

Financial Details

Cost Assembly and Assurance

1. In June 2021, CBC successfully submitted a levelling up bid to UK Government requesting £19,982,028 for two projects; one in respect of George Stevenson Memorial Hall £11,000,000 (SMH / Project A) and the other to transform Chesterfield town centre £8,982,028.00 (Project B).
2. At the time of the bid, the costs for the SMH project were defined as the project had reached RIBA Stage 3 design stage and had costs assembled in respect to that level of design detail
3. At the time of the bid, the town centre transformation project was defined by concept plans that drew upon the Revitalising the Heart of Chesterfield design work (RIBA 2) and the public realm project delivered at Elderway and contracted for Packers Row (RIBA 5) to describe a set of Public Realm interventions across the bid area, which were divided into 6 distinct areas (Projects B1 – B6).
4. The costs to deliver the interventions proposed for the 6 projects were the basis of the amount of funding requested from the government.
5. The assembly of cost included a 10% contingency figure of £1,000,000 and an additional figure of £925,000 to mitigate the risk of construction price inflation
6. The costs are listed in the schedule summary below and were calculated the following way:-
 - a. Figures calculated by a member of the Royal Institute of Chartered Surveyors (RICS) using industry best practice and the current RICS approved methods.
 - b. Using contracted construction prices from works built at Elderway (2021) and contracted for Packer's Row (2022) for natural stone paving, lighting, street furniture, Highways S.278 and inspection costs and data infrastructure.
 - c. Informed by the work of Arup in respect to the lighting strategy, AECOM in respect to Corporation Street and Addooco in respect to data infrastructure and Planit-IE in respect to the Public Realm. Planit-IE also designed the draft vision masterplan for the marketplace, and have been retained to complete the whole TCT area design to RIBA Stage 2 (concept design).
 - d. Benchmarked against other similar projects across the UK
 - e. To supplement benchmarking cost data, key components and elements of the proposed works were market tested. Specialist sub-contractors and suppliers were engaged and quotations requested in order that real-time cost advice was considered on alternative design solutions, materials and construction methods.

Cost Summary

	Total Cost	Works	Fees	Risk	Inflation
Town Centre Works					
Corporation Street	2,320,549.95	1,566,668.88	235,000.33	270,250.38	248,630.35
St Marys Gate	68,777.37	46,433.55	6,965.03	8,009.79	7,369.00
Chesterfield Parish Church	92,734.97	62,608.00	9,391.20	10,799.88	9,935.89
Rykneld Square	1,062,375.89	717,240.00	107,586.00	123,723.90	113,825.99
Market Square	1,649,854.98	1,113,863.74	167,079.56	192,141.50	176,770.18
Pocket Square	423,014.13	285,588.80	42,838.32	49,264.07	45,322.94
New Square	1,655,777.79	1,117,862.40	167,679.36	192,831.26	177,404.76
Market Place	466,324.42	314,828.80	47,224.32	54,307.97	49,963.33
High Street	365,436.92	246,716.80	37,007.52	42,558.65	39,153.96
Low Pavement East	282,281.17	190,576.00	28,586.40	32,874.36	30,244.41
Low Pavement West	229,901.20	155,212.80	23,281.92	26,774.21	24,632.27
Provisional Sums					
Packers Row	300,000.00	247,000.00	37,000.00	16,000.00	-
Burlington Street	200,000.00	200,000.00	included	included	included
Lighting	500,000.00	425,000.00	75,000.00	included	included
Data	500,000.00	500,000.00	included	included	included
Wayfinding	75,000.00	75,000.00	included	included	included
Terrorism Prevention Measures	90,000.00	78,000.00	12,000.00	included	included
	10,282,028.79	7,342,599.77	996,639.96	1,019,535.97	923,253.08

An example of the cost build-up detail in the above figures follows:

Item	Description	Qty	Unit	Rate	Sub Total	Total
3.0	Rykneld Square					£ 1,062,375.89
3.1	Site preparation; removal of existing surface	1,300	m2	£ 1.50	£ 1,950.00	
3.2	Stone slab paving; random lengths, 75mm thick; including works to kerbs and drainage	1,165	m2	£ 300.00	£ 349,500.00	
3.3	Sub-base to paving	1,165	m2	£ 75.00	£ 87,375.00	
3.4	Raised planters	1	item	£ 10,000.00	£ 10,000.00	
3.5	Architectural & street lighting	1	item	£ 20,000.00	£ 20,000.00	
3.6	Semi mature trees; including tree pit, root barrier etc.	10	nr	£ 3,500.00	£ 35,000.00	
3.7	Soft landscaping	135	m2	£ 55.00	£ 7,425.00	
3.8	Street furniture	1	item	£ 10,000.00	£ 10,000.00	
3.9	Phasing & traffic management	10	%	£ 521,250.00	£ 52,125.00	
3.10	Preliminaries @ 18%				£ 93,825.00	
3.11	Overheads & profit @ 7.5%				£ 50,040.00	
3.12	Professional Fees, Surveys etc. @ 15%				£ 107,586.00	
3.13	Design Development @ 15%				£ 123,723.90	
3.14	Construction Risk				included	
3.15	Inflation @ 12%				£ 113,825.99	

Managing Cost Fluctuation

1. The costs assembled to underpin the bid as per the above statement are in great detail covering every aspect of the bid and Chesterfield's known intention for the town centre, however as the project develops it is possible that the costs will fluctuate - mainly - to reflect changes in design detail, site information and at the return of priced tenders for the implementation works
2. The design is at an early concept stage for the most part of the area with a detailed cost plan in place, which enables the Council to bring the design into detail in continual reference to the cost plan through a series of cost reviews to guide the design development within the budget available
3. An initial RIBA Stage 2 Cost Estimate has been prepared based on an appraisal of the design information within the RIBA stage 2 design. The total of this cost estimate is **£10,544,625** which compares to the Levelling Up Fund budget of **£10,282,029**, representing an increase of **£262,596**, equating to **2.55%**.
4. Recent tender returns for similar projects in the local area to provide benchmark cost data to prepare the estimate. The cost estimate therefore reflects the full impact of current market conditions including:
 - a. Inflationary increases due to the buoyant construction market and in particular the highways and infrastructure sector
 - b. Increased energy prices and the effect on the cost of the manufacture of materials
 - c. Increased transportation costs
 - d. Labour wage increases
 - e. Impact of the removal of the red diesel rebate from April 2022 onwards
5. Although inflationary pressures are expected to ease later this year, in accordance with industry best practice, the estimate has been prepared to reflect "present day" pricing levels, which will be adjusted as the project moves forward. In addition to this, a number of significant risks have now been priced within the cost estimate including, for example, ground conditions, and works to existing drainage installations etc.
6. The constituents of the Public Realm improvement have established broad aspiration objectives, but not in detail, so the project team are able to calibrate the scope and limits of what the budget will achieve, without a requirement to meet specific expectations detailed ahead of cost information – other than the outcome objectives
7. Project detail is not sufficiently advanced to undertake a value engineering exercise. However the plan at an appropriate point is to identify a schedule of value engineering opportunities to aid mitigation of cost overruns. In addition to this, periodic reviews of inflation will be specifically undertaken to monitor changing market conditions.
8. The nature of public realm improvements (as opposed to buildings with inter-dependant structural elements) means that they are scalable in the face of cost changes – so that specific design outcomes can be met in the context of an increase in delivery cost. For example, it is possible to have an avenue of new trees even if a cost rise means that less trees are planted and the avenue is spaced out. It is possible to alter a wide variety of paving elements to decrease the budget requirement, whilst not cutting down on re-paved area
9. As the design detail follows cost detail on this project, the council can be agile in tailoring the design to the budget available, however the biggest financial risk to the project is the possible price increases over the budget that will be found when the project is given a market test prior to the commission of a construction contract. The construction price inflation, risk figures and contingency allowances in the cost plan, as well as the approach

above will help the Council to limit the potential impact of cost rises at the point of Tender. The return of tender prices and their assessment will form a major financial control point for the project.

10. A Quantitative risk assessment is being carried out to give a more accurate assessment of the cost of the project specific risk profile than a percentage, however the budget that supported the application to the Levelling Up fund included a £1.9m allowance to provide contingency and for construction price inflation above of the benchmarked construction prices that make the cost plan.
11. Site investigation works including a ground-penetrating radar survey and invasive exploration of the cobble construction layers and make up have been carried out to inform design decisions at a very early stage, which will limit the need for adjustment at a later point and save costs