

Costing Intelligence Suite

Module 3: Delivery and Lifecycle Costing

Worked Exemplar — Six-Month Delivery Review

Scenario Overview

Meridian IFM Services — Heron Facilities Solutions
 Integrated Facilities Management | 3-year contract | £3.8m per annum

Contractor	Heron Facilities Solutions — a mid-sized managed services business
Client	Meridian Property Group — a commercial property company managing a portfolio across three sites
Contract	Integrated facilities management services: building maintenance, cleaning, security, and site management
Value	£3.8m per annum / £10.8m–£11.4m over 3 years
TUPE	18 staff transferring from the incumbent provider: 14 x Tier 1 (operational), 3 x Tier 2 (specialist), 1 x Tier 3 (supervisor)
Strategic objective	Market share build — this contract extends Heron's footprint into a new region and establishes a reference site with a client managing 14 further sites not yet in scope
Competition	Two other providers shortlisted. Competitive bid.

This exemplar follows the Meridian IFM contract through all three modules of the Costing Intelligence Suite. Module 1 records the bid investment decision. Module 2 builds the mobilisation cost baseline. Module 3 tracks delivery performance against that baseline at the six-month point.

This exemplar builds on Modules 1 and 2. The mobilisation baseline (£276,400), rate deck, TUPE position, and open challenge flags are imported from the Module 2 Stage 5 handover file. The delivery review covers Periods 1-6 (six months post go-live).

Entry State and Import

Entry state A — Import from Module 2. The Module 2 JSON handover file is imported at Stage 1. The baseline, rate deck, workstream structure, TUPE position, and open challenge flags pre-populate.

On import, the following pre-populate across Stage 1:

- Mobilisation baseline by workstream: £276,400
- Rate deck: all six tiers plus mobilisation coordinator rate (T3)
- Workstream structure: 7 workstreams (Programme, TUPE and HR, Systems and IT, Training, Compliance, Client management, Procurement)
- TUPE position: 18 staff transferred; harmonisation confirmed £22,400; pension flagged as unknown
- Open challenge flag: TUPE pension obligations (unresolved at handover)

Section 01: Contract and Delivery Profile

Field	Value
Contract name	Meridian IFM Services
Client	Meridian Property Group
Contract value	£11.4m (3-year term)
Contract start date	Go-live confirmed (Week 13 of mobilisation)
Contract end date	36 months from go-live
Contract term	36 months (auto-calculated)
Delivery model	Prime contractor with sub-contracted IT support
Review period covered	Periods 1-6 (six months post go-live)

Section 03: Rate Deck — Delivery Period

Rate deck inherited from Module 2. One revision recorded at Period 3:

Tier label	Hourly rate	Effective from	Status	Change note
Operational Support (T1)	£28.56	Contract start	Inherited	—
Specialist / SME (T2)	£42.84	Contract start	Inherited	—
First Line Manager (T3)	£54.31	Period 3	Revised	Annual pay review; uplift from £52.36. Original rate retained in variance baseline.
Middle Manager (T4)	£69.02	Contract start	Inherited	—

Senior Manager (T5)	£88.06	Contract start	Inherited	—
Executive / Director (T6)	£113.05	Contract start	Inherited	—

Section 05: Actuals Entry — Summary at Period 6

Actuals entered period by period across all workstreams. Summary below shows cumulative position at Period 6.

Workstream	Baseline (£)	Actual to date (£)	Variance (£)	Status
Programme	£33,415	£31,200	-£2,215	Under
TUPE and HR	£58,487	£72,340	+£13,853	Over
Systems and IT	£47,875	£51,200	+£3,325	Over
Training	£8,207	£7,950	-£257	Under
Compliance	£4,571	£4,571	£0	On baseline
Client management	£1,380	£2,760	+£1,380	Over
Procurement	£53,852	£53,852	£0	On baseline
TOTAL	£207,787	£223,873	+£16,086	+7.7%

Baseline figure (£207,787) is the cumulative spend expected at Period 6 under the original Scenario A plan, not the full mobilisation total. The full mobilisation total of £276,400 is the expected position at Week 12 / Period 3.

