



COMMERCIAL EXCELLENCE



Arup with National Grid

In late 2012, National Grid wanted to adopt new approaches to developing and delivering projects. This required the creation of a professional and best practice, in-house cost estimating capability (eHub) for all its substation, cable and overhead line electricity projects. This new capability needed to be created within three months but National Grid recognised that it did not have adequate resources in-house.

Arup was appointed to establish this eHub and gradually migrate its staffing and management wholly to National Grid. It was initially designed, staffed and operated by Arup before full handover to National Grid in April 2014 in a mature and sustainable state, and with full knowledge transfer.

Since it became fully operational in January 2013, six weeks into the commission, the eHub has been producing an average of four to five estimates a week and over 200 per year, with a typical team of 10 cost estimators and risk specialists. It is now an integral part of National Grid's business and National Grid individuals have become recognised as cost and risk experts within the business. As a result, National Grid is now benefitting from:

- Optimisation of design solutions through accurate, holistic and up to date costing;
- Cost informed decision-making on projects at each gateway of their Network Development Process;
- Identification of QRA-informed levels of project and programme level contingencies prior to sanction for construction;
- Risk reduction at contract award through better defined contract scope;
- A cost baseline to underpin the application of cost performance monitoring and change control during the construction contract; and
- Routine capture of cost data from tender returns to continuously improve the cost database and hence future estimates.

The eHub is central to National Grid's drive for ever greater cost efficiency in the delivery of its capital works portfolio and, through close collaborative working between National Grid and Arup, is a resounding success story.