

Cabinet Office

Cost Led Procurement Trial Project

Anchor Property Transformation

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Cost Led Procurement is an approach/procurement method endorsed by Public Sector Clients and intended:-

- To allow industry to use its experience and knowledge to: -
 - Come up with innovative solutions
 - Reduce final and through life costs
 - Leverage
 - design,
 - materials
 - Subcontractors
 - direct labour

The Client will (ideally): -

- Clearly set and state the outputs and outcomes in form of a strategic brief

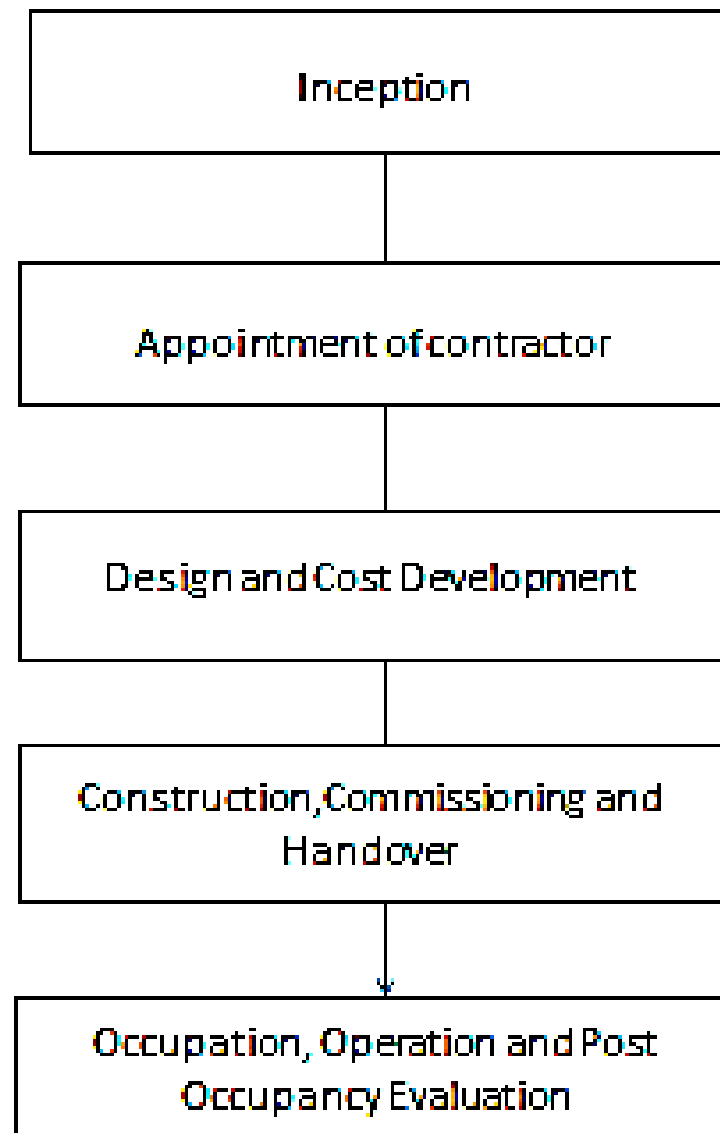
Industry will respond by

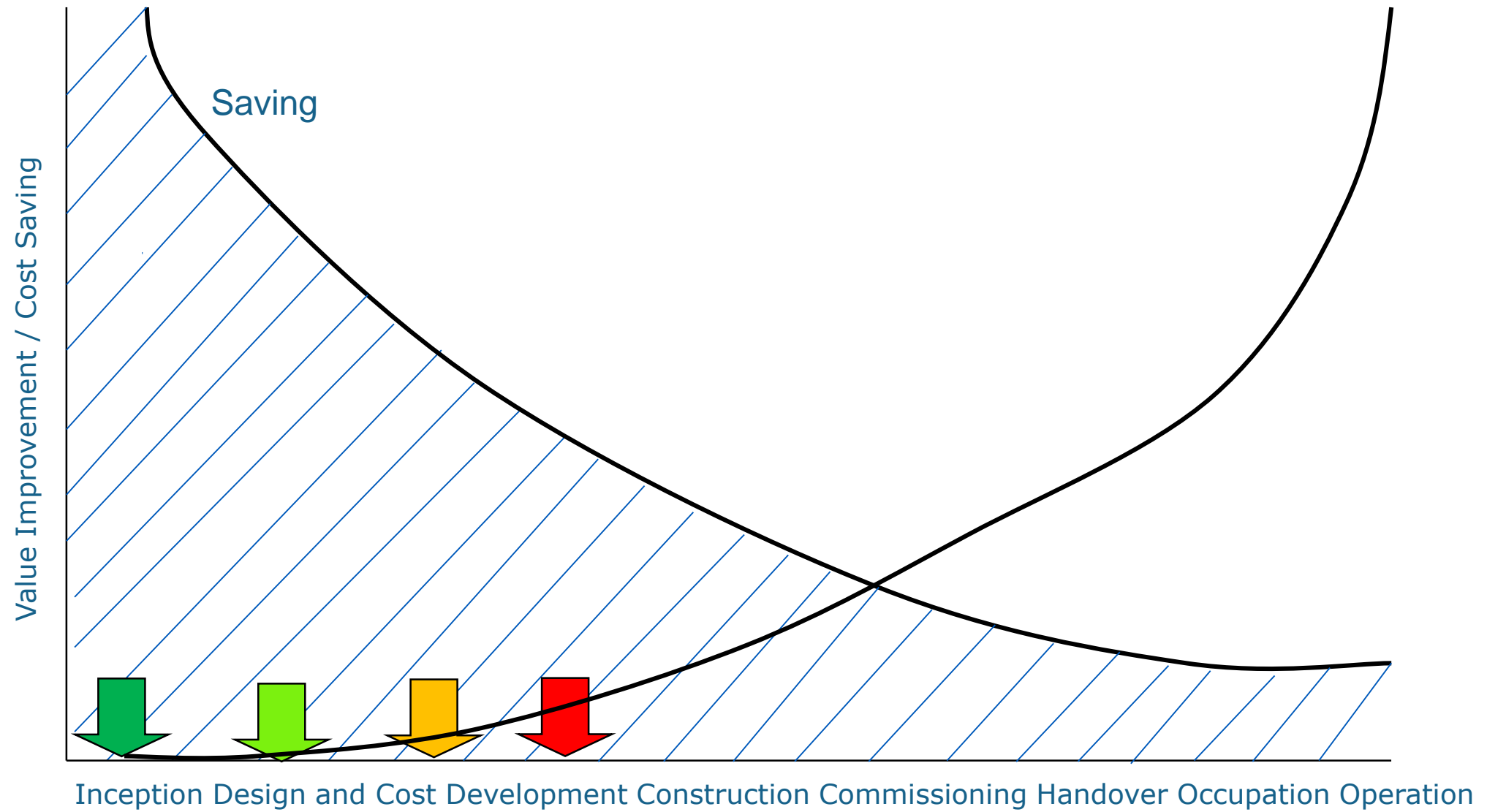
- Proposing solutions to them
- Committing to a price and a set of rules under which that price can be achieved as a final account sum.

This sum will be seen favourably against historical reference costs and benchmarks.

