

Topic

Saving Money in Project Development

Overview

This project consisted of replacing an old club house in disrepair with a new building featuring enlarged changing rooms and an enhanced communal area.

A Management Team was put in place by the club to cover all aspects of the project and see it through to completion.

This was a large project with multiple investors including two partners who contributed over £200,000 each. The total project cost was just short of £600,000 and so the club and its investors could ill-afford for costs to increase beyond initial projections.

Key Issues

As the project developed, design costs increased that were not anticipated by the club. The club had already taken out a loan at the start of the project and could not afford to add to that loan. Furthermore, the primary investors could not add to the funding for the project.

The rising costs and the club's inability to manage the specification in the design phase put the project's development in jeopardy and they needed to find a way to reduce costs without compromising the design.

Solution

The club called upon a Chartered Quantity Surveyor to look at where the club could make changes and save money in the building costs of the project.

The Quantity Surveyor produced a value engineering report analysing the current tenders and made suggestions as to where savings could be made to construct a more economic pavilion whilst not affecting the spatial elements.

In all, 17 recommendations were made to the club as to where they could save money compared to their current plans. By acting upon these recommendations the total project cost reduced back down to the original projected total.

Outcome

The pavilion project was completed on schedule and within the initial budget.

The club now has a brand new pavilion offering excellent facilities to the club and the local community. Despite making changes to save money on the specification and design the outcome was that the club now has a high quality facility without having had to use more funds than was initially forecast.

Key Learning Points

Comprehensive forecasting looking for cost overrun or cost escalation – looking ahead to see what costs might change and ensure appropriate contingencies are in place.

Ensure the most appropriate planning and preparatory work is undertaken prior to the project's commencement. These include ground and structural surveys, ensuring the building designs are compliant with relevant bodies.

Before assuming immediately that more money is needed to address rising costs look at the possibility of saving money first. Consider your options and consult your governing body to see what support they offer or if they can refer you to a trusted body.

It's important to keep control of the specification in the design phase.

The make-up of the Project Team shouldn't be fixed throughout the duration. Allow new people with different skills to contribute when needed.

Always consider the balance of design function against form.

Recommended relevant templates / www.ecb.co.uk/places
toolkits / links for further advice
