

## **Appendix 11**

### **La Mare De Carteret Schools**



#### **RIBA Stage 2 Cost Plan - Value For Money Review**

This report has been prepared to show that the current estimated outturn costs for La Mare De Carteret Schools as contained in the RIBA Stage 2 cost plan provides States Education Department with value for money (Appendix A). The current total cost stands at £59,440,000 excluding inflation. This report will review each cost element of the budget against Les Beaucamps School and Baubigny Schools (where appropriate). The report will also review costs against similar UK projects delivered by G&T LLP and also against current Education Funding Agency projects and funding allocations.

#### **1. Building Costs**

G&T LLP has used Les Beaucamps High School as the main basis for reviewing and benchmarking costs. We have undertaken a detailed review of costs on Les Beaucamps which are attached to this report in appendix B.

Taking the building elements for Les Beaucamps School excluding abnormals, swimming pool plant/tank and external works gives a figure of £24.8m for building works. The total area for Les Beaucamps School is 8,783m<sup>2</sup>, this gives a cost per m2 of £2,823/m2. If this figure is inflated from September 2013 to date (Pubsec indices 189 to 200) we get an inflation allowance of 5.9% which when added to the construction cost comes to an allowance of £2,989/m2 for direct comparison with La Mare building works

La Mare building works come to a total of £33.8m. Based on the area of 11,669m2, this equates to £2,896/m2. This figure is directly comparable to Les Beaucamps School at £2,989/m2.

On a like for like basis the EFA rate for the above excluding external works, abnormals and fees, but uplifting for location factor at 1.20 (London) and adding inflation from EFA base at 182 to 200 (3<sup>rd</sup> Qtr 2014), a comparable UK figure based on contractor (delivery led approach and EFA specification is £1,797/m2. This would give a % uplift on La Mare de Carteret of 40%. This does not take account of the recent 15% uplift we have had to inject into EFA funded projects to make them attractive in the current market. If this were added the present comparator would be £2,066 which would give a difference of 29% between EFA projects and the current La Mare costing. This approach is very much delivery driven whereby a contractor is given a sum of money to deliver requirements within a strict area schedule and set specification. Many projects follow a modular approach to achieve these rates. G&T LLP experience is that further funding is often required for items such as piling, carbon reduction and

other abnormals, which could add as much as another 10% to the figures reported above.

Where projects are being procured on a design led approach in the UK this figure is currently nearer £2,339/m<sup>2</sup> or 20% less than in Guernsey. At 20% this is in line with G&T LLP previous reviews which show a 23% uplift between UK construction and Guernsey based on a design led approach. A summary analysis of these figures is included in Appendix C.

G&T LLP review shows that La Mare de Carteret costs at the current rate offers good value when compared to projects in Guernsey. When compared with the following similar projects in the UK the project also compares favourably with the estimated cost difference against the following schools:

1. Brumby School, Scunthorpe
2. Sidney Stringer Academy, Coventry
3. Cardinal Wiseman, Ealing
4. Melior School, Scunthorpe
5. Lagatum Academy, Olympic Site, London
6. Stoke Newington School, Hackney
7. Dormer Wells School, Ealing
8. Deptford Green School, Lewisham
9. Clapton Technology College, Hackney
10. Prendergast School, Lewisham
11. Hackney Free School
12. Henrietta Barnet School, Hampstead, London
13. Holland Park School

All figures are reviewed to a South East Location Factor and costs updated to 3<sup>rd</sup> Quarter 2014. This information has been tabulated in the form of a graph (appendix D) showing clearly that La Mare de Carteret is value for money against appropriate benchmarks and in comparison to UK delivered schools when G&T LLP suggested uplift of 20 – 23% is added to the figures.

## **2. External Works and Abnormals**

La Mare de Carteret External Works and Abnormals are estimated at £12.16m which equates to £1,042/m<sup>2</sup> based on the building area. This figure is high due to the total usable area of the site and the need for including bridges over the pond, a bund for flood defence, tennis courts relocation for club use, and a carriageway on site. There are also a number of service diversions and upgrades required. We estimate that these items equate for approximate £2.6-£3m of external work costs or £220/m<sup>2</sup> – 260/m<sup>2</sup> of the above allowance. To get a direct comparison with Les Beaucamps and Baubigny Schools it is necessary to review costs against a usable site area.

