

## HEADLINE

Assess Open Book contracts for compatibility with Best Practice.

## THE CHALLENGE

CWC was appointed to carry out a review to identify if the cost management of the Open Book contracts was compatible with best practice and establish if robust & efficient processes had been put in place to oversee the delivery and manage the commercial aspects of their projects. They were also asked to reveal if the construction partners were providing Value for Money when delivering Decent Homes work.

## THE APPROACH

With these foundations in place the OBCM system can then be used to deliver the benefits of probity from transparency, a greater client and contractor understanding of cost, an opportunity to attack waste and more accurate forecasting. CWC identified a number of areas where the client and its contractors should concentrate on developing its system including: checking the appropriateness of the costs being incurred, the introduction of Risk Pots, continued development of an Audit regime and, not least, from there to have a robust base to inform business strategy & decision making and enable further investigation of cost challenges.

## OUTCOME

CWC, using its Cost and Performance model, carried out a benchmarking exercise of the contractors' costs against similar contractors working to provide Decent Homes to Council or former Council housing stock.

Considerable rationalisation of the information was carried out to get a true 'like-for-like' specification and this included the proposed costs from April 2010 as well as the actual costs. Proposed costs were the result of the client's requirement for competitive costs going forward and the contractors responding after having had a positive response from the client to their wish to have a commitment as to future workload.

## VALUE CREATED

The client has always been watchful of the market place and energetic in obtaining the lowest tenders for their programme. This is evidenced by the initial use of their framework costs and the subsequent 'mini competition' used to select the current contractors.

The proposed costs were found to be competitive and providing good Value for Money overall on a full 'basket of goods', i.e. kitchens, bathrooms, heating, boiler swaps and rewires. Using the Cost and Performance model as a benchmark and after Lean Sigma improvements were identified the contracting partners were better equipped to plan their work more efficiently by having a larger pool of fully surveyed properties, had more consistent specifications & scope of works across the work streams and were able to release savings of variously between 5% and 10% for future committed work.

## THE DELIVERY TEAM

Jonathan Gilmore was responsible for the work.