

Centrelink

Gateshead Interchange – Additional Costs

Summary of Additional Costs

Cost increase since December 01 settlement	£1,447k
Attributable to:	
Ground conditions	£511k
Aggregate tax	£30k
Design development	£906k
Cost Savings	£1,216k
Additional financing required	£231k

Ground Conditions

Once the scheme had been accepted by DTLR, a comprehensive ground investigation was undertaken. This demonstrated that extensive ground stabilisation would be required. A contingency of £50k had been included in the estimate, but the net increase in cost was £511k. Details of costs can be provided if required.

Aggregate Tax

This tax was imposed after the bid for the CentreLink scheme was submitted to government. As the majority of the aggregate is incorporated into load bearing foundations or finished concrete products it is not technically acceptable to use uncertified materials. Also, the imposition of the tax has caused inflation in the recycled aggregate market. Additional cost to the project is £30k and details of costs can be provided if required.

Design Development and Measures Taken to Mitigate the Cost Overrun

After the first stage tender Amec was selected as the prime contractor who could best deliver the project to cost and programme. By appointing the sub-contractors at an early stage of the 2nd stage tender it was possible to utilise their expertise at an early stage thus reducing the risk of rework caused by a mismatch between design intent and practical construction. All parties worked as a team with an open book approach.

The final cost plan was compiled on the basis of 85% design completion and this showed an overrun of £1,447k. All parties were given the task of identifying savings either by changing the quality of the finish, removing scope, use of different materials, commercial reductions, double counting of preliminaries, unallocated budget etc.

The attached spreadsheet shows how savings were achieved and the remaining overrun.

Gateshead Interchange - Savings

Item	Element	Potential Savings £	Brief Description	Saving Taken £	Comments
Initial List of Savings					
1	Blockwork spec	8,000	Omit Smooth Blocks	10,000	
2	Bullnoses to platforms	25,000	Change to flat facia detail	25,000	
3	Auto doors	30,000	Swing Entry doors to be non auto	-58,000	Original spec in error
4	Terrazzo upstand	100,000	Omit terrazzo and add fairfaced concrete externally	90,000	
5	GRP	150,000	Simplify and change to metal	140,000	
6	Lighting	?	Alternative spec	0	No net saving
7	Superloo	50,000	Omit and change to normal WC	53,000	
8	Trace Heating	6,000	Omit	0	Unacceptable for safety
9	Escalator	140,000	Omit	0	Undesirable
10	Balustrades	30,000	Reduce spec from glass to mesh	15,000	
11	Seats / central seating area	30,000	Alternative spec / reduce scope	74,000	
12	Etched manifestation	10,000	Omit and add back adhesive discs	10,000	
13	Heat testing of glass	18,000	Omit and get guarantee	0	Must be tested
14	Curved glazing at Rotunda	21,000	Omit	3,000	
15	Rooflight Spec	26,000	Change of spec	0	Alternative not acceptable
16	Louvers spec	16,000	Change of spec	0	Alternative not acceptable
17	Suspended ceilings - curved to flat - spec	150,000	Design Change - Effect on lighting scheme?	90,000	
18	Internal metal cladding				
19	Escol panelling	30,000	Change spec	0	Not acceptable for
20	Loose furniture	10,000	Omit	8,000	
21	Travel shop counter	?	Change spec	20,000	
22	Landscaping review	20,000	Reduce spec to suit budget	15,000	
23	Cladding spec	140,000	Change of spec to Kingspan system	130,000	
24	Glazing spec	?	Change of spec	0	Not practical
25	Lift	70,000	Omit	0	Unacceptable for DDA
26	Auto detection System	50,000	Omit	51,000	
Additional List of Savings					
	Savings to sub-structure			10,000	
	Savings to Reinforcing			27,000	
	Savings to downpipes			6,000	
	Savings to regulating course			12,000	
	Savings to drainage			5,000	
	Savings to west elevation			10,000	
	Savings to pod			50,000	
	Miscellaneous savings			54,000	
	Sub-contractor reductions			200,000	
	Transfer contingency			88,161	
	SUB TOTAL	1,130,000		1,138,161	
27	ACPL O/H & P & INSURANCE	76,840		77,395	
	TOTAL	1,206,840		1,215,556	



Metro Track Dualling

The approved cost for the Metro Track Dualling project is £11.787m, based on costs identified at feasibility stage, and including an allowance for inflation. Recent experience with the Sunderland Metro Extension, together with project development work undertaken this year has demonstrated that costs for some elements of the work have risen at levels significantly above the prevailing inflation rate. Estimated costs for the approved scheme have risen from £9.3million (at June 2000 prices) to a total of £16.467million at current prices.

