

Negotiating a clear path through the procurement minefield

## Efficiency North's Integrated Procurement Model - Unlocking Efficiency, Unpacking Added Value



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# All on Board

## Chair and Vice Chair appointment



Following incorporation as a private company in public sector ownership, finalising the establishment of our new governance structure, Efficiency North Ltd is pleased to announce the appointment of Janet Sharpe, Interim Director of Investment, Council Housing Service, Sheffield City Council as Vice Chair, and the re-appointment of Mick Werritt, Director of Property Services at St Leger Homes Ltd of Doncaster as Chair.

Having begun his career in the construction industry and gaining experience in social housing roles at both operational and strategic level in the region, Mick Werritt has chaired Efficiency North since the formation of the original Executive Board just over 5 years ago. He has played a key leadership role in steering the consortium's growth from its early foundations as a collaborative procurement and best practice consortium to one of the founding members of the Re:allies Partnership alongside North West consortium Procure Plus, to leverage the collective influence of members at a pan-regional level.

Janet Sharpe has played a key role in Efficiency North since it began nearly 10 years ago as one of three original trailblazing regional consortia created in response to the Decent Homes funding awarded by the then Government to foster collaboration and generate efficiency savings around programme delivery. Janet joined Sheffield City Council in 1980 and, following a career in Finance, Estates Services, Planning and Highways, joined the Housing Service in 1991. Since the late 1990's Janet has been responsible for the Council's asset management strategy and the delivery of its investment programmes. In 2013 Janet became the Interim Director of the Housing and Neighbourhood Service with responsibility for housing management, investment, private sector housing, cohesion and local neighbourhood services.



"The Executive Team and I are very much looking forward to working with Mick and Janet in developing the services we provide to our members. We're delighted that Efficiency North will continue to benefit from the vast wealth of knowledge and experience in housing in the region they both bring, especially in these exciting and challenging phases of the consortium's evolution and growth."

**Lee Parkinson**  
CEO, Efficiency North



"It's a great pleasure to be so closely involved in the transition and establishment of Efficiency North Ltd and provide guidance to ensure that it remains grounded within the sector. It's an exciting opportunity to use my leadership experience to support the evolving roles and responsibilities of the Board to advance the consortium and its offer for the region."

**Mick Werritt**  
Director of Property Services  
St Leger Homes Ltd of  
Doncaster



"I'm thrilled to accept the Vice Chair appointment. As one of the consortium's founding members it's been great to play a part in its journey and transformation into such a successful regional consortium and new incorporated status. I'm very much looking forward to my new role helping to steer Efficiency North through the next chapter of its history and the further development of its service offer for the benefit of all members and their communities."

**Janet Sharpe**  
Interim Director of Investment  
Council Housing Service  
Sheffield City Council



# Negotiating a clear path through the procurement minefield

## Efficiency North's Integrated Procurement Model – Unlocking Efficiency, Unpacking Added Value



It's nearly 12 months since Efficiency North's Executive Team obtained the agreement of the Board to implement a new model for the call off of schemes from our Elemental Works Framework. Our integrated procurement model brings together our Elemental Works Framework and the Re:allies Materials Framework to deliver the very best in value maximisation, unpacking the supply chain by separating installation works from materials procurement. This approach offers efficient and competent installation works by local contractors, many of which are SMEs, and competitive whole life costs for key materials leveraged via the buying power of the Re:allies Partnership, one of the UK's largest buyers of products commonly used in the improvement and maintenance of the housing stock.

The approach not only delivers efficiency but also enrolls the materials supply chain in Efficiency North's constant focus on the maximisation of social value through the creation of employment and skills opportunities whilst building funding for community improvement projects. Our materials supply chain partners are some of the largest players in the supply sector and can provide a wide range of employment opportunities to young people. Indeed, in Hull, PTS employed two young people in management and logistics roles as a direct bi-product of Hull City Council's use of the Re:allies Materials Framework.