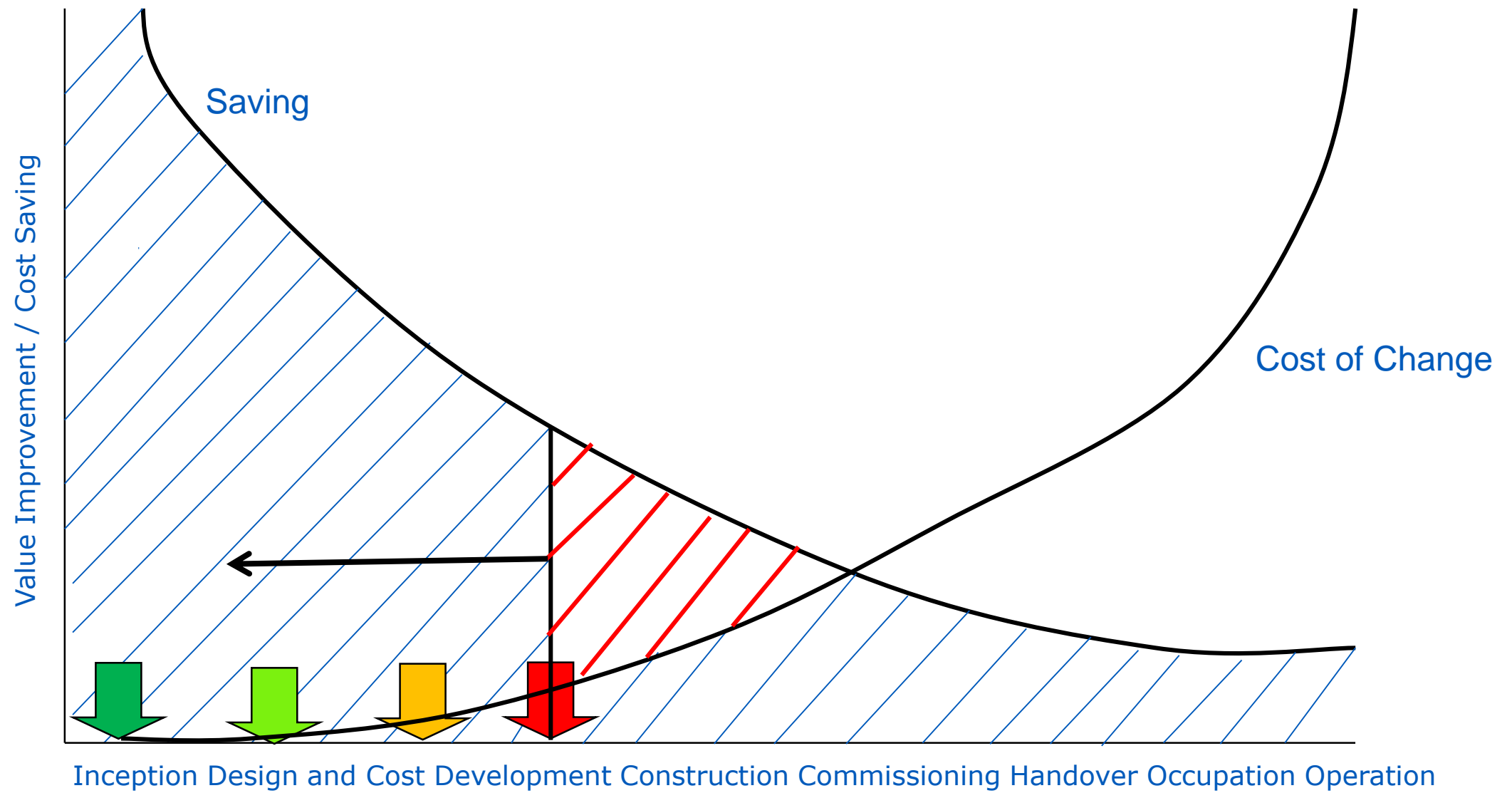
Some form of Guaranteed Maximum Price (GMP) from the supply side is a key feature of this method of working.

5 Stage Process





CLP Team assembly



CLP Team assembly



Trial Projects

- Environment Agency
 - Rye Harbour
 - Clays Lake
 - WEM Framework
- Anchor Trust
- East Riding of Yorkshire

