

To whom it may concern,

I hope this letter finds you well.

I am writing to address the discrepancies between the development budget cost plan and the cost plan provided by Geoffrey Barnett Associates [GBA].

Firstly, please note, our cost plan has changed since the original submission to reflect changes to the scheme design which can be summarised as a reduction in basement size and overall GIFA. Costs have been lowered proportional with the changes. The updated budget cost is £5,650,908 which equates to £388/sqft. For ease of reference, the table below provides an updated summary of the the main differences.

	ARTAL	GBA	Differences
Basement	£ 271,883.80	£ 426,300.00	£(154,416.20)
Substructure and superstructure	£ 4,241,302.10	£ 4,253,022.90	£ (11,720.80)
External works	£ 281,867.10	£ 417,688.95	£(135,821.85)
Abnormals	£ 855,855.00	£ -	£ 855,855.00
TOTAL	£ 5,650,908.00	£ 5,097,011.85	£ 553,896.15

Our aim is to foster transparency and ensure a comprehensive understanding of the project's financial requirements to ensure its successful delivery. Upon comparison of the two budget cost plans, it is noted that that while OH&P, preliminaries, and contingency allowances are consistent between the two plans, the main differences lie in construction costs, particularly allowances for abnormal works. These costs represent a significant consideration that must be accounted for in the overall project budget and can be summarised as follows.

1. **Abnormals > Incoming Services:** The GBA cost plan does not include an extra over allowance for incoming services and the associated offsite works and costs. The absence of this component in the cost plan amounts to a significant discrepancy of £400,000. Inclusion of this factor is imperative to accurately gauge the project's financial landscape and mitigate potential oversights during execution.
2. **Abnormals > Party Wall Matters:** The GBA cost plan does not account for the expenses associated with party wall matters, an integral consideration for any development initiative. Our estimate incorporates allowances for such matters, resulting in a noticeable divergence of £250,000 between the two cost plans. Addressing party wall concerns from the outset is paramount to ensuring compliance with legal obligations and averting potential delays and disputes.
3. **Abnormals > Section 278 Works:** The GBA cost plan overlooks the financial implications of Section 278 works, which are required for the enhancement of infrastructure linked to the proposed development. Our estimate encompasses provisions for these works, revealing a discrepancy of £35,000. Recognition of these works within the cost plan is necessary to align the project with regulatory mandates and safeguard its seamless progression.

Further to the above, we have received two budget tender submissions from London based contractors [REDACTED]

After careful review of the Stage 2 design information and outline development specification, it is evident that the budget build costs provided by [REDACTED] significantly vary from the estimates put forth by GBA –

both budget tender submissions are attached and marked as private and confidential for reference.

Firstly, [REDACTED] has proposed a budget build cost ranging from [REDACTED]. This estimate reflects a comprehensive assessment of the project requirements. Their bid indicates a realistic understanding of the scope of work involved and provides a competitive pricing structure.

Similarly, [REDACTED] has submitted a budget build cost of [REDACTED] along with cost benchmarks for similar schemes they have delivered in London.

These insights from [REDACTED] provide valuable context for our budgeting process and can help ensure that our project remains on track financially. Given the disparity between the contractors' estimates and the local authority's cost plan, it is crucial to reassess the basis of the latter. It appears that the local authority's projections may not accurately reflect the complexities and nuances of the project, leading to a potential underestimation of costs.

Moreover, relying solely on the local authority's cost plan without considering the insights provided by the experienced contractors could pose a risk to the successful execution of the project. It is imperative to prioritize transparency and collaboration to ensure that the budget aligns with the project's requirements and objectives.

Therefore, we strongly urge the local authority to reconsider its cost plan in light of the budget tender submissions from [REDACTED]. By leveraging the expertise and insights of these reputable contractors, we can develop a more accurate and realistic budget that facilitates the smooth progress of the Camden scheme.

Thank you for your attention to this matter. We remain available to discuss any further details or clarifications needed regarding the budget tender submissions.

Yours sincerely,

Tom Hogan
Associate Director

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