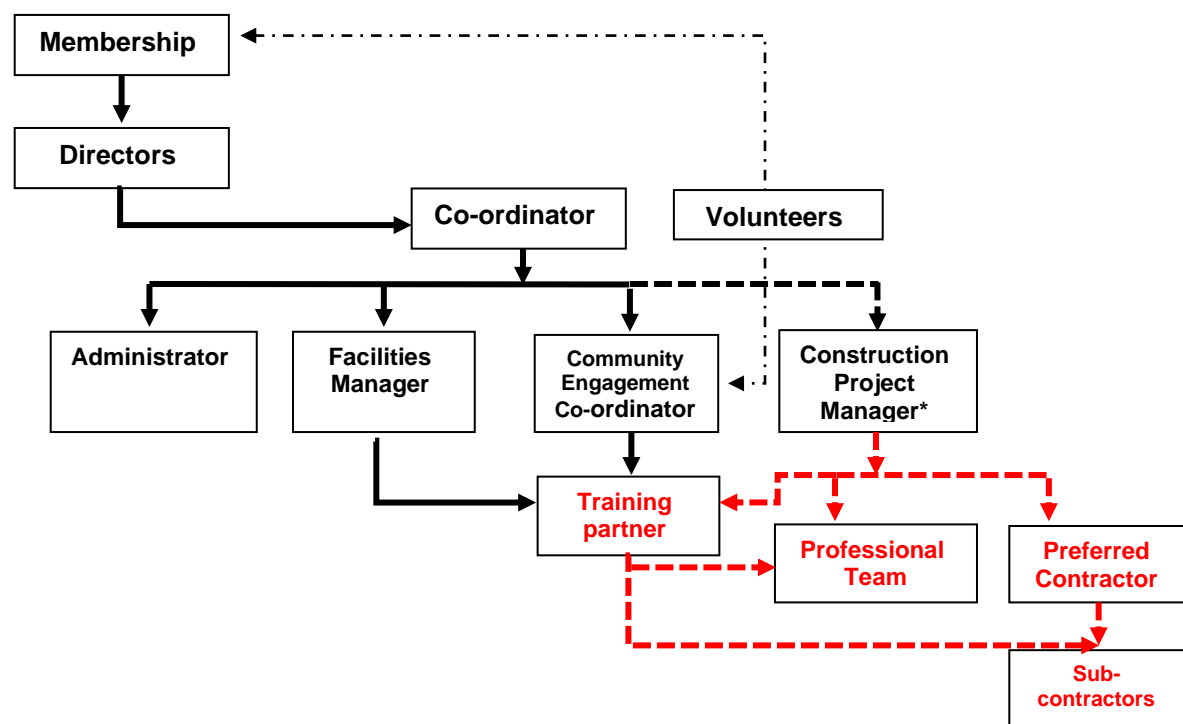
11.35 The consolidated cash flow covering the period 2020 to 2055 is set out in detail in The TCDS and Atmos Totnes Financial Modelling 2019-2055. The cash flow shows three financial periods as follows:

Period	Key Activity	Commentary
2020 to 2026	The construction phase	<ul style="list-style-type: none"> • The construction takes place in phases over a five-year period (2020 to end of 2025) and the last payments of capital expenditure are projected for 2020. • During this period investment is secured and there is limited revenue income. • As a result of capital expenditure and debt repayment and limited revenue income deficits are projected.
2027 to 2046	The period of consolidation and main	<ul style="list-style-type: none"> • Over this period revenue income grows and debt repayment levels out.

Period	Key Activity	Commentary
	phase of debt repayment	<ul style="list-style-type: none"> • 2026 is the first year when surpluses are generated and thereafter there is a surplus in the region £1.5 growing to £2.7 million per annum is generated before debt repayment every year
2047 to 2055	The period post debt repayment	<ul style="list-style-type: none"> • This is the period when the majority of the investment income has been repaid and the cash flow moves from negative to positive in 2052.

13. Project Management and Professional Team

- 13.1 As a small organisation, the Society does not have permanent in-house project delivery capacity for large capital projects. To enable the development phase of the project the Society has engaged professional consultants and has provided in house project management through existing capacity within the Society.
- 13.2 The Society recognises that with its other work it is not possible to undertake the construction of Atmos Totnes without additional capacity. The Society is therefore seeking to recruit additional capacity as follows:
- A dedicated Construction Project Manager who will manage the construction phase of the project.
 - Co-ordination of the Community Labour Initiative.
- 13.3 Alongside the additional capacity:
- The team of professional consultants engaged during the development phase of the project will remain engaged by Totnes Community Development Society. The professional team composition is shown above (along with their costs). This team will work with the Society's staff team to provide on-going design input and monitoring of design, oversight, expertise and management to the Preferred Contractors (including South Devon College and other trainee delivering on site).
 - Preferred Contractors will be contracted under the JCT Prime Cost Building Contract 2016 (amended as necessary) to deliver services. All Contractors working on Atmos Totnes will be required to bring in their own project and contract management.
 - Where required sub-contractors will be managed by Preferred Contractors.
 - Directors of Totnes Community Development Society will continue to provide project management support as required.
- 13.4 The structure diagram below shows the structure of the Society for the construction phase of the project. This structure diagram shows the relationships between the Construction Project Manager, the professional consultancy team and the preferred contractors and sub-contractors. Noting that the organisations in red are external providers to the Society.