This level of costs is clearly unsustainable, and we have spent a considerable time refining the project, and have been able to make a range of savings to offset the projected cost increases in most areas. The one element where this has not proved possible is in station construction, where estimated costs have risen from £1.8m to £3.6m. This is generally in line with increases in station costs across the country. Accordingly, this year's bid is for a total of £13.587million.

The table below details cost increases and savings.

	Original Estimate (June 2000 prices)	Revised Estimate	Possible Savings Current prices	Bid
Signalling & Telecomms	3372	5588	-3081	2507
Electrification	1054	980	-130	850
Permanent Way	413	600	700	1300
New Stations	1800	3600	0	3600
General civils works	510	660	-460	200
Sub Total	7149	11428	-2971	8457
Legal – Track access agreement etc.	20	150	0	150
Contractor Design	285	436	-47	389
Signalling and comms design	222	279	214	487
Railtrack and Metro Costs	0	218	-29	189
Safety Case	0	109	-9	100
Track Access Costs	0	545	-57	488
Project Management	143	327	-38	289
Site Supervision	72	545	-57	488
Risk and Contingency	1388	2430	120	2550
TOTAL	9279	16467	-2874	13587

Metro Extension to Sunderland

The original estimate for the scheme was £97.788m, comprising £89.8m for the Rail-track project, and an additional £7.988m of Nexus' funding for land detailed design etc. Because of the complexity of the scheme, the Nexus cost has risen by £5.633million to a total of £13.621m, bringing the gross scheme cost to £103.421m. Details are shown below.



	£m
Original estimated Nexus Cost	7.988
Additional costs:	
Engineering Study	<i>Supplementary investigations to reduce the number of objections from 65 to circa 25, prior to public enquiry</i>
	.301
Environmental Study	<i>Supplementary investigations to reduce the number of objections from 65 to circa 25, prior to public enquiry</i>
	0.091
Project Management	<i>Additional resources necessary to pro-actively manage the interface with Railtrack</i>
	1.879
Network Change Compensation	<i>Underestimated at time of original agreement</i>
	0.686
TOC Licence	<i>Application fee to Rail Regulator originally omitted</i>
	0.080
Vehicle Acceptance	<i>Additional and extensive requirements by Railtrack RSAB</i>
	0.395
Bus Replacement	<i>Required in lieu of additional engineering required by Railtrack on existing railway from Newcastle to Sunderland and Durham Coast</i>
	0.646
PR associated with TWA	<i>Extensive communications exercise with Statutory and Non Statutory bodies to support the additional resources expended on engineering and environmental work streams referred to above</i>
	0.200
Resigning original Metro system	<i>Omitted from original estimate</i>
	0.220
Park Lane Interchange 'box'	<i>Advance works committed prior to agreement with Railtrack</i>
	1.135
	5.633
Revised estimated cost to Nexus as at 20/5/02	13.621

In addition, Railtrack have lodged a claim for a further £14million, although this is as yet unsubstantiated. No additional bid has been submitted in respect of this claim at present.



