

Why Nickolls Quarry is Cheaper than Princes Parade

EXECUTIVE SUMMARY

1. This report demonstrates that the costs for building the new leisure centre at Nickolls Quarry as stated in the Betteridge & Milsom cost viability appraisal (put in the public domain in July 2018) are massively overstated.
2. Table 1 sets out costs that would need to be incurred if the leisure centre were to be built on Princes Parade but which would not need to be incurred if the leisure centre were to be built at Nickoll's Quarry. This shows that costs of at least £13,312k could be saved by building the leisure centre at NQ not PP. This amount represents the additional costs of making the site at PP ready for the development, i.e. for both the leisure centre and for the "enabling" housing.
3. This additional cost for PP effectively wipes out the predicted revenue from the sale of the housing land, i.e. £14.3m.
4. The report then goes on to compare the B&M costs for building the leisure centre on each site and queries why they have used a higher cost for building the leisure centre at NQ and a higher rate of mark-up than for PP when clearly it should be easier to build the leisure centre at NQ.
5. Table 4 summarises the reasons why the true cost of building the leisure centre on NQ should be in the region of £12,515k rather than the £24,041k claimed by B&M.
6. Finally the report goes on to look at the funding available and concludes that the cost to the council of providing a leisure centre on NQ would be £2.5m and would leave the £1.1m section 106 money from the Imperial Green development available to build affordable housing elsewhere. It would also avoid the need to over-ride the Environment Agency's reluctant acceptance of allowing surface water drainage into the RMC if essential as an emergency fall-back option.

PREFACE

This report is a follow up to my recent Critique¹ of the Betteridge & Milsom (B&M) cost viability appraisal² of the proposed Princes Parade (PP) development. For easy reference I have included the Executive Summary of my Critique as Appendix A to this report.

The Authority is well aware that I have repeatedly sought to gain the council's attention regarding the financial and community-benefit advantages of the alternative Nickolls Quarry (NQ) site, including attempting to explain why the B&M appraisal claims that the alternative site is substantially more expensive. The difficulty with explaining why my analysis differs substantially from B&M's is that "the devil is in the detail". It requires a depth of analysis that would deter all but the most committed reader. This report therefore is a further, but different, attempt to gain the acceptance of the project team and councillors that NQ really does offer a cheaper alternative.

On 13th February 2019 a meeting of Cabinet is scheduled to consider the PP Business Plan. Such a document should include consideration of any competing alternative, which in this case is NQ. However, since B&M and all members of the council have previously dismissed the NQ alternative on totally erroneous grounds, it is unlikely that it will be considered by Cabinet or, if so, it will only be discussed in a superficial manner in the absence of a proper analysis. This report seeks therefore to rectify that situation by correcting an entirely false view that NQ is a more expensive option than PP.

The conclusion that NQ offers a cheaper, lower flood risk alternative should – by right of NPPF para 155 – be a key factor in determining whether the PP development should be allowed to proceed. While the Environment Agency had no choice but to formally withdraw their objection to the PP planning application, their concern over the flood risk to the RMC remains unresolved. The EA have made it clear³ that the proposed surface water drainage scheme into the Canal "*should be seen as an emergency fall-back option only*". The existence of the entirely suitable, viable NQ alternative means that implementing the currently proposed PP drainage scheme cannot be justified as an emergency measure, nor is the PP development necessary.

I am aware that the data I am obliged to use for this analysis will inevitably be out of date. Unfortunately the Authority has unreasonably refused to release the Business Plan or any other related documents, precluding any proper public scrutiny of the council's financial intentions for the Princes Parade project. Nonetheless the data I have used for this analysis is the same as that made available to the Planning & Licensing meeting that considered the Planning Application on 16 August 2018. Throughout, I have used B&M's own data as presented in their appraisal dated 27 Feb 2018, and ultimately released in un-redacted form to the public on 23 July 2018.

¹ Critique of the Princes Parade Cost Viability Appraisal, Dr G J Burrell, 13 Jan 2019

² B&M report Ref 3375, Appendix A – Initial Viability Cost Appraisal.

