

**PLANNING APPLICATION FOR CHANGE OF USE
FOR VEHICLE PROCESSING ON PART OF THE
EASTERN LENGTH OF THE SOUTHERN
TAXIWAY**

UPPER HEYFORD

**PLANNING AND HERITAGE
STATEMENT ADDENDUM**

ON BEHALF OF PARAGON FLEET SOLUTIONS

**TOWN & COUNTRY PLANNING ACT 1990 (AS AMENDED)
PLANNING AND COMPULSORY PURCHASE ACT 2004**

Pegasus Group

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1. INTRODUCTION

- 1.1 The Addendum supports the Planning and Heritage Statement accompanying planning application 13/01599/F.

2. ECONOMIC CONSIDERATIONS

2.1 Section 4 of the Planning and Heritage Statement sets out the scale and character of Paragon's operation at Upper Heyford.

2.2 During the processing of the current planning application it has been noted that the volume of vehicles being process appears to be less than the 6,000 vehicle capacity necessary to maintain the operation. Any shortfall in capacity utilised at Upper Heyford is a temporary function of the transition between contracts.

2.3 Paragon is the UK's largest supplier of Pre Delivery Inspection and de-fleet services for vehicle manufacturers, dealer groups and fleets. In 2012 the Company processed 200,000 vehicles through its UK facilities. Paragon is also the UK's largest provider of captive fleet management working with both vehicle manufacturers and fleet groups.

2.4 In 2012 Paragon managed in excess of 39,000 demonstrations, 19,000 PDIs and 3,000 vehicle de-fleets through the Upper Heyford facility.

2.5 Paragon customer base now includes:



2.6 Whilst we are currently unable to disclose the brand, Paragon are currently concluding new contract arrangements with two key manufacturer customers which will require the full capacity of 6,000 vehicles at Upper Heyford.

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- 2.7 The contract operation will create a centre of excellence at Upper Heyford with additional capacity for growth, new technology and dedicated facilities. To facilitate the centre of excellence Paragon will need to invest £0.85m.
- 2.8 The contract will involve a significant increase in the volume of vehicles processed for the manufacturer. For example PDI for Company Car handovers will increase in 2013 from 1,394 to 3,676 in 2017 and De-Fleet volumes are programmed to increase over the same period from 8,604 to 20,023.
- 2.9 These services will require new dedicated technical workshops, with qualified technicians, body shop repairs and dedicated demonstration and vehicle account teams.
- 2.10 The new services for the manufacturers will create at Upper Heyford 56 new jobs in 2014 split between both operational and administrative. During the course of the contract this will increase to circa 120 new jobs within Cherwell District at Upper Heyford.
- 2.11 Therefore the Planning and Heritage Statement explanation of the size of the workforce, being the third largest employer in Cherwell, the annual wage expenditure of £13.5M and the contribution to the local and regional economy of should be read in the context of the continuing and increasing investment now proposed by Paragon at Upper Heyford.
- 2.12 In order to make that investment Paragon require certainty that the Company can continue to operate within the revised area now proposed via the planning application which is nevertheless on a reduced footprint when compared with the existing operation.

3. COSTS OF ALTERNATIVES

- 3.1 At Appendix 1 to the Planning and Heritage Statement, Paragon set out the costs estimates which were anticipated to be involved for setting out the fuel tanker area. It had originally been anticipated at the Inquiry preceding the SoS decision in 2008 that the fuel tanker area would be utilised as part of the car processing area.
- 3.2 Six years on, and following the credit crunch, the car processing business on a European wide basis is radically different and the margins for all elements of vehicle retailing are dramatically different.
- 3.3 When preparing the current application we set out an "internal" estimate of the costs of carrying out the works to convert the fuel tanker area and to utilise the gross verge areas within the current areas of operation. The estimates for removing kerbing, excavating top soil, constructing and preparing bunds, importing and laying an aggregate base, installing drainage and laying tarmac amounted to £500,000.
- 3.4 This estimate was compared with the profits before tax for the current financial year estimated at £600,000. As is explained the margin for error could all too readily mean that were Paragon to commit to funding the conversion of the tanker area the business would drop into debt. This would therefore be likely to prejudice the investment now proposed in the new facilities and new job creation described.
- 3.5 We have sought an independent estimate of the costs involved in order that the costs can be tested and verified. We now produce at Appendix 1 to this Addendum independent costings which demonstrate that the costs of excavating the topsoil and subsoil, and removing from site combined with the importation of approved granular material and tarmacking and joining to existing runways together with necessary drainage provision amounts to £984,483. There is therefore an adverse variance when compared with our previous estimates, in excess of £484,000. The costings show, beyond reasonable doubt that the scale of the burden of converting the tanker area is such that the ability to maintain the viability of the Paragon operation at Upper Heyford would be threatened.