Quayside Transit Scheme – Additional Costs and Expenditure Profile

Approved Capital Expenditure at present = £5.21m			
Based upon this total then profile would be:-			
Early years 2001/02	£50k £1025k	25k fees etc 1000k	Gateshead SRB to South Shore Rd
2002/03	£1560k	450k 200k 800k 20k 90k	Gateshead Priority Measures Newcastle Priority Measures Newcastle Promenade Real time Info prep Stops
2003/04	£2325k	1050k 195k 200k 500k 100k 250k 30k	Buses Balance from Guidance (Poss. contribution to Buses) Promenade Bus priority measures RTI Stops Depot mods
2004/05	£250k	250k	Retentions etc
TOTAL		£5210k	
Additional Funding being sought for:			
Inflation on original estimates	£400k		
Additional cost of buses	£700k (additional 100k per bus for 7 buses)		
Additional bus for Ouseburn	£250k		
Replacement of £1000k developer funding to provide revenue support	£1000k (this does not impact on overall scheme cost)		
Revised Capital Cost	£5210k + £400k + £700k + £250k = £6560k		
Based upon this total then profile would be:-			
Early years 2001/02	£50k £1025k	25k fees etc 1000k	Gateshead SRB to South Shore Rd
2002/03	£1710k	450k 200k 800k 20k 90k 150k	Gateshead Priority Measures Newcastle Priority Measures Newcastle Promenade Real time Info prep Stops Inflation
2003/04	£3525k	2000k 195k 200k 500k 100k 250k 30k 250k	Buses Balance from Guidance (Poss. contribution to Guildhall) Promenade Bus priority RTI Stops Depot mods Inflation
2004/05	£250k	250k	Retentions etc
TOTAL		£6560k	

Quayside Transit

Cost Increases

Additional funding for the above LTP Major Scheme is required as a result of the following:-

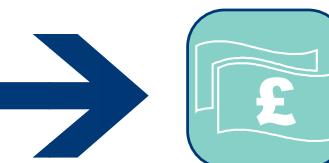
- When the original costings were prepared the unit cost of each of the seven buses required for the new service was estimated at £150k on the basis that they would be LPG versions of standard single decked vehicles. Since then it has been proposed to pursue the use of hybrid electric vehicles, which are considered to be more in line with the hopes and aspirations of this Clear Zones Trailblazer Scheme. Hybrid Electric vehicles will provide the opportunity for this bus service to operate in "zero emission" mode through some of the more 'pedestrianised' areas along the route whilst having the range and power capabilities to operate for long periods and negotiate the steep gradients present on each of the routes.
- The ongoing redevelopment of the Ouseburn Valley has resulted in a significant demand for the Quayside Transit to be extended into this area. Such an extension is expected to generate substantial additional patronage from what will be a major residential urban village. This extension will however require the purchase and operation of a further bus so that the expected frequency of operation can be maintained.
- As outlined in last years submission the original estimates made no inclusion for inflationary pressure upon the construction costs. A further submission to receive acknowledgement of these cost is made again this year.
- Since the initial bid for funding was approved there have been certain changes to the development proposals in Gateshead Quays that have impacted on the anticipated passenger numbers for Quayside Transit. The proposed 20 screen Multiplex Cinema is unlikely to proceed which has resulted in a fall in predicted patronage. Consequently some measure of revenue support will be required during the early years of the project to sustain its operation.

Within the original bid there was a substantial measure of private capital funding(£2350k from a total of £5210k i.e 45%), of which £1350 was from secured developer contributions towards the scheme. In order to provide a measure of funding to support the scheme in its early years it is proposed to seek an additional £1000k of capital funding, enabling the equivalent amount of developer contributions to be used as a revenue stream. This would not impact upon the overall scheme costs but would reduce the overall contribution to the scheme costs from non LTP sources to around 20%.

The impact of these changes is estimated as follows:

Increased unit cost of 7 no. buses from £150k to £250k due to changed technology.	£ 700k
Additional bus to enable extension of scheme into the Ouseburn Regeneration Area	£ 250k
Inflation (based upon previous bid)	£ 400k
Additional Capital Allocation to enable release of private funding to revenue support.	£ 1000k

As a consequence of the above increase in costs for the scheme, approval for a further £2350k is requested.



Stephenson Link

Cost Increase due to Aggregate Tax

Additional funding for the above LTP Major Scheme is required as a direct result of the Governments Aggregate Tax, which came into force in April this year.

Whilst reclaimed material is to be used where ever possible throughout the scheme I am advised that for the new and upgraded highway work and also for the construction of the Metro Station at Backworth reclaimed material is unsuitable for load bearing structures or concrete finishes.

The impact of this tax is estimated as follows:

High Flatworth highway upgrade increase cost	£ 22.5k
High Flatworth Extension	£ 14k
Backworth Interchange	£ 35k
Percy Main Metro Refurbishment	£ 10k

As a consequence of the above increase in costs for the scheme approval for a further £81.5k is requested.