³ Environment Agency letter dated 17 Jan 2019, ref KT/2017/123369/07-LO1

SAVINGS IF LEISURE CENTRE WERE TO BE BUILT ON NICKOLLS QUARRY RATHER THAN PRINCES PARADE

Table 1

1. This table identifies items of external work that are essential for Princes Parade but not required for Nickolls Quarry. The table also lists significant items that have been underestimated or omitted completely from B&M's estimates. Some items therefore have the effect of reducing the project cost for NQ, while others increase the project costs for PP. The principal estimates for PP in the B&M report² are **£19,260k** for the leisure centre itself which becomes **£28,785k** when the cost of the external work has been included for the whole site.

	<u>Essential for Princes Parade</u>	<u>Comparison with Nickolls Quarry</u>
a.	<p><u>General site external work</u> This refers to costs identified for phases 1 & 2 that are not specifically part of the leisure centre build. B&M have included an allowance of £9,525k (£5,689k elemental). PLUS: The leisure centre cost additionally includes £1,478k (£883k elemental) which is a site-wide external requirement for phase 2 installation, identified by B&M on p56 of their appraisal². See note (ii) for an explanation of the meaning of "elemental" costs.</p>	<p>B&M's estimate that FHDC total expenditure on Princes Parade will be £28,785k, of which £19,260k is for the leisure centre itself (p61 of un-redacted report) Their equivalent estimate for NQ is £24,041k for the leisure centre itself (p27), i.e. £4,781k more. Based entirely on B&M's own figures, an immediate project cost saving of £11,003k can be identified for external work that would not be incurred on NQ. Of that sum £1,478k (£883k) is a saving specifically from the cost of leisure centre itself.</p>
b.	<p><u>Enabling Works (remediation)</u> Remediation of leisure centre land only B&M fig for PP = £609k (£364k elemental) (NB: Elemental fig for whole site is £2,090k)</p>	<p>Not required on NQ Project saving of at least £609k for building leisure centre on NQ.</p>
c.	<p><u>Further phase of remediation</u> No allowance has been included by B&M for remediation inevitably necessary after excavations and piling build. This is an omission from both the leisure centre and residential build estimates</p>	<p>Not required for NQ. This omission will significantly increase the cost for PP in respect of both the leisure centre itself and will also increase the residential build cost, substantially reducing Savills land valuation below £14,300k.</p>
d.	<p><u>Utility supplies to development site</u> B&M have attributed all utility supply-to-site costs & 2 substations to the leisure centre.</p>	<p>This is a major cost but not required for NQ. All infrastructure (utility) services will be provided by the NQ developer free of charge (s106 agreement). (Saving believed already included in item 'a' above).</p>
e.	<p><u>PP road diversion</u> B&M have allowed £3,998k (£2,388k elemental cost). But this is a substantial under-estimation.</p>	<p>Not required for NQ.</p>

