



CASE STUDY

Hillingdon Homes Ltd Open Book Cost Management

Client: Hillingdon Homes Ltd
Project: Housing Sector – Open Book Cost Management
Purpose: Demonstrate OBCM Savings

The Challenge

Hillingdon Homes Ltd (HHL) are engaged in a programme of housing refurbishment and maintenance that has been procured and run in line with the principles of Egan and Latham. The programme began in mid-2004, is based on a five-year plan and includes:

- replacement and refurbishment of kitchens and bathrooms under the Decent Homes Programme
- replacement of windows and doors
- refurbishment of Acquired Properties.

HHL are committed to delivering Value for Money on their programmes of housing refurbishment and repair and, as an ALMO working on behalf of Hillingdon Borough Council, they have obligations to their tenants and these form what have become key objectives. The objectives include:

- a high level of tenant satisfaction
- Value for Money
- quality - delivery to pre-defined specifications
- delivery to budget
- fairness and equality
- consideration for the environment.

What CWC & HHL Did

The HHL team and the associated Partners have worked hard together and achieved many successes using the collaborative approach and this case study summarises the financial savings achieved up to November 2007 for these work streams:

- replacement and refurbishment of kitchens and bathrooms under the Decent Homes Programme
- replacement of windows and doors.

CWC identified savings under these headings:

- Open Book Cost Management: target v actual costs
- the revised potential savings generated from adopting the C-CIT process
- the revised savings generated internally for HHL
- the saving between what the works could have cost using traditional methods against the Open Book approach.

Decent Homes Programme Savings

- Open Book Cost Management: target v actual costs of £3,315,743 (savings include some C-CIT benefits realised that are available to the Client subject to final account review, validation of incentivisation and qualifying Contractor share)

- The revised potential cashable savings not yet fully realized from the kitchens and bathrooms C-CIT process from a maximum of £3,428,750
- The non-cashable savings generated internally for HHL of £680,000 per year from January 2007 and £1,120,298 from the kitchens C-CIT savings
- The non-cashable comparative saving between what the works could have cost using traditional methods against the Open Book approach of £15,669,741



Overall CWC indicated that, as at November 2007, non-cashable comparative, potential and actual savings to a maximum of £22,414,234 had been identified less the value of the C-CIT savings realized to that date and the Contractor's incentivisation share

from the first item listed above. This excludes other areas of savings which still have to be quantified, e.g. C-CIT savings on the windows and doors and internal HHL savings for the windows and doors and Acquired Properties work streams.

It is clear that the Open Book collaborative approach produces both cashable and non-cashable savings, more appropriate specifications, improved quality, a leaner internal management structure and better value for the Client overall. This has allowed all the work necessary to achieve Decent Homes standard to HHL properties within the budget constraints.

The Benefits

The ongoing benefits of the collaboration have been:

- cashable savings in all work streams have been achieved and better Value for Money has been obtained by using the Open Book collaborative approach
- adopting an improvement process has been very effective in identifying improvements
- more appropriate specifications and processes have been developed.

Overall it is clear that the Open Book collaborative approach continues to produce cashable savings, more appropriate specifications, improved quality, a leaner internal management structure and better value for the Client overall.

For further information please contact:

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