



Keeping fit and lean

IUK's cost cutting suggestions for construction are hard to dispute

As the end of 2010 hurtles towards us, all thoughts naturally turn to the prospects for 2011, which is why the Treasury body Infrastructure UK report is so timely. The report makes the point that "driving out poor cost management is key to cutting the high price tag of civil engineering in the UK."

The report referenced the Eurostat Construction Price Survey which looks at comparative costs of engineering projects across Europe. The UK has the fourth highest behind Sweden, Denmark and Norway. Given that we don't face the extremes of Scandinavian terrain or weather and Switzerland manages a creditable eighth highest, the UK would seem to have a case to answer.

Of course we have our own challenges, planning laws, government red tape and dense population to name just a few contributing factors. That said, based on our experience in the construction sector, it is hard to take any real issue with most of the measures the IUK report recommends. Here are some of the measures suggested:

- Through alliancing and partnering agreements, encourage greater investment by private sector contractors in trade skills, innovation and supply chain development

- Develop measures to implement effective leadership and governance so that key decisions vest through individuals or bodies capable of discharging their function as a "single controlling mind"

- Encourage greater use of outcome based specification and the removal of unnecessary prescription of standards to encourage innovation

- Develop mechanisms to encourage greater alignment of interest between contractors and clients in reducing costs

- Develop measures to improve productivity, for example, through site project management, supervision and skills

- Review the way in which standards and regulations are applied with a view to developing more efficient means of ensuring safe and high quality construction

- Improve the standardisation and processes around change control (under the current preferred standard forms for infrastructure) and consider ways to avoid escalation of a "claims culture"

If Italy can achieve the second lowest engineering cost in Europe we should be able to make some headway, although I would be the first to admit that Italian infrastructure is some way off the gold standard we should be seeking.

One thing is certain about 2011, project costs are going to be under constant attack; so eliminating any form of inefficiency and waste will be time and money well spent. Bourton Group wishes you all a very happy Christmas and looks forward to helping you have a very prosperous 2011.

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