	<u>Essential for Princes Parade</u>	<u>Comparison with Nickolls Quarry</u>
f.	<u>Moving combined main drain to north of PP site</u> <i>Believe included in road diversion cost but which has itself been under-estimated.</i>	Not required for NQ.
g.	<u>Promenade rebuild</u> <i>B&M have allowed £841k (£502k). This does not recognise that promenade is an integrated part of sea wall that will be breached if outfalls are required to the sea.</i>	Not required for NQ.
h.	<u>Flood protection</u> - Raising ground level above flood plain. - Secondary sea wall.	Responsibility of NQ developer (s106). - NQ low risk within current residential development. - Not needed on NQ.
i.	<u>Surface water drainage system</u> <i>Infrastructure system of pipework, attenuation & discharge into canal & beach in the presence of contamination. PP system not yet designed so costs uncertain.</i>	NQ developer is responsible for all the infrastructure up to the leisure centre site at nil charge (s106). <i>B&M's estimate for PP currently unclear but the project cost saving is expected to exceed £1,700k (£1,015k).</i>
j.	Jetty to canoe club & access route <i>B&M have allowed £84k (£50k).</i>	Not required for NQ.
k.	Footpaths to canoe club and beach <i>B&M have allowed £69k (£41k).</i>	Not required for NQ.
l.	Heritage work <i>B&M have allowed £201k (£120k)</i>	Not necessary on NQ.
m.	Wildlife protection <i>B&M appear to have made no cost provision</i>	Not required for NQ. <i>This will increase the PP costs.</i>
n.	Removal of landfill from excavations (including pool) as controlled waste. <i>PP quantities suggest not fully costed.</i>	Not relevant to NQ <i>Likely cost increase for PP.</i>
o.	Protection of on-site workers in contaminated environment. <i>B&M appear to have made no cost provision</i>	Not required for NQ. <i>Likely cost increase for PP.</i>
p.	<u>Swimming pool</u> <i>Additional cost of constructing the swimming pool within the contaminated ground and the requirement for enhanced strengthening of the pool structure in the presence of unstable landfill. B&M appear to have made no cost provision</i>	Not relevant to NQ <i>Likely cost increase for the PP leisure centre itself.</i>
q.	<u>Design of leisure centre</u> <i>Limited space on PP has led to GT3 Architects to design a bespoke version of their Affordable Recreation Centre.</i>	Cheaper design potentially possible for NQ. <i>Space & ground conditions on NQ offers flexibility for a better leisure centre built on an unrestricted shape of footprint.</i>

Notes for Table 1:

- (i) All figures are based entirely on B&M's data as made available to the public in July 2018.
- (ii) Elemental costs refer to B&M estimated costs that will be incurred by the contractor prior to any mark-ups being applied for overheads, profit, contingency allowances, etc).
- (iii) B&M's Elemental figures are shown in brackets. Non-bracketed figures are the actual expenditure requirements of the project after all mark-ups have been applied. Details of B&M's mark-up method are described in my PP Critique paper¹ dated 13 Jan 2019 which shows that, after removing the Framework and Funding fees:
PP Project cost = Elemental cost +67.44%.

- 2. From the restricted information made available to the public, and bearing in mind that an updated cost viability appraisal may well exist, it has not been possible to assess accurately all the savings that are realistically possible if the leisure centre were built instead on Nickolls Quarry. Nonetheless, for items 'a', 'b' and 'i' alone, Table 1 indicates that there will be a **saving of at least £13,312k** against the total project cost of £28,785k for PP. Note that only 'b' (£609k) is directly attributable to the leisure centre, while the remainder (except item 'p') are general external work items that 'enable' the project. Those items alone almost wipe out the optimistically anticipated receipt of £14.3m from residential & commercial land sales
- 3. Bearing in mind the long list of un-costed extras, it is clear that the residential receipt will fail to compensate for the additional external costs necessarily incurred to 'enable' the leisure centre to be built on Princes Parade. In effect the residential sales receipt calculated by B&M just about covers the cost of the external work that would not be required on NQ; further it does so by undertaking an unnecessary £75 million development project with its associated high risks. High value projects inevitably mean facing high risks and are best avoided whenever possible!

COMPARATIVE COSTS SPECIFIC TO THE LEISURE CENTRE ITSELF

- 4. Since it has been established that the residential build provides insufficient enabling funding, we now need to compare the cost of building the actual leisure centre on the two sites. Appendices B & C show the elemental breakdown of costs for each site as presented by B&M in their un-redacted financial appraisal. In summary the comparative costs are:

Table 2

Leisure centre site	Elemental Cost	Full Project Cost	Mark-up
Princes Parade	£11,223k	£19,260k	71.6%
Nickolls Quarry	£13,283k	£24,041k	81.0%

- 5. There are two obvious questions:
 - Why is it claimed that the basic (elemental) cost of the same leisure centre will cost £2 million more on Nickolls Quarry when it is known that the expensive ground work costs for Princes Parade will be picked up by the developer on NQ?
 - Why has a significantly greater mark-up been applied to NQ, leading to a cost differential of £4.8 million, when the site is less complex and carries fewer risks?
- 6. The answers may well stem from a desire to make the Nickolls Quarry solution appear unattractive so as to off-set the fact that it is a genuinely practical alternative site for the leisure centre, which will satisfy both the heritage and flood risk requirements of the NPPF, which is not the case for Princes Parade.