APPENDIX 1 – INDEPENDENT COSTINGS

- 3.6 Accordingly, pursuant to the NPPF para 173, an alternative solution needs to be found. For the reasons set out in the Planning and Heritage Statement we believe that the current application provides an appropriate and acceptable planning means of accommodating the Paragon operation at Upper Heyford.

4. CONCLUSIONS

- 4.1 The Paragon operation at Upper Heyford necessitates an ability to process 6,000 vehicles. This was the position explained in evidence at the original planning inquiry. The needs remain the same today.
- 4.2 Indeed in order to maintain current employment levels, and to directly facilitate the creation of 120 new jobs in Cherwell District at Upper Heyford it is now essential to secure the planning permission now sought.
- 4.3 The areas for which permanent planning permission is sought is less than the area on which the business currently operates.
- 4.4 Notwithstanding the scale of the Paragon operation and the investment now proposed, the business cannot viably fund the conversion of the tanker area as had been contemplated at the Inquiry preceding the SoS decision in 2008.
- 4.5 The independent cost analysis of the works demonstrate beyond reasonable doubt that the conversion of the tanker area is not viable.
- 4.6 For these additional reasons we continue to maintain the conclusions set out in the initial statement which are for convenience reproduced below:

"8.1 It is considered that there have been changes in circumstances particularly in National Planning guidance, and the weight to be attached to the change in economic circumstances since the appeal decision at Upper Heyford.

8.2 Cherwell District Council have recognised this at Upper Heyford and the approach to decision making in respect of Building 3135 is recommended and supported here.

8.3 The appeal decision changed the weight to be afforded to the Revised Comprehensive Development Brief. The Appeal decision in effect makes this a development site, a decision reflected in the emerging Local Plan.

8.4 The NPPF and recent Government Policy and decisions accentuate the weight to be given to development that contributes to building a strong, responsive and competitive economy.

8.5 The use now proposed is on the least sensitive part of the site in terms of the character of the Conservation Area. When compared with the current planning permission for car processing entirely within the Regionally Significant Area it can be seen that the new

area lies partly in the Regionally Significant Area but the majority is within a locally Significant Area.

8.6 No publically accessible views from outside the site and Conservation Area are affected there will be no impact on views or character associated with any anticipated realignment of the Aves Ditch public footpath.

8.7 Whilst a permanent planning permission is sought, the only permanent structures involved are fencing and bunding and/or fencing and barriers. In each case the type of solution proposed has already been approved by Cherwell District Council on other parts of the site.

8.8 The proposal is critically important to maintain on a cost effective basis the capacity of the site to manage a total of 6,000 vehicles. There will be no increase in capacity.

8.9 The Statement from our Clients at Appendix One sets out the key reasons why this application is necessary and how Conservation Area Consent and the grant of planning permission will allow Paragon Fleet Solutions to continue as a major employer in Cherwell District.

8.10 For all these reasons we respectfully request that Cherwell District undertakes constructive negotiations to inform and enable the S106 Undertaking to be prepared and the permission and consent to be issued."

APPENDIX 1

INDEPENDENT COSTINGS



**Upper Heyford
Oxfordshire**

Tarmac Infilling Works

Cost Model Nr 1

Feb-14

Job Nr 001MD

DBK		
	Initial	Date
Prepared by	JH	Jan-14
Comp check	JH	Jan-14
Approved by	JH	Jan-14

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Appendix A - Cost Analysis (Site Abnormals)

Appendix B - Cost Analysis (Infrastructure (Roads, Services & Drainage))

1 Scope of Works

infilling of a large area of grassed sections between tarmac access roads. The total area involved is 13,500m² and includes the excavation of the grassed area to a suitable depth and infilling with tarmac to provide a full hardstandings area. There is also a requirement to connect to local drainage outlets and the provision of a petrol interceptor.

Building structure costs are excluded.