### A systems based approach

The integrated procurement model requires skill and good judgement to be implemented effectively and this is founded upon high levels of supply chain management in expediting materials in the delivery of works. Central to Efficiency North's success in this regard is the use of the Schemes Plus Trading System which is owned by our Re:allies Partners Procure Plus and is exclusively licenced to members of the partnership of which Efficiency North is a founding member. The use of Schemes Plus provides a cloud based solution for our framework contractors who schedule,

### Supply Chain Positioning

Clients are Buyer Dominant (>) to Contractors and pass purchasing power for commodities to Contractors through Construction Contracts. Contractors are in most cases Buyer Dominant except in the cases of high skills demand where Contractors are Interdependent (=) with Subcontractors. Subcontractors and Suppliers are Interdependent (=) of one another due to demand / credit dynamics.

### Supply Chain Key

P – Primary tier of the supply chain.

T – Tertiary tier of the supply chain.

1 – 1<sup>st</sup> Tier of the supply chain.

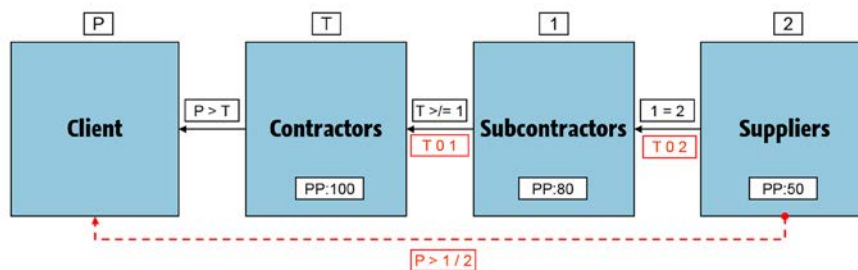
2 – 2<sup>nd</sup> Tier of the supply chain.

→ Passage of services through the supply chain.

--> Supply chain structure modified by intervention within the supply chain.

### Buyer – Supplier Power Matrix

Buyer Power Resources	Supplier Power Resources	
	Low	High
High	Buyer Dominance (>)	Interdependence (=)
Low	Independence (0)	Supplier Dominance (<)



call off and receipt materials on behalf of our landlord members, who in turn pay the invoice for the materials. This approach not only creates transparent integration of materials but an entirely auditable line of sight of materials management which aids effective project management of schemes.

### Understanding the DNA of Supply Chains

An essential part of the success of the integrated supply chain model is Efficiency North's expertise and considerable experience in understanding the respective "power" dynamics of the supply chain. Just like genetics every supply chain has different supply chain dynamics in terms of where the power lies and re-engineering this in the favour of our landlord members needs to be dealt with in an intelligent and sensitive way. Understanding power in the supply chain is not in pursuit of its misuse but to unlock better value and ensure that benefits are not lost within the supply chain. Therefore in order to maximise value in the supply chain, particularly where value is not flowing through, and has become blocked in some way, it is logical to re-engineer the structure of the supply chain

to ensure that value flows through in cost and social value terms. The figure above sets out an example supply chain and the respective power dynamics and how they become reengineered by the integrated procurement model.

The text in black reflects the more traditional supply chain dynamics, whereas the red text demonstrates the re-engineered supply chain dynamics of the integrated procurement model. As the figure sets out, the integrated model re-appropriates the power in the supply chain to the Client, as well as creating a clear line of sight within the supply chain. This ensures that the buying power of the Re:allies Partnership passes right through the supply chain and efficient prices and social value can flow through to the Client.

In the majority of cases we find that our integrated model is entirely appropriate, however, we will always encounter schemes where it makes sense to maintain the more traditional approach where the contractor procures and includes the costs for their materials in their costs. Such cases typically include schemes where materials are not appropriated on a property by property basis such as environmental improvements.