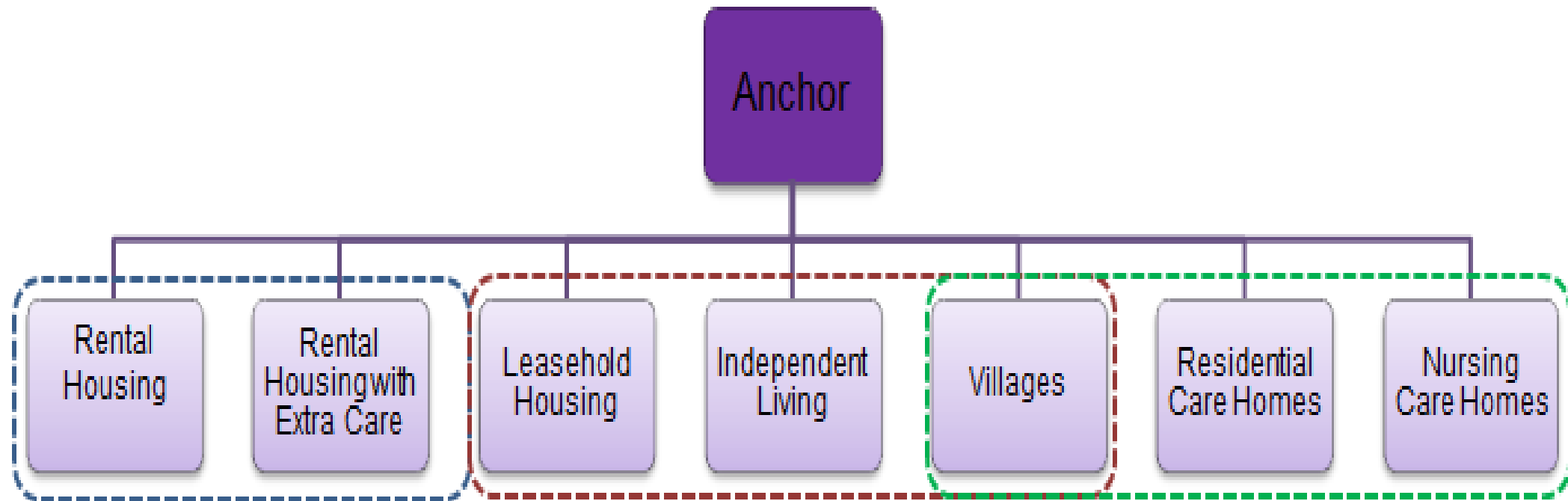




Anchor Property Delivery Transformation



- Social Landlord
- Old Persons Flat 55+
 - Sheltered
 - Cat1 cat 2







Anchor Property Delivery Transformation

Anchor are going through a period of transformation in the delivery of their Social housing works, and adoption of the Cost Led Procurement route is helping to facilitate these changes. Early team engagement, a greater understanding of cost by all parties and the development of new and efficient processes are generating significant cost savings and improvements in efficiency and customer care.

Key Project Features

- Removing barriers between services for customers and efficiency
- Lean delivery
- Supply chain integration



Anchor Property

A business case was approved in October 2012 which triggered mobilisation of the Property Review project.

The business case advocated the concept of a strategic thin client model in order to make a step change in further improving Anchor's property services.

Financial benefits were proposed in terms of cashable savings of circa £9 million in the five year period running to 2017.

Alongside the primary financial benefits, increased customer satisfaction was a second key goal, with an organisational wide target of 92% or above at the time of writing.