7. Inflated elemental cost items for NQ:

- (a) Inclusion of £2,090k for unreasonably attributing to NQ the need to remediate Princes Parade even if the leisure centre is built elsewhere. It is believed that, following comments from the planning officer, the project team has more recently removed this element, accepting that it is not an appropriate cost allocation for NQ. Also, the Authority's contamination consultant has indicated that if Princes Parade remains undisturbed then there is no risk to current users of the site. Removal of this item instantly reduces the project cost by £3,783k (elemental saving = £2,090k). Inclusion of this wholly inappropriate cost, casts doubt on the manner in which the whole B&M report has been compiled.
- (b) A cost allocation of £2,461k has been allowed for site works at Nickolls Quarry, which makes no sense when compared with £2,128k for the much more difficult site conditions on Princes Parade and the extent of the additional ground preparation work necessary on PP. While insufficient data has been released to clarify the details of the external work assumed by B&M, the s106 agreement requires the NQ developer to provide a decontaminated clean, levelled, 1.6Ha site in a state ready for construction work to commence, together with all service supplies up to its boundary. The external work of relevance at Princes Parade will be substantial, even after initial remediation, while for NQ it will be considerably less for the FHDC's contractor, being directly related only to the leisure centre itself, plus parking, drainage, utility connections and landscaping.

On page 16 of their un-redacted cost viability appraisal² B&M have outlined the reason for making a large allowance for *External Works Generally* on NQ as being "*abnormal costs associated with the stability of the ground in terms of high water content (assumed due to close proximity to water bodies) and retaining wall structure*". This is itself surprising when no equivalent allowance whatsoever has been mentioned for PP. B&M expand on these "*likely abnormal costs*" on page 145 para 1.8 of the Restricted version of the same Appendix 3 report. But they fail to recognise that the NQ developer is required to provide suitable graded and compacted land; also that Barratts continue to successfully sell homes on the NQ land at competitive prices.

In view of the preparatory work required of the NQ developer, compared with the equivalent work that needs to be undertaken instead at FHDC's expense on PP, I assess that the NQ site work will cost no more than half of the PP figure. Even that is a generous figures if we take the PP estimate of £2,128k at face value since, as described in Table 1 'a', £883k of general site work also needs to be deleted from the leisure centre externals. I will not however reduce my estimate below £1,064k since I believe the full complexity and costs of the PP surface water drainage scheme have not been taken into account in B&M's figures.

I therefore estimate the elemental **saving is £1,397k** set against the NQ estimate of £2,461k.

Incorrect cost escalation assumption

8. In addition B&M have assumed different start dates for the construction programmes by including an a cost escalation for building costs of 6.29% on the basis that there will be no access to NQ until 3rd qtr 2020, while they have assumed construction will start on PP in 3rd qtr 2018. Clearly those start dates are incorrect and in reality there is likely to be little difference in timing between the two options. PP has expensive, and potentially un-resolvable issues to solve regarding how to implement an effective surface water drainage system that will not flood the RMC. It needs to be borne in mind that the NQ developer will be undertaking most of the ground preparation work before actual

construction work commences on that site, having been given 18 months' notice of FHDC's intention to build there. Thereafter the leisure centre build programme will be able to proceed more rapidly than on PP due to the fewer dependencies between contractors, without the challenge of contaminated landfill and with no abnormal drainage, heritage or wildlife protection issues.

