

# APPENDIX K



## Hucknall Town Centre Improvements

### Comments on Scheme Costs

11<sup>th</sup> July 2007

1. This report was prepared as a result of an SRF JH 11245, requesting a secondary check to the works costs provided by Jacobs Babbie for the above project in December 2006.
2. The check consisted of a sampling of the principle quantities used, comparison of the unit rates used with those of similar schemes and a check of the methodology used and assumptions made.
3. Generally, the check of rates and quantities showed that the figures used were adequate. The Leominster project was used as a base for the unit rates, and when they were checked against the A612 Gedling rates, fairly comparable rates were obtained. Calculated areas were sampled and checked and minor discrepancies found, which didn't impact on the total costs. Bearing in mind the fairly rudimentary design available, this is to be expected.
4. The estimates for demolition and signs and lines are considered to be in the right order, but the figure estimated for Utilities diversions is considered to be on the low side. Without any C2 information it is impossible to be precise but the area is urban in nature, and considerable utilities diversions can be expected. It is suggested that this figure be raised to £450,000.
5. Rates used for landscaping and Structures are considered reasonable and the estimates for traffic signals and lighting compare favourably with those for the A612 Gedling scheme. Similarly, the allowances made for Baker Lane Brook Diversion and TM measures appear adequate.
6. The allowance for preliminaries is in line with the level currently being experienced, e.g. Gedling 30%. The figure allowed for the Optimism Bias is not in accordance with the Transport Analysis Guidance, which suggests for schemes at Stage 1 Programme Entry, a figure of 44% is used. In addition, this uplift should be applied to the risk-adjusted scheme cost of the project, which would include both fees and land costs.
7. The allowance for landscaping and accommodation works is felt appropriate, although it is felt that the split is more likely to be £150k accommodation works and £154k landscape works. The latter is assumed to relate purely to soft landscaping, as all hard landscaping has been previously included. It should be noted that landscape costs will include a 5 year maintenance period.

8. The level of supervision costs appears low. Based on a 15 month contract, staff costs are likely to be in the order of £475k. However, as most testing is carried out by the contractor, this increase is balanced by lowering the allowance for testing to £25k.
9. Generally, the level of fees for design, CPO preparation and Public Inquiry is about right. However, it is recommended that a specific allowance be made for publicity for the scheme; including leaflet drops, radio coverage etc. A figure of £50k should be adequate for this.
10. It is not clear whether the allowance for Part 1 Claims is meant to cover all the Compensation Claims likely under that heading, or just the staff costs involved in dealing with them. It does seem low. As it is likely there will be a large number of properties eligible to make a claim, this figure may need adjustment, in conjunction with Strategic Property.
11. It is noted that all the land still to be bought, has been valued at Dec 2005 prices, and may need adjustment to be brought up to date.
12. A Risk Register has now been set up for this scheme, which is being sent to you separately. The cost of the risk currently identified is in the order of £786k.

## **Summary**

There is one main area of concern, namely the appropriate point and level of uplift provided for Optimism Bias, which will have a significant effect on the scheme cost. On a lesser scale, the amounts allowed for Utilities, and for payment of compensation under Part 1 claims appear to be lower than would be expected.

Produced by Highway Design Manager

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