

MANAGED SOLUTION PROVIDES OPTIMUM OUTCOMES ON CORE SERVICE FRAMEWORK AGREEMENT

£15m
efficiency savings

“Our integrated commercial management approach has increased forecasting accuracy, confidence in outturn costs and has enabled the development of robust processes to satisfy corporate governance, ultimately meeting United Utilities’ strategic goals.”

EC Harris was awarded a five year framework agreement, with United Utilities, to deliver commercial management services for their £3.2 billion capital programme.

During the five year period we have developed an integrated commercial management offering that has been implemented across all delivery streams, totalling 27 intervention points in the client’s capital investment programme.

To effectively deliver the optimum solution for United Utilities, we mobilised a multi-disciplinary team to work as one with the client with a range of professional skills including: consultancy, project management, quantity surveying, information systems, estimating and project controls.

By drawing upon our industry best practice, combined with sector expertise, we worked with United Utilities to improve confidence in capital delivery quality. This created consistency, improved efficiency and reduced the liability of outturn costs across their whole capital investment programme.

Creating solutions

Taking an integrated team approach, we have been successful in delivering various commissions across the client’s portfolio including infrastructure capital delivery, major capital delivery, operational minor works and support in their price review submission (PR09) to the Regulator.

Effective capital delivery

EC Harris was appointed as a commission manager on the Infrastructure Capital Delivery (ICD) unit costing commission. We supported United Utilities' project manager in leading all facets of the project. The commission was finished ahead of time and under budget, and provided a full set of unit costs for infrastructure capital delivery, which did not previously exist. The process developed extremely accurate cost data with only 1% +/- margin for error.

Driving commercial change

We were pro-actively involved in driving the commercial change programme in ICD, specifically in estimating and target cost setting, contract formulation and contract administration teams.

The strategy introduced a new way of working through a 'best person' for the role mentality which included client, partner and consultant staff. New processes and procedures for contract admin and its formulation were developed, as well as a focused approach to estimating and target cost setting. During the five year investment programme the integrated teams delivered £15 million efficiency savings.

Price review and estimating

EC Harris delivered 12 total solution commissions providing strategic cost analysis and cost/performance benchmarking for PR09. This enabled the United Utilities' Board to make informed decisions in relation to any potential efficiency shortfalls. The scope included: benchmarking of unit rates, resource rates and full project anatomy; an independent cost base review; an independent COPI; and a regionalisation review. We also identified potential out performance opportunities for the next regulatory cycle.

We continue to provide United Utilities with a managed community of seconded skilled personnel with over 300 years combined experience and capabilities that span all service streams of the capital programme. This community enabled cross fertilisation of experiences and ideas from within the teams as well as the external market place to ensure the best possible outcome for the client.

Award winning

Our service delivery teams have won a number of United Utilities' internal awards which are awarded to the best nominated teams and individuals from United Utilities' supply chain and their own people. Most notably, we have received Team of the Month for both ICD Estimating and PR09 project controls.

Adding value

Over the last three years alone, we have generated over £15 million savings for United Utilities, making a real difference to the client's bottom line and business performance. Our role on the ICD estimates and target costing identified significant areas of saving in the implementation of a standard operating platform. We successfully negotiated target costs, ensured best value through value engineering and evaluated and mitigated risk.

At a time when cashable savings are of crucial importance, we identified over £700k of disallowed costs through major capital delivery, which have since been deducted from the process partner's actual cost recovery, and have improved commerciality with the supply chain.

The provision of project control support ensured that the PR09 project was delivered on time and budget. The team managed £12 million of man-hours, delivering multiple deliverables across interdependent disciplines within United Utilities' core business. The project was successfully executed by utilisation of earned value analysis, discipline resource management, man-hour reporting and forecasting.

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