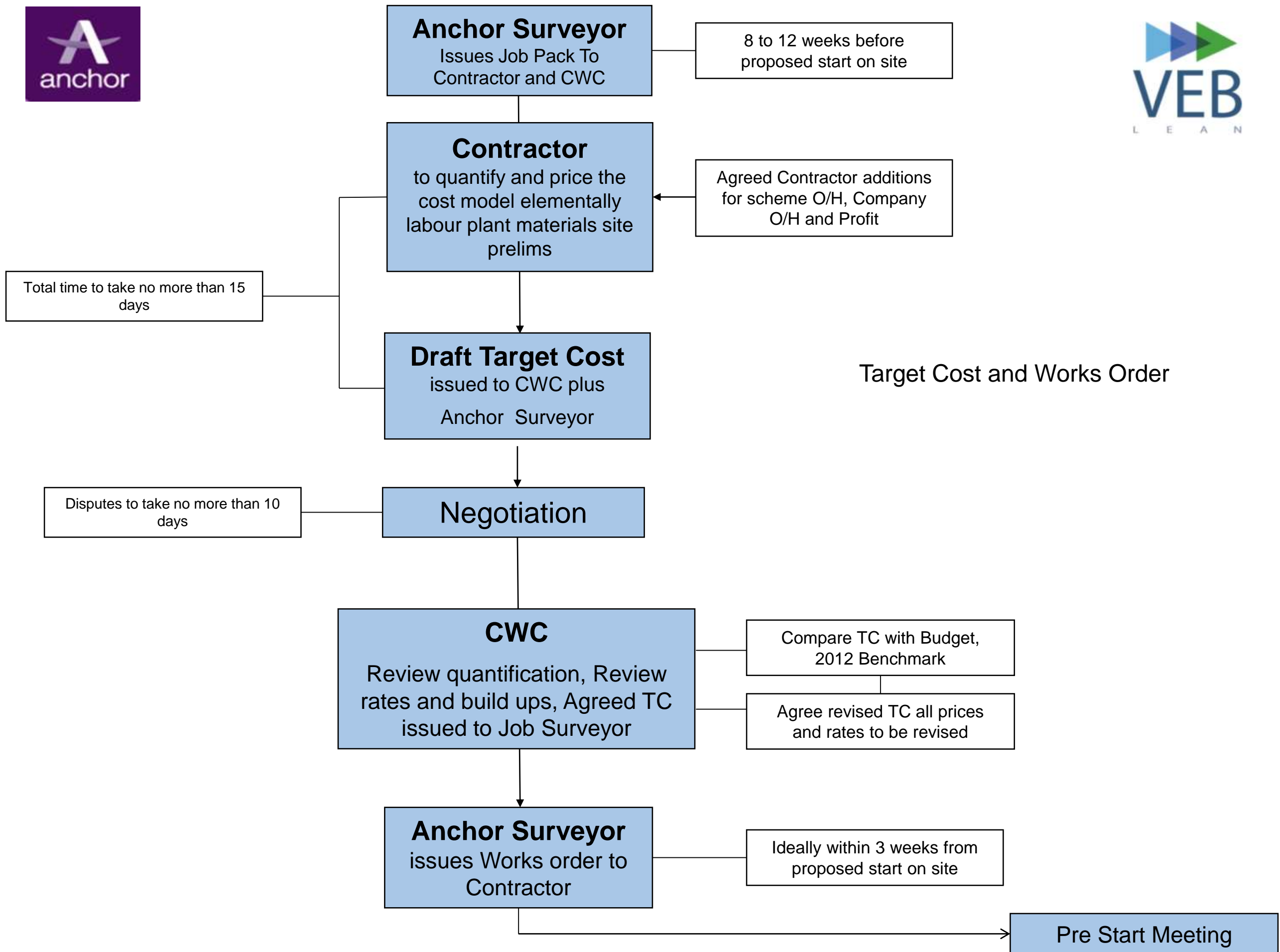
Scope - Midlands Area

- Kitchens
- Bathrooms
- Painting
 - Internal
 - External
- Fire Work
- Lighting
- Fire Alarms
- DDA Accessibility
- External Works



Supply Chain

- General Building
 - Novus
- Reactive Maintenance
 - Ian Williams
- Electrical
 - Newfield





Scheme Address: 745 - Henbury Court
Birmingham

Project Manager: Sam Severn

-
Novus QS: Tom Crompton

-
Date: 09.09.2013

Kitchen Dwellings Total Cost	£114,029.91	
Total No of Units	30	
Average Target Cost Per Unit	£3,801.00	
Novus 2012 Brookmeadow Court	£3,522.67	
Anchor 2012 Benchmark Data	£3,540.00	
Agreed Target Cost	£3,650.00	
Total Revised Target	£109,500.00	inc VAT

Comments:

Price increased from 2012 benchmark's to cover following items:

Additional 1sm Flooring	£40.00
Installation of Larger Kitchen	£40.00
Redecoration of Larger Kitchen	£20.00



Pre Start Meeting

CWC
Work with TC data and programme to review methods with contractor

Work Execution, Interim and Final Account Payment



Ideally 3 weeks after works order

Start on Site

Work Executed
Site Diary Maintained by Anchor Surveyor

Any EW communicated by Contractor to Anchor

Any Variation communicated by Anchor to Contractor

Anchor to respond to Contractor within 2 days

Contractor to respond to Anchor within 2 days

On works of over £50k in value

Interim Payments

Payment plan agreed with CWC at TC. Max of 90% to be paid prior to F/Ac

Work Completed
Anchor Surveyor issues Completion Certificate

Contractor
Issues Final Account Documents to CWC and copy to Anchor

Final Account Documents
FA Front Sheet, Original TC, Works Order, Completion Certificate, COINS Report, Record of Client Instructions/Variations, Site Diary, Relevant Invoices from significant Subcontractors and Suppliers

Review of contractors detail within 5 days

CWC
To review and agree Final Account

CWC advise Anchor Surveyor of the final account sum

Anchor Surveyor to issue final payment certificate to Contractor

Contractor raises Invoice and payment made by Anchor in line with agreed terms



Trial Project Gains

- Environment Agency
 - Rye Harbour 6%
 - Clays Lake 15% Target
- Anchor Trust
 - Responsive and Planned Maintenance 15% Target
est 13% Achieved



Summary of Savings

Work	Anchor 'Budget'	Target	Actual	Saving
Kitchens and Bathrooms	£830,283.88	£804,307.69	£743,407.83	8.19%
Redecoration	£570,637.06	£639,525.69	£573,918.35	11.43%
Total	£1,400,920.94	£1,443,833.38	£1,317,326.18	9.60%

Data taken in March 2014. for CO/CE Trial. Over 100 projects. Anchor Trial Project finished in June extended to Xmas 2014



Summary and Lessons Learned

- Understanding of Cost
- Setting Benchmarks
- Leadership
- Resistance to Change
- Implementation across the whole estate
- Churn - New People don't understand
- Design
- Data