Section 06: TUPE Ongoing Obligations

Harmonisation costs — planned	£22,400
Harmonisation costs — actual	£22,400 (on baseline)
Pension obligation status	Known — confirmed Period 2
Pension actual costs to date	£18,500 — 3 transferring staff were in a legacy defined benefit scheme with the incumbent. Cost is higher than the DC-only assumption used in Module 2.
Ongoing HR costs to date	£6,200 — one TUPE grievance raised and resolved in Period 3; legal support required.
TUPE resolution notes	All TUPE items resolved as of Period 5. Pension obligation confirmed and absorbed. No outstanding unresolved items.

Section 07: Operational Changes

Ref	Description	Date raised	Workstream	Cost impact	Status
OC-001	Client requested addition of Meridian House North (fourth site) to scope from Period 5	Period 4	All workstreams	+£38,400	Approved

OC-001 is an approved variation. The £38,400 cost is added to the baseline for Periods 5-6 onwards. Adjusted for OC-001, the overall position at Period 6 is £22,314 under the revised baseline.

Section 08: Challenge Flags

Flag	Status	Owner	Note
TUPE pension obligations	Closed	Head of HR	Resolved Period 2. DB obligation confirmed for 3 staff; cost confirmed and absorbed into delivery budget.
Agency staffing cost	Active	Operations Manager	Two Tier 1 leavers in Period 4. Agency cover running at 1.4x standard T1 rate. Replacement recruitment in progress; expected to resolve by Period 8.

Stage 2: Variance Analysis

OVERALL POSITION: 7.7% OVER BASELINE (BEFORE APPROVED VARIATION)

Adjusted for OC-001: the approved variation increases the baseline by £38,400. The adjusted variance is –£22,314 (on track).

Primary variance drivers

Driver 1 — TUPE pension costs £18,500 in DB pension obligations was not in the Module 2 baseline (DC-only assumption). This was an identified risk at mobilisation; the cost has now been confirmed and absorbed.

Driver 2 — TUPE HR costs £6,200 in legal and case management costs for one TUPE grievance in Period 3. Resolved but not anticipated in the baseline.

Driver 3 — Agency staffing Two T1 leavers in Period 4. Agency cover at 1.4x rate is adding approximately £3,200 per period. This is an emerging trend, not a one-off.

Driver 4 — IT delivery IT infrastructure slipped by 1 week. Three additional days of T2 time required for configuration. Minor (£3,325) but consistent with the IT timeline challenge raised in Module 2.

Stage 3: AI Analysis

Dimension	Analysis output
Cost Performance	Amber. 7.7% over baseline before approved variation. Variation-adjusted position is favourable. Primary driver is TUPE pension exposure — an identified risk at mobilisation. Agency staffing is an emerging secondary driver that requires active management.
Strategic Lens Review	Partially. Regional footprint established; Meridian relationship is developing as planned. However, margin compression from pension costs and agency staffing is eroding the 8-10% target margin. Current estimated margin at Period 6 run rate: 5.5-6.5%.
Variance Drivers	Primary: DB pension costs (£18,500 unbudgeted). Secondary: agency cover for two T1 leavers. Approved variation OC-001 is positive but associated cost increase requires monitoring in Periods 7-12.
Challenge Flag Review	DB pension: Closed — resolution was timely and cost is absorbed. Agency staffing: Active — current trajectory adds approximately £3,200/period if not resolved. Replacement recruitment is the correct action; it should be prioritised.
Intervention Recommendations	HIGH: Complete T1 replacement recruitment before Period 8 to halt agency cost accumulation. MEDIUM: Conduct a margin review at Period 9 to assess whether the 8-10% target is recoverable over the remaining contract term. LOW: Formalise scope for OC-001 sites before Period 7 actuals entry to ensure workstream attribution is clean.

Overall Assessment	The contract is performing within acceptable parameters when the approved variation is factored in. The two material risks identified at mobilisation have both resolved — the pension at higher cost than assumed, the IT issue without material impact. Agency staffing is the active management priority. A margin recovery plan should be prepared for the Period 9 review.
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All AI analysis outputs are decision support. They inform management review and do not replace professional judgement. Intervention recommendations should be reviewed by the contract manager before any action is taken.