Specific Project Management Roles and Responsibilities

- 13.5 There are a number of levels of project management within the structure set out above. The key responsibilities in relation to the Construction (Design and Management) Regulations 2015 (CDM 2015), contract management and governance are as follows:

Project Management Role	Organisation	Commentary
Principle Designer	Andrew Kirby, Andrew Kirby Architects	Under the Construction (Design and Management) Regulations 2015 (CDM 2015) the key responsibilities are to: <ul style="list-style-type: none"> plan, manage, monitor and coordinate health and safety in the pre-construction phase of a project. prepare and provide relevant information to other duty holders liaise with the Preferred Contractors to help in the planning, management, monitoring and coordination of the construction phase.
Principal Contractor		Under the Construction (Design and Management) Regulations 2015 (CDM 2015) the key responsibilities are to plan, co-ordinate, manage and monitor health and safety during the construction phase of the project. Preferred Contractors will provide full time Contract/s Manager, a Project Manager, an Assistant Project Manager, Quantity Surveyor and a Safety Advisor.
Contract Administrator	Totnes Community Development Society Construction Project Manager	As Contract Administrator TCDS Construction Project Manager will, with support of the professional team; <ul style="list-style-type: none"> manage the contract the with all contractors manage the contracts with the professional team manage budget and have oversight of project delivery
Project Management Support	Rob Chudley, Macegreen Consulting	Provide oversight and commentary as necessary on the due diligence and governance provided by TCDS in relation to the development and delivery of Atmos Totnes. In addition: <ul style="list-style-type: none"> Assist TCDS in consultant appointments; Assist TCDS in the co-ordination between consultants to establish best value technical input and delivery for TCDS and the Atmos Totnes; Assist TCDS in the development of programmes for the development and delivery of Atmos Totnes; Assist TCDS in the development of final project proposals for Atmos Totnes;

Project Management Role	Organisation	Commentary
		<ul style="list-style-type: none"> • As necessary support TCDS to evaluate and recommend various construction and delivery methods; • Review all documentation necessary for the tendering and procurement of contractors; • Review documentation necessary for the discharge of the Made Community Right to Build Order; • Assist TCDS in the identification and management of project risks, producing registers and schedules for projects under their management; • Provide on-going review of risks and risk management framework

13.6 Over the course of the construction programme to enable good project management and to ensure good governance of the project there will be monthly meetings to review progress, attended by Contractors Construction Manager, Totnes Community Development Society Construction Manager and Directors and the professional team. For the monthly meetings Totnes Community Development Society Construction Project Manager, with the support of the professional team, will prepare monthly progress reports setting out:

- A summary of the progress made against each area of the project
- Analysis of progress against the programme
- An assessment fo the work completed (including the cost of work) against that planned to have been completed.
- An explanation of the causes of any delays
- An assessment of any quality issues
- An assessment of any health and safety issues
- Reports of any issues with neighbours
- An assessment of any design issues
- An assessment of any other issues that need to be addressed and proposals for addressing them
- Any instructions required Totnes Community Development Society
- A look forward to the next month

13.7 The monitoring and evaluation of the capital works will be undertaken in accordance with the RIBA Plan of Work. This is a robust process protocol which describes the activities from appraising the client’s requirements through to post-construction.

13.8 In terms of oversight and governance the Totnes Community Development Society Construction Project Manager will sit within the Society’s programme structure allowing a separation between strategic and operational decision making:

- TCDS is managed by the Directors with accountability for setting the strategic direction, allocating resource and budget.
- The Construction Project Manager will be directly managed by the Co-ordinator and will make operational decisions, subject to regular oversight by the Co-ordinator and TCDS Directors.
- The TCDS Board Meetings will provide scrutiny, governance and oversight.

14. Risks

KEY DOCUMENTS

Atmos Totnes Risk Register

- 14.1 The Society has prepared a number of risk registers, recognising the complexity of Atmos Totnes.
- 14.2 Alongside the overarching risk register a risk register will be established for each element of the development prior to the commencement of the delivery of that phase of development.