

RANDALL SIMMONDS



# Value for Money Report

for

# Exeter Bus Station & Leisure Centre Project

June 2017

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# Exeter Bus Station & Leisure Centre Project Value for Money Report

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## Version Control

Version	Date of Issue	Amendment	Reviewer
<b>DRAFT</b>	27 June 2017		Randall Simmonds
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For more information see our website: [www.randallsimmonds.co.uk](http://www.randallsimmonds.co.uk)

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## 1 Executive Summary

The report compares the capital costs of the Exeter Bus Station and Leisure Centre with similar projects on a like for like basis. The report finds the Bus Station and Leisure Centre are generally comparable to others and within our expectations.

The report also comments on the long term value benefits and the savings projected from the capital expenditure.

The report concludes that the project provides value for money.

## 2 Introduction

The project comprises the following works:

- a. The leisure Centre, built to Passivhaus certified standard and healthy building biology principles, including
  - i. 25m competition pool
  - ii. Learner pool
  - iii. Splash pool
  - iv. Gymnasium and spa area
  - v. Spin and studio spaces
  - vi. Creche and changing facilities
  - vii. Café area
- b. The Bus Station, its hardstanding and bus parking
- c. Works carried out on behalf of Crown Estates to form a joint entrance to the site (commonly known as 'Street C works')

The tender process has resulted in a proposed contract sum for the works of £[REDACTED].

This is split as follows:

Exeter Bus Station                      £[REDACTED]

Exeter Leisure Centre                      £[REDACTED]

This report compares the costs proposed with other similar projects and comments on whether the proposed contract sum constitutes value for money.

## 3 Capital Cost to Construct

### Benchmark Data

Benchmark data can be used to compare projects to understand whether a project demonstrates value for money. It should be noted that benchmark data does not necessarily compare like-for like buildings and is a broad measure.

### Bus Station

In order to assess value for the Bus Station we have compared like for like elements with BCIS (national cost data).

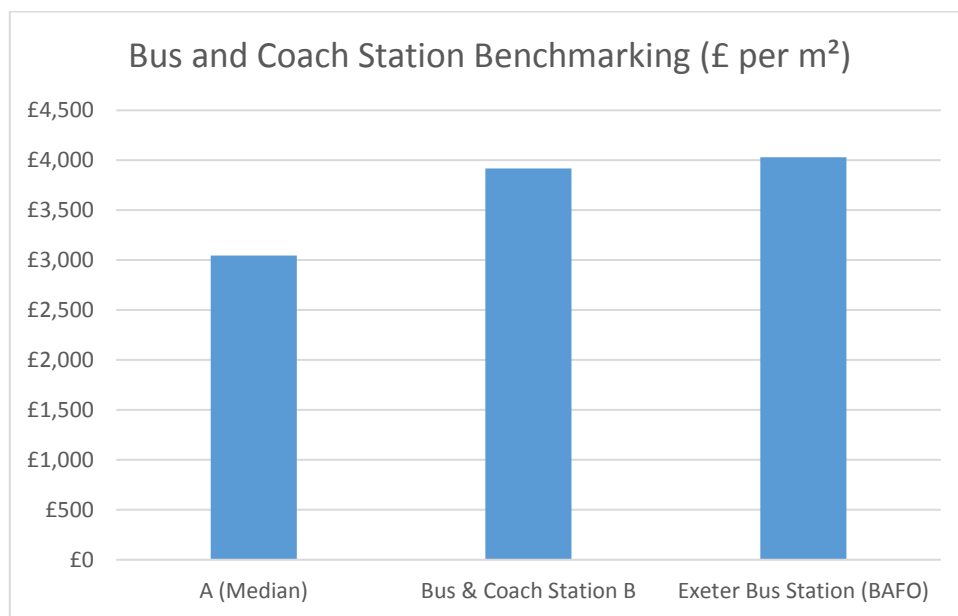
BCIS gathers data for similar schemes over a period of time and inflates historical data for tender price inflation.

