



## » Overview

Elvet Construction Consultants were appointed by Derwentside Homes to conduct a review and detailed analysis of their repairs and maintenance, schedule of rates (SoRs).

Elvet's main aim was to establish whether the standard minute values, plant and associated material costs were appropriate for the type of work undertaken, reflected current markets and provided value for money (vfm).

## » Our approach

Derwentside Homes use their own internal labour workforce to complete responsive and cyclical repairs to their assets using industry standard SoR's, which have been in place since stock transfer from Derwentside District Council. An annual audit identified a need to ensure that the current SoR's offered value for money to the organisation.

After reviewing historical data, 181 SoR's were identified for review based on frequency of use and value. Once the sample selection was agreed, the first stage of the commission was to clearly define the SoR's provided by Derwentside Homes to analyse. Elvet obtained the following information from the current SoR to enable their cost managers to break down each item into its labour, materials and plant components:

-  Full item description
-  Standard minute value (SMV)
-  Unit of Measurement (UoM)
-  Rate

Once the scope of works included in each rate had been clearly defined, a high level benchmark of the SoR's were completed using external cost data sources. This revealed that a high portion of rates were within

# Cost Management Derwentside Homes



## Repairs and Maintenance Review

a reasonable parameter of industry standards when adjusted for a 'like for like' comparison; however several rates fluctuated quite significantly. To ensure that the rates were appropriate for Derwentside Homes, a detailed analysis of each rate was still completed.

Further to this analysis, Elvet reviewed the entire SoR's to ensure that they were a true representation of the work required to complete the task, which demonstrated value for money. This included:

-  Re-calculating the labour co-efficient.
-  Calculating the hourly labour cost for each tradesman based upon current employment contracts.
-  Comparing the clients labour costs to the market rates.
-  Review of the material costs to ensure that the SoR reflected the actual materials required to complete the task.
-  Recommending procurement options to reduce the material costs.
-  Reviewing the plant required to complete each task.
-  Analysed historic travel data to ensure a fair allowance to recover travel time.
-  Analysed the vehicle costs including fuel to include a fair allowance within the SoR.
-  Calculated a reasonable overhead cost within the SoR to recover relevant management costs.

## » Outcome

The conclusion of the report was that the SoR's required amending to ensure their appropriateness to the repairs that are actually undertaken, with a recommendation that the SoR's detailed within the report be adjusted.

The proposed modifications to the SoR's had been benchmarked against other organisations, market rates developed by Elvet and industry cost information and the proposed adjusted SoR's are believed to demonstrate value for money.

Elvet recommended that Derwentside Homes applied the revised rates to the codes that had been accepted as a fair representation of the works. Derwentside Homes have since introduced our proposed rates, which are currently being monitored against actual costs.



Project Management



Cost Management



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