9. In order to make a genuine comparison, the 2 sets of figures need to be brought into a realistic date alignment by removing the 6.29% escalation from the NQ estimate. Note however that, although satisfactory for comparison purposes, both sets of costs would need to be brought up to date if more accurate estimates are sought, since PP is likely to be well over a year later than has been assumed by B&M.
10. Removal of the 6.29% contractor cost escalation figure from NQ reduces its project cost by £1,512k (£835k elemental saving).

Excessive Mark-up for NQ

11. Table 2 shows that an excessive 81% mark-up has been applied to NQ compared with 71.6% for PP. Note that both figures include a Framework contract fee and financing costs. The 81% NQ figure has however been subjected to the 6.29% contractor cost escalation as described in para 8 above and additionally 'compounded' by applying yet further %'s to that figure. However for NQ the leisure centre building project is less complex, involving fewer specialist contractors, and the overheads and risks are lower because the site is already advancing as a major development; further the shape of the site is suitable for accommodating one of the GT3 standard leisure centre designs.
12. Using the same mark-up method as B&M, and further discussed in my Critique report (Ref 1), and applying this in a manner specifically appropriate to the NQ site, I assess that the overall mark-up should not exceed 39.7%.

Table 3 – More appropriate mark-up method for NQ

Mark-up item		Individual %	Compounded %
Main contractor prelims	Sub-total	8%	8.00%
Main contractor OHP		7%	15.56%
Framework Fee	Sub-total	1.5%	17.18%
Risk - design		2%	19.52%
Risk - construction	Sub-total	5%	25.38%
Contractor design Fee		0%	25.38%
Contractor surveys/reports	Sub-total	2%	27.89%
Project team design fees		3%	31.73%
Project team surveys	Sub Total	1%	33.01%
Employer's risk		5%	39.66%

Notes:

- (i) Each mark-up is compounded on the previous sub-total.
- (ii) Funding Fee has not been included but will be about £150k.

13. I have used the same mark-up headings as B&M (see Appendices B & C). That breakdown may be suited to a complex project with many parties involved, and especially when, as for PP, it involves the management of risk-sharing between the main contractor, the design consultants and the authority.
14. The NQ leisure centre build project will be much simpler and can be put out to tender for a prime contractor who will be better able to balance his risks against his profit.
15. In order to add a further level of justification for my significantly reduced overall mark-up figure, it is appropriate to make a comparison with the equivalent Sport England

recreation centres⁴ in which they apply a total mark-up of 25% applied to the Base Cost (Prelims 10%, Contingency 5%, Prof Fees 10%). Even if it is assumed that Contractor Profit is included in the Base Cost my 39.7% figure is comparatively generous. The June 2018 Sport England guide cost for a 3,906 m² GIA leisure centres⁵ with a 6-lane 25m pool plus learner pool, a 4-court sports hall, 100 station gym, and 2 studios is £9,770k (+VAT). This should be compared with my Table 4 figure for NQ of £12,515k, which of course also includes car/coach parking facilities and landscaping.

OVERALL SAVINGS BY BUILDING THE LEISURE CENTRE ON NQ

Table 4

Related paras	Reason for the saving	NQ Saving (elemental)	Revised Elemental Cost	Cumulative Project costs
4	B&M leisure centre estimate	£13,283k	£13,283k	£24.041k
7 (a)	Remove PP remediation	£2,090k	£11,193k	
7 (b)	Reduction in externals	£1,397k	£9,796k	
8 - 10	Remove Inflation (6.29%)	£835k	£8,961k	
11 - 12	Application of a more representative mark-up 39.7%		ADD £3,554k	£12,515k

Note: All figures are on the same price basis as used by B&M (believed to be Q4 2018). They will need to be revised to a new base when the project start date has been decided.