The pool of projects similar to the bus station is limited (only 7 schemes over the past 40 years) but gives an indication of comparative value. All schemes are assessed excluding external works (which vary significantly depending on site area) and contractor's overheads and profits.

In order to make a sensible comparison with other bus and coach stations we have removed the following items from our assessed value for the Exeter Bus Station:

- Abnormal foundations (the foundations for the Exeter Bus Station are deeper and therefore more expensive than you would generally encounter due to the ground conditions)
- Retaining structure to the flank wall for adjacent development.

The graph below shows the comparative cost of the Exeter Bus Station to comparable data.



The graph reflects our expectations for the Exeter Bus Station, with abnormal costs removed it is generally in line with the most recent scheme we have data for, but above the historical average (at current prices). This will be prominently due to regulation change (we now build to higher standards).

It is interesting to note that Bus and Coach Station B and Exeter Bus Station are designed with enclosed canopies, earlier schemes that contribute to the BCIS median cost have open canopies (a historical change in the quality of provision).

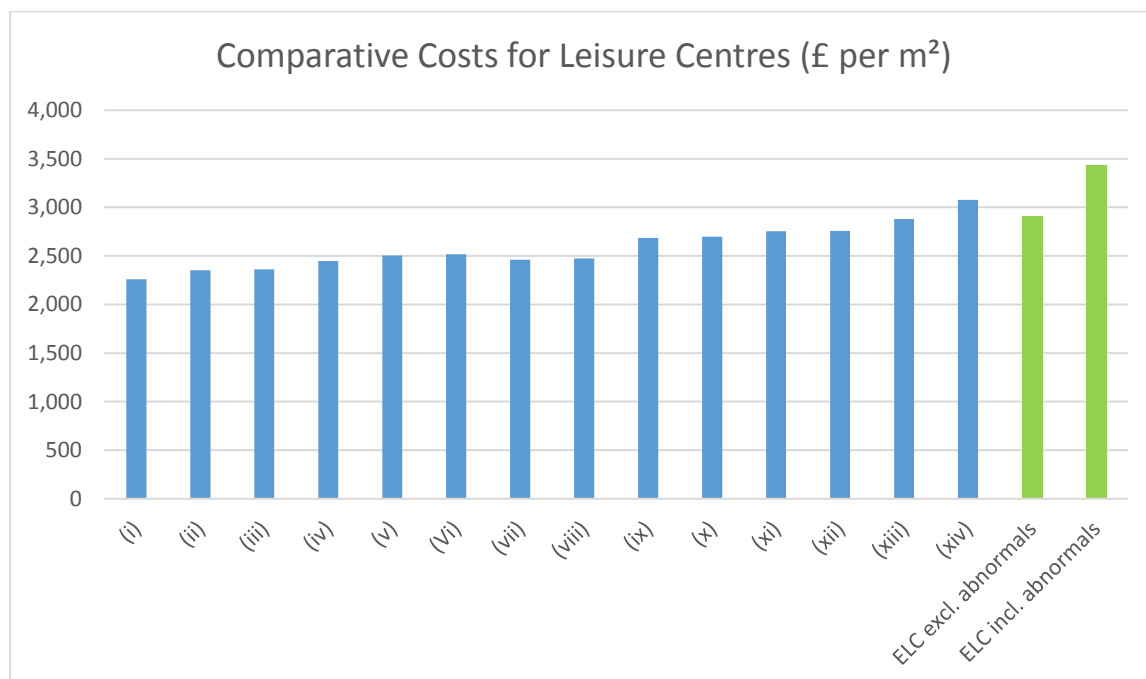
The contractor for Exeter Bus Station has also taken the risk on Sterling movements over the next 2 years which is reflected in the price.