2 Objectives

This report is an integral element of the design process the objectives being:

- provide accurate market based costs relative to design stage
- provide management tool to manage construction cost information
- to benchmark design & auditing process
- to define & identify risk
- to determine functional analysis & cost

3 Inflation Statement

This cost document is base dated 1Q 2014.

The costs stated forecast the anticipated tender sum and include for inflation during the construction period.

Deferment from the base date to anticipated commencement is excluded.

4 Executive Summary (Land Costs)

(Refer to Appendices A & B for Cost Analyses)

Subject to qualifications listed in this report the assessment of total costs are

	£	£/acre All In
Land Costs		3.34
<u>Site Abnormals</u>		
Site Abnormals	984,483	294,755
<u>Infrastructure (Roads, Services & Drainage)</u>		
Infrastructure (Roads, Services & Drainage)	-	-
Total Cost Of Works - 1Q 2014	£ 984,483	294,755
Cost per M2 / Acre	£ 73	294,755

5 Schedule Of Areas

	m2	acres
Site Area	13,514	3.340

6 Cost Basis

Documents

Google earth map
Ordnance survey of the area

Procurement Route

The cost is based on scheme delivery via competitive tender based on a single stage JCT Design & Build contract.

Programme

To be established

Assumptions

Site Abnormals

See Appendix A

Topsoil 150 thick

Earthworks quantity 13,500m²

Infrastructure (Roads, Services & Drainage)

See Appendix B

7 Exclusions

The following items and issues are excluded but should be considered for inclusion by the Client within the overall Development Appraisal.

Development Issues

VAT

Land purchase costs

Purchase of Third Party land

Stamp Duty

Legal fees

Finance charges

Local authority fees & charges

Agent fees

Planning fees

Planning consultant fees

PM/QS/CDMC fees

Novated and retained design fees

Section 106 Agreement conditions & commuted sums

Section 38 / 278 cost & fees

Employers / developers contingency

Ongoing site management / holding costs (security etc.)

Marketing costs

Inflation (deferment period beyond cost base date)

Plot Technical Issues

Contamination and clean spoil off site

Invasive weeds

Service Abnormals

Off site & on site highways

Off site & on service infrastructure upgrades

Contributions to off site sewer upgrades

On site foul drainage

Flood risk measures

Archaeological interest, watching briefs etc.

Building structures

Surcharging

8 Risk Register

The following specific risks may have financial implications on the viability of the scheme. Where possible and appropriate cost allowances, as noted, have been included in the assessment of cost.

It is recommended that further investigation, as noted, be implemented seeking to obviate, reduce or minimise such costs within the scheme.

Item/Issue	Cost Included	Action Required
Development		
Planning	£0	Consult planners
S106 payments	£0	Discuss with local planning authority
Travel plan co-ordinator	£0	Discuss with local planning authority
Development Fees	£0	Fees to be Agreed
Inflation beyond base date	£0	Currently 0%
Site Abnormals		
Asbestos	£0	Site survey
Underground and above ground tank removal	£0	Site test
Contamination disposal	£0	SI report & verify
Ecology mitigation	£0	Ecology surveys / reports required
Cut/fill balance	£0	
Flood Risk	£0	

APPENDIX A - SITE ABNORMALS**Demolition / Site Clearance**

Nil

Bulk Earthworks

Topsoil strip and stockpile - 150 thick	2,025 m3	2.50	5,063	
Excavation to reduced depths - 300mm	4,050 m3	3.25	13,163	
Cart to temp spoil heaps	6,075 m3	15.24	92,583	
EO for carting off site to tip	6,075 m3	27.50	167,063	
Compaction testing etc.	6,075 m3	0.50	3,038	£280,908

Flood Risk Issues

N/A	0 item	0	0	£0
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Environmental (Human Health)

N/A	0 item	0	0	£0
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Ecology

N/A	0 item	0	0	£0
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Arboricultural

N/A	0 item	0	0	£0
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Archaeology

Archaeology	No interest		0	£0
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Hardstandings

350mm DfT approved granular material; compacting;	4,725 m3	18.55	87,649	
Tarmac 50/30	13,500 m2	25.00	337,500	
Joining to existing roadways	13,500 m2	6.25	84,375	
Provision of drainage and petrol interceptor included within rates above.				£509,524

Subtotal**£790,432**

Preliminaries

18% £138,326

Main Contractor OH&P

6% £55,725

Novated design fees

Excluded

Total to Executive Summary**£984,483**