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### Benefits Box

- Efficient and competent local installation contractors
- Big brand materials suppliers backed by major buying power
- Employment and skills outcomes from both contractors and suppliers delivering two full time training places for every £1m spent
- Cloud based management systems providing high levels of supply chain transparency
- Best practice project management approaches where the landlords have a clear line of sight of the installation and materials supply chain

Landlord Type	Housing Stock	Works	Saving
Registered Social Landlord	@1,000 dwellings	Wet Rooms Heating Systems	40% 30%
Retained Stock	@25,000 dwellings	Heating Systems	40%
Registered Social Landlord	@20,000 dwellings	Whole House Improvement	20%
Registered Social Landlord	@35,000 dwellings	Roofing	20%
Retained Stock	@60,000 dwellings	Heating Systems	30%



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## Strategy changing reality

Since the shift to the integrated procurement model we have experienced high levels of success with our landlord members and have unlocked impressive levels of efficiency. Landlord members, ranging from some of the region's largest retained stock landlords through to smaller registered social landlords, have implemented the model with great success and the results, when compared to like for like legacy contracts, have been striking.

In addition to the efficiency landlords have earned employment and skills opportunities within the supply chain, both with contractors and suppliers, and have created funding for community improvement projects. These benefits, when considered alongside the transparency of the supply chain, backed by a first class cloud based trading system, really do bring a professional and intelligent approach to delivering improvement works to the housing stock.

## Taking it to the next level

Whilst our first year of the integrated procurement model has been successful, and we are pleased with the results, we've built a healthy order book for our frameworks use in 2015 / 2016 seeing a real term two fold increase in forecast throughput of which nearly half is already contracted.

We will work hard to refine our approach and growing cost data intelligence further to drive efficient outcomes and maintain pricing levels in what is becoming an increasingly busy market sector. The onset of our new installers framework, which is planned to be implemented in the Spring, will bring about a greater focus upon the integrated procurement model with improved terms in its framework agreement to govern the model's application and use of the Schemes Plus Trading System. This, coupled with contractors' growing competence in applying the model and complementary systems, looks to bring about a lasting change to the way that our landlord members procure their works requirements, with higher levels of efficiency, supply chain control and social value which are essential to any modern and efficient landlord.

**Lee Parkinson**  
CEO, Efficiency North

# Where next for EN's Corporate Social Responsibility?

## Our survey said...

Corporate Social Responsibility has always been one of Efficiency North's core aims. To date these aims have been realised through the 4 Good Fund and the employment and skills plans embedded into our frameworks' contracts.

Incorporation has now presented an exciting opportunity to build on our CSR success. To develop the consortium's offer, we recognised that we needed to look more closely at drivers and engage stakeholders to focus effective support for our members' priorities and aspirations for their tenants and wider communities and maximise Efficiency North's positive impact throughout the region.

Paul Mitchell, Efficiency North's Corporate Social Responsibility lead, has been working with Ann-Marie Hopkins, Equality and Diversity Manager at Procure Plus, and Mark Scott, Director of Futureworks (Yorkshire) on a consultation exercise to find out exactly what members'

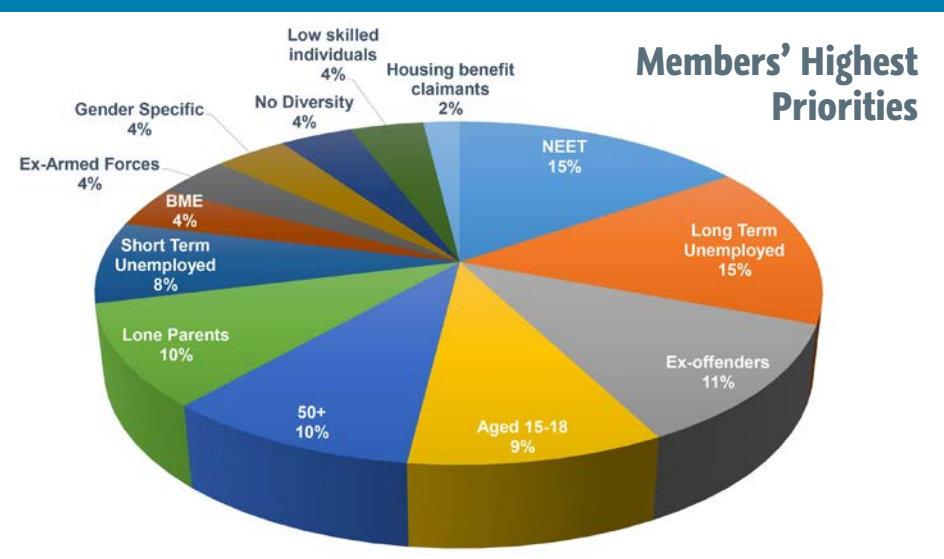
views are on CSR, in terms both of their objectives and their policies.

