

APPENDIX D1

CONSTRUCTION CAPITAL COST PLAN REPORT

MARKET HARBOROUGH DISTRICT COUNCIL
COUNCIL HEADQUARTERS REDEVELOPMENT
21.9.12.

COST REPORT.

This report has been prepared in response to the need to establish both an **'anticipated'** and a **'maximum not to exceed figure'** for the construction works only, that can be used by Market Harborough District Council for presentation to its Members at their planned October meetings.

It should be noted that because the design, and hence the costs are not sufficiently advanced at this point in time to provide a contractual level of surety then the given sum includes risk provision. There is a schedule of risks allowed which is appended (APP D4) to this report. They are extensive at this present time as you would expect, and as the design becomes more detailed and firm, clearly the costs respond, and also become more firm; in this respect it is expected that the figure will fall. It is strongly advised not to consider use of the risk/contingency provision already set aside outside of the WDC contract to support deficiencies here (£200K set aside as Client contingency). That sum will be necessary for use within the 'live' phase of the works to fund change, and in solving the appearance of unknowns as they inevitably will occur due to the nature of the works. Further, the scheme content can and will be Value Engineered at a later point in time. This process gives the opportunity to consider alternatives in design solution/specification and the ability to rein back scope. This will therefore also reduce the total cost and present the opportunity to align the scheme to the budget available. An estimated value engineering target of £330k is regarded as achievable.

The target date set within the preconstruction programme for when the figure becomes finally firm is the 10.12.12. Beyond this we will need to establish our final contract option model. This, under the NEC form means either Option A or C, which is a lump sum agreement or an 'open book' actual cost model, with incentivised pain/gain sharing. The merits of both can be debated later in the process. Willmott Dixon have been asked to consider their commercial position relative to both options at the point of agreement in December, such that we can fully consider the implications for our option selection.

The risks identified within the attached schedule are self evident. Where costs have been predicted they have been considered in the light of upside risk. Where no costs have been included means that the team consider costs are either unlikely, unquantifiable at this point and/or should be resisted in terms of their future inclusion within the scheme.

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The appended documents, namely the Cost Plan dated the 19.9.12, the risk schedule dated the 19.9.12, the Outline Scope of Works dated the 19.9.12, and the notes on qualifications, whilst on Willmott Dixon headed paper have been compiled in my presence and with my input, and therefore, I endorse their validity at this point in time.

COST SUMMARY.

	£
Base Cost Plan dated the 19.9.12	4775481
Risk Schedule (excluding Library/Museum Fit Out)	331000

Maximum Not to Exceed Figure, exc. Lib./Mus. Fit Out	5106481
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John Humphries
21.9.12.