## Leisure Centre

The comparative data for the Leisure Centre needs to take into account the following:

- Leisure centres are generally out of town single or two storey facilities that are industrially clad. The Exeter Leisure Centre is built over four storeys and therefore the frame is more expensive. This is evident in the images of other facilities that are contained in Appendix A.
- As the building is designed to provide a prominent design as the access to the city centre development the cladding is a more expensive element than comparable schemes. We have therefore adjusted the benchmark to take into account 'stacking' and the cladding systems employed.
- The Exeter Leisure Centre is also constructed to Passivhaus and Healthy Building Biology principles. This has been adjusted for comparative purposes. This on-cost is reflected in the life cycle costs below.
- The design is also future proofed for climate change following advice from the University of Exeter and this is also reflected in the life cycle costs for the facility.

The graph below highlights the cost of the facility (excluding external works) against other comparable facilities. Both the full scheme and comparable scheme costs are shown (green columns). All schemes have been adjusted to reflect current prices.



The graph shows that the Leisure centre including the non-comparable abnormal factors listed above is above the other schemes shown.

When the non-comparable abnormal factors are removed the cost of the Exeter Leisure Centre is at the higher end of the range of facilities costs but directly comparable with project XIII (which was the reference project given to the design team to demonstrate the quality of the finish required).

This also reflects the current uncertainty regarding Sterling movements which the contractor has taken the risk on. This is significant for the Leisure Centre as major elements such as the cladding, cross laminated timber roof structure, filtration equipment and other pool equipment can only be sourced via the European Union.

We therefore believe the Exeter Bus Station and Leisure centre represent good value for money based upon comparative capital cost.

### Market Engagement

Alongside benchmark data, tendering and market engagement are key determinants of value for money. The market rate is the true reflection of value for money and the Exeter Bus Station and Leisure Centre project has been through extensive market testing.

The scheme was market tested via the EXESeed Framework which selected capable contractors for the scheme.

Tenders were received from contractors and after the initial tender, a robust re-engagement with the construction market was undertaken with the preferred main contractor. This re-engagement included:

- Re-engaging with sub-contractors to review the best products and construction techniques to add value (over 200 items tested for best value).
- Challenge to the design team to make the construction as efficient as possible.
- Challenge of main contractors direct costs including profit.

The delivery team believe that this scheme has benefitted from additional market testing and that this process provides best value to the client.

## **4 Non – Capital Value**

The Exeter Bus Station and Leisure centre has further economic benefits that are in addition to other comparable schemes.

### City Regeneration

The scheme will act as a key constituent to the regeneration of the city area around the current bus station and will be an anchor for retail or other development to this zone.

### Climate Ready

The Leisure centre is designed to accommodate predicted climate changes over the next 50 years.

Climate ready design increases resilience against expected changes in future climate and will extend the useful life of the facility and long-term economic viability.

By implementing an adaptation strategy the project team has reduced the risk of the building failing or the need for expensive retrofits to respond to the changes in future climate.

The strategy reduces the long-term maintenance costs and energy costs (e.g. cooling).

## **5 Impact on operating costs**

Utility costs

As the Leisure centre is built to Passivhaus Certified standard the future operating costs will be improved as follows:

The building will use less water than a conventional build than other leisure centres. This is in part due to:

- Installation of a Grey water system that reuses water to flush toilets
- Reduced pool evaporation due to the reduced humidity levels (a significant issue in leisure pools).

The building will cost less to heat and cool due to the additional expenditure on air tightness and thermal insulation.

Overall utility saving compared to Passivhaus investment.

A study carried out during initial feasibility for the project projected utility savings of 65% by implementing Passivhaus certified design compared to national building standards. This saving equates to £5m at today's prices over the initial 25 years of the buildings operation.

## **6 Conclusion**

Randall Simmonds conclude that:

- The capital costs for the scheme are comparable to other projects of a similar nature when compared on a like for like basis.
- The overall life cycle costs of the scheme are improved significantly by the added initial capital to raise the build standard to Passivhaus.
- The scheme provides value for money.

## Appendix A

### Photographs of other Leisure Centres used in the benchmarking exercise





Fraserburgh Sports Centre



Bletchley Sports Centre



Plymouth Life Centre



Exeter Leisure Centre