16. The adjusted total cost of building the leisure centre on NQ of **£12,515k** shows a project saving of £11,526k against B&M's estimate, entirely as a consequence of the combined effect of revising significant inappropriate external cost items and applying a mark-up that more accurately reflects the nature of the work on NQ.
17. It is of concern that B&M have inflated the build cost for NQ to show a higher cost for NQ when compared to their estimate for PP. They have then applied unreasonable high percentage uplifts to the NQ figures to compound their estimated cost difference. The key to understanding this is to understand the comparative risk profiles of the two sites, as has been addressed in this paper. NQ has an enforceable Section 106 agreement which requires the developer to delivering a clean, decontaminated, fully serviced site ready for development. PP by comparison does not even have a full set of surveys for the ground conditions, there are major flooding, heritage, environmental and surface water disposal issues to resolve, none of which exist at NC.
18. The scope that has become apparent for manipulating the data to achieve a desired result ought to make the project team feel uncomfortable about the legitimacy of the B&M estimates.

⁴ Sport England asc25-main-document-Mar-2015

⁵ Sport England facility-costs -q2-18 (June 2018)

OVERALL IMPACT ON FUNDS TO BE PROVIDED BY FHDC

19. The Authority rightly places emphasis on determining the level of funding they will need to undertake the leisure centre project. For Princes Parade B&M have determined this ("cost to the council") as being £2,108k after netting off the following receipts:

Total income from external sources = £12,377k, which includes:

- (a) S106 affordable housing contribution = £1,400k, and
- (b) CIL from the PP development itself = £1,184k

20. Unless the intention is to build the Imperial Green affordable housing on Princes Parade in addition to the 30% requirement generated by the proposed Princes Parade development itself, it cannot be correct to use (a) to subsidise the cost of the development on PP.

21. For (b), the CIL does not provide any new money to the project because the sum received from the developer will be reflected in a reduction in the price paid for the same land upon which the development will take place. It is true that Savills have allowed for the sum of £1,184k but it must also be remembered that their overall land value of £14.3m was based on a number of assumptions concerning work to be paid for by the council which has however not been included in their budget (see Table 1).

22. The other external funding sources are from the sale of the South Road site and the NQ s106 contribution. The former is expected to be about £5m and the s106 cash will be approx £5m, the same for both sites.

NB. This s106 receipt cannot be claimed from the NQ developer until he has completed the 250th house, by which time he is required to have made the leisure centre plot ready for building – provided he has been instructed to do so and given 18 months' notice. Successful completion of 250 houses is therefore a necessity to release £5m of cash to enable the leisure centre construction, no matter where it is built.

23. If it is assumed therefore that £10m is available as cash for the Leisure centre on NQ, the net "cost to FHDC" becomes **£2.5m** which is almost the same as claimed by B&M for PP. And in achieving this, the £1.4m s106 Imperial Green contribution for affordable homes remains available to spend elsewhere.

CONCLUSIONS

24. The above analysis explains in detail how B&M have reached the incomprehensible conclusion that NQ appears to be much more expensive than PP. In reality their conclusion is false, principally because it fails to take into account the s106 obligations on the NQ developer to make their plot ready at nil cost for the leisure centre to be built. Further the complexity of the PP project, involving specialist contractors and many inter-dependences, makes it a difficult project to manage, exposing the Authority to substantial financial risk.
25. In addition an unreasonable mark-up of 81% has been applied to NQ that fails to reflect that the development will be less complex, involving fewer parties and is on ground with known properties.
26. After rectifying those misconceptions the realistic cost of building the leisure centre on NQ is found to be £12.5m, which requires the Authority to find only £2.5m. For reasons that have been explained this is £11.5m less than calculated by B&M.
27. A detailed analysis has shown that the expected receipt of £14.3m from the PP residential land valuation will be insufficient to cover the essential cost of external work. This means that a £75m project will have been undertaken unnecessarily, thereby exposing the Authority to excessive financial risk, when a versatile alternative site is available for the leisure centre on NQ at the same or lower cost. Realistically the data identifies a wide range of extra cost items that have been omitted from B&M's calculations, so that the true PP cost will be substantially higher than claimed.
28. The Princes Parade option should not be pursued since there is clear evidence that it offers poor value for money and will unnecessarily exacerbate the flood risk to the canal, since Nickolls Quarry offers an entirely viable, cheaper alternative solution. While the Environment Agency have now reluctantly accepted the current surface water drainage scheme, subject however to the proviso that after investigating other drainage options there is universal agreement that it is an emergency fall-back that cannot be avoided. The PP option clearly does not overcome that proviso.
29. These conclusions need to be discussed at the Cabinet meeting on 13 February 2019 and at the Overview & Scrutiny committee the previous day.