Les Beaucamps external works and abnormals totalled £5.45m but there was also a significant element of contingency (approximately £250,000) spent on asbestos removal. Reviewing on a usable site area basis gives £132/m<sup>2</sup>. Baubigny Schools External works and abnormals equated to approximately £10.7m and included external works and drainage, link road and traffic junctions, sewer upgrade, lagoon infilling works, raising levels to the site and a pumping chamber. If we were to uplift this to today's prices we would need to add 20% giving a total figure of £12.88m, which equates to a cost per m2 on usable site area of £183/m<sup>2</sup>.

When costs are reviewed against total usable site area it can be seen that La Mare de Carteret Schools is better value than Baubigny Schools and directly comparable with Les Beaucamps School at £131/m2. G&T LLP can confirm that given the site issues to be overcome that the current scheme as costed offers excellent value for money.

	School Area m <sup>2</sup>	Useable Site Area m <sup>2</sup>	£/m <sup>2</sup> based on usable site area	Ratio of site area for every 1m <sup>2</sup> of school
La Mare De Carteret Schools	11,669	93,011	£131/m2	7.97
Baubigny Schools	13,130	70,080	£183/m2	5.34
Les Beaucamps	8,783	41,466	£132/m2	4.72

### 3. Preliminaries

Preliminaries are estimated at 13% based on their being one contract with phased / sectional completion. For comparison Les Beaucamps was 11%. Given current market conditions and returns G&T LLP have uplifted this allowance to ensure that main contractor preliminaries support the required level of staffing, programme management and design management required on a project of this nature. Baubigny Schools preliminary costs were between 11 and 12% from figures provided. UK schools currently being delivered vary between 11% and 15% preliminaries. G&T LLP can confirm that at 13% preliminaries provide value for money to SED.

### 4. Overheads & Profit

Overheads and Profit have been included at 5.5% based on current market conditions. In the UK we would estimate a figure of between 3 – 5% on a project of this size and nature. For comparison Baubigny Schools was 5% and Les Beaucamps School was 4.5%.

### 5. Contingency / Risk Allowance

We have broken contingency / risk allowances down into design risk, pricing risk and post contract change control. These have been developed and should be read in conjunction with the current risk register. Design and pricing risk is estimated at 5% and is not unusual for a project at RIBA Stage 2 design. On equivalent projects in the UK we would normally hold an allowance of between 7% - 10% at this stage. However a number of risks such as asbestos and

demolition have been priced based on Les Beaucamps rates and included in abnormals along with a significant allowance for service diversions.

Post contract change management allowance has been set at 3% in line with that set on Les Beaucamps and based upon G&T LLP report on change control expenditure on this project. Expenditure on change control averages out on UK projects based on a design and build form of Contract at between 2% and 3%.

## **6. Professional Fees**

Profession fees for La Mare de Carteret are currently estimated at £4,715,000. This equates to 10.3% of the overall construction budget. For comparison Les Beaucamps fees (client direct plus novated) equated to 11.1% of construction cost and Les Nicolles fees for comparison (client direct plus novated) were 13%.

The EFA allow 12% for fees on all of their projects, at 10.3% La Mare de Carteret fees compare favourably. G&T LLP can also confirm that this compares favourably with UK schemes where allowances of 10 -13% are being delivered on similar sized schemes.

It can be deduced from the above that La Mare De Carteret fees as currently estimated offer SED good value for money and have been driven down as the overall programme of new schools has been delivered.

## **7. FFE & ICT**

FFE and ICT allowance is currently £3m which equates to £258/m<sup>2</sup> based on the current areas. This compares favourably with rates G&T LLP are currently delivering in UK schools at between £200/m<sup>2</sup> and £250/m<sup>2</sup>.

EFA rates for FFE and ICT based on funding received is on average £220/m<sup>2</sup> excluding ICT infrastructure (cabling and patch panels), which is funded at an additional £40/m<sup>2</sup>. We have excluded this allowance from our comparison as we have included infrastructure cabling within the main works contract.

For comparison Les Beaucamps School was delivered within an allowance of £250/m<sup>2</sup>. We do not have the figures to compare Baubigny Schools but from review of other UK and Guernsey projects we believe that this level of allowance offers SED good value as it will also cover decant costs.

## **8. Inflation**

Inflation calculations have been prepared based upon BCIS Public Sector Tender Price Index of Public Sector Building Non Housing and included based upon the current programme for delivery of the complete scheme by July 2018. We have reviewed other issued tender price indices for comparison as part of this review. Inflation on the majority of construction works between now and July 2018 and based on a mid point of construction is approximately 9.35%. Overall inflation from now to completion is estimated at a total cost of £5,140,000.

All cost data used in this evaluation has been uplifted based on the BCIS inflation index update issued on 17 June 2014.