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Cost plans

Cost planning ensures value for money and responsible management of public monies of a capital project's finances, including the requirements set out in the code of practice for the building and construction industry.

Utilising all the cost planning estimates templates (CPA, CPB, CPC1, CPC2, CPD), guarantees that a project can be costed as accurately as possible, as well as assist in the determining of the economic building lifespan and all future redevelopments that may occur and their estimated costing.

Cost planning is to allow for options to be analysed and may be required to determine best value for money by assessing recurrent costs over the life of the facility, as well as the capital cost. The cost planning and analysis may include a comprehensive cost-benefit analysis or cost-effectiveness analysis for the preferred option. Throughout the life of a project; project objectives, client requirements or social, economic and environmental conditions may change. This can affect the budget and costs of the identified delivery options. If there is significant change to the service plan, asset and property configurations or similar, that impact on the preferred option(s), consideration should be given to reworking the options analysis process.

Cost plans for capital works projects are prepared by consultants in conjunction with the development of successive stages of planning and design. Project managers and project control groups (PCG) use the cost plans to exercise financial monitoring and control.

It is intended that the total estimated investment (TEI) budget elements be assessed and modified on an individual project basis as set out in the *section Allowances* and are dependant upon the risks assessed at each phase of the project.

Infrastructure Planning and Delivery (IPD) branch and PCGs will then be able to use the cost plan categories set out in the *section Allowances* to exercise better financial monitoring and control. It is expected that sufficient funds will be available to introduce energy efficiency and waste management measures and cover additional items such as FFE and ICT requirements.

Cost plan estimates

The five cost plan estimates are strategically placed at each of the major design and development stages of a project for ministerial and BERC approval, which is required prior to proceeding to the next stage. The flowchart below illustrates the placement of the cost plan estimates in relation to a capital project lifecycle.

The most critical cost plan estimate, cost plan C, occurring at the schematic design phase, determines the budget for final scope of works and recurrent operating costs. It is at this stage that final approval for a project budget is sought for the capital project. The project budget includes contingencies required for all capital cases likely to arise during the design and construction stages of a project. The cost plan C is used to support the development of the business case proposal / initiatives. The financial component of the business case ensures stakeholders are aware of the financial impact of a capital and the recurrent cost planning with consideration to the specific issues such as from compressed timelines and / or changes to the scope.