Dr G J Burrell
Hythe

APPENDIX A

Extract from: **Critique of the Princes Parade Cost Viability Appraisal**
Dr G J Burrell, 13 Jan 2018

EXECUTIVE SUMMARY

1. This report aims to understand the costs of the proposed development as stated in the Princes Parade Viability Cost Appraisal produced by B&M for the 16 August 2018 Cabinet. It does not look at the revenue items used in the calculation of the £2.108m which B&M claim would be the cost to the council of the new leisure centre (other than the £14.3m Savills land valuation). It should be noted however that some of these revenue items are questionable.
2. The report looks at the elemental costs not the marked up costs. Table A identifies that B&M have allowed £5,681k for external works relating to the leisure centre (phase 1 and 2 costs). This closely agrees with table B which lists phase 1 and 2 costs identified by B&M but not included in the cost for the leisure centre itself.
3. Table C lists the costs identified by B&M for phases 3 & 4, i.e. costs relating to the residential part of the site including the open spaces. These have not been included in their calculation of the cost of the leisure centre and so need to be taken into account when looking at the costs of the residential element of the development. B&M have used the Savills net residual value of £14.3m instead of their own figure so it follows that these phase 3 & 4 costs should have been taken into account by Savills. This report demonstrates that not all the costs have been taken into consideration by Savills, i.e. that their valuation of £14.3m is overstated.
4. This report also discusses some items where B&M have clearly underestimated the complexity of developing the site and so have significantly underestimated the related costs.
5. In addition I have provided a list of items which I believe have been omitted altogether from B&M's calculations. This list is not necessarily exhaustive.
6. In summary, as a result of the various issues discussed above, the net cost of the leisure centre for funding by FHDC is expected to be significantly higher than the £2.108m claimed by B&M.

APPENDIX B – B&M Cost Summary Breakdown for Princes Parade

PROJECT: Shepway Sports Centre, Princes Parade
 PROJECT NO: 3373
 COST PLAN RIBA STAGE 2
 REVISION: D

3013m2 SCHEME



COST SUMMARY

Base Date of Cost Plan	13-Feb-2018	
Gross Internal Floor Area	3013 m2	
Construction Works Estimate	13,759,777.00	Total (A) - see details below
Contract Cost Estimate	16,649,330.50	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	19,259,602.56	Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1	Enabling Works	364,000	Ground Remediation	121
1.2	Substructure	1,937,000	See Breakdown	643
1.3	Superstructure	3,317,000	See Breakdown	1,101
1.4	Internal Finishes	750,000	See Breakdown	249
1.5	Fittings, Furnishings & Equipment	440,000	See Breakdown	146
1.6	Services	2,287,000	See Breakdown	759
1.7	Site Works	2,127,900	See Breakdown	706
	Sub-Total	11,222,900		3,725
2	Main Contractor's Preliminaries Estimate	1,458,977	based on 13.0%	484
	Sub-Total	12,681,877		4,209
3.1	Main Contractor's OHP (total 7.0%)	887,700	based on 7.0%	295
3.2	Scape OHP (?)	-	not applicable	0
3.3	Framework Fee (1.5%)	190,200	based on 1.5%	63
(A)	Construction Works Estimate (Total)	13,759,777		4,567
4	Inflation			
4.1	Tender Inflation Estimate	-	above figures based	0
4.2	Construction Inflation Estimate	-	above figures based	0
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate	687,989	based on 5.0%	228
5.2	Construction Risks Estimate	687,989	based on 5.0%	228
5.3	Dayworks	-	not applicable	0
	Sub-Total	15,135,755		5,023
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees	-	included in 6.2	0
6.2	Professional / Design Fees	1,362,218	based on 9.0%	452
6.3	Surveys / Reports	151,358	based on 1.0%	50
(B)	Contract Cost Estimate (Total)	16,649,331		5,526
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees	499,480	based on 3.0%	166
7.2	Other Fees / Surveys	336,801	based on 2.0%	112
	Sub-Total	17,485,612		5,803
8	Other Development / Project Costs			
8.1	Client Direct Costs	183,991	Funding Costs	61
8.2	Loose Fittings and Equipment	-	See Breakdown	0
	Sub-Total	17,669,603		5,864
9	Employer Risk Allowance	1,590,000	based on 9.0%	528
(C)	Project Cost Estimate (excl VAT)	19,259,603		6,392

APPENDIX C – B&M Cost Summary Breakdown for Nickolls Quarry

PROJECT: SHEPWAY NICKOLLS QUARRY OPTION 3
 PROJECT NO: BM3495
 COST PLAN RIBA STAGE 2
 REVISION: 2

2 STOREY SCHEME
 3013m2 GIFA SCHEME



COST SUMMARY

Base Date of Cost Plan	27-Feb-2018	
Gross Internal Floor Area	3013 m2	
Construction Works Estimate	16,285,300.00	Total (A) - see details below
Contract Cost Estimate	20,830,300.00	Total (B) - see details below
Project Cost Estimate (Exc. VAT)	24,041,291.00	Total (C) - see details below

Elemental Cost Summary

Ref	Description	Total (£)	Notes	£/m2
1	Construction Works			
1.1a	Enabling Works	-	See Breakdown	0
1.1b	Contaminated Ground Works	2,090,300	See Breakdown	694
1.2	Substructure	1,937,000	See Breakdown	643
1.3	Superstructure	3,317,000	See Breakdown	1,101
1.4	Internal Finishes	750,000	See Breakdown	249
1.5	Fittings, Furnishings & Equipment	440,000	See Breakdown	146
1.6	Services	2,287,000	See Breakdown	759
1.7	Site Works	2,461,000	See Breakdown	817
	Sub-Total	13,282,300		4,408
2	Main Contractor's Preliminaries Estimate	1,727,000	based on 13.0%	573
	Sub-Total	15,009,300		4,982
3.1	Main Contractor's Overheads & Profit	1,051,000	based on 7.0%	349
3.2	Scape OHP (?)	-	not applicable	0
3.3	Framework Fee (?)	225,000	based on 1.5%	57
(A)	Construction Works Estimate (Total)	16,285,300		5,387
4	Inflation			
4.1	Tender Inflation Estimate	-	based on 0.0%	0
4.2	Construction Inflation Estimate	1,024,000	on commence Q3 2020	340
5	Risk Allowances Estimate			
5.1	Design Development Risks Estimate	814,000	based on 5.0%	270
5.2	Construction Risks Estimate	814,000	based on 5.0%	270
5.3	Dayworks	-	See Breakdown	0
	Sub-Total	18,937,300		6,267
6	Main Contractor Fees / Surveys			
6.1	Pre Construction Fees	-	included in 6.2	0
6.2	Professional / Design Fees	1,704,000	based on 9.0%	566
6.3	Surveys / Reports	189,000	based on 1.0%	63
(B)	Contract Cost Estimate (Total)	20,830,300		6,896
7	Project/Design Team Fees			
7.1	Client Direct Consultant Fees	625,000	based on 3.0%	207
7.2	Other Fees / Surveys	417,000	based on 2.0%	138
	Sub-Total	21,872,300		7,241
8	Other Development / Project Costs			
8.1	Client Direct Costs	183,991	Funding Costs	61
8.2	Loose Fittings and Equipment	-	See Breakdown	0
	Sub-Total	22,056,291		7,303
9	Employer Risk Allowance	1,985,000	based on 9.0%	659
(C)	Project Cost Estimate (excl VAT)	24,041,291		7,961