Members want the level of retention (i.e. apprentices completing a programme) to be at least 77%. Efficiency North believe that, with the correct processes in place, this target is achievable.

Members also preferred that 64% should be from their local tenants base and that 54% should be from diverse backgrounds. Members' tenants also expressed the view that Efficiency North should target all residents, not just tenants and their families.

Efficiency North recognises that current employment legislation allows all candidates to be given an equal opportunity for employment regardless of who their landlord is or their background.

Members' views are not prescriptive but will serve as a useful compass to guide Efficiency North's strategy, which is driven by the aim of ensuring we are delivering outcomes in alignment with client member landlords' focus.



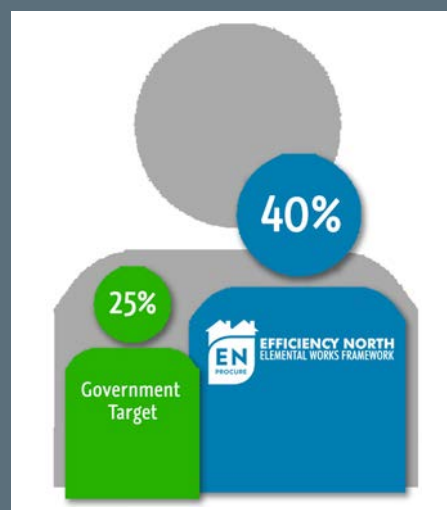
## EN Procure 60% ahead of Government's SME target

Recent analysis of contract spend through Efficiency North's EN Procure Elemental Works framework since it became live at the end of 2011 demonstrates that our clients have awarded 40% of work by value to SMEs.

This figure is 60% ahead of the national government's target of placing 25% of all public spend with SMEs to help stimulate growth in the economy. Small to Medium Enterprises have often been excluded from public contracts in the past because they've found bidding for public sector work excessively bureaucratic, time-consuming and expensive.

Efficiency North have tried to build on the successful engagement of SMEs in the new EN Procure Installers framework, not only to provide opportunities for local SMEs but also to offer the benefits these smaller size companies can provide for our client members, in addition to the value of larger national contractors.

It's hoped that the new framework will continue to support the initiative to create the right conditions to allow contractors and communities alike to thrive through the activity of the framework.



# EN Procure in action

## Going above - and beyond!



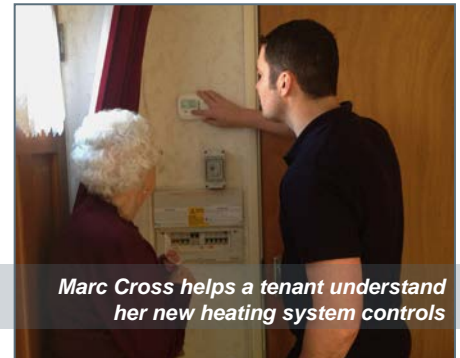
**EFFICIENCY NORTH**  
ELEMENTAL WORKS FRAMEWORK



*Apprentices Lee Sykes and Gary Eggett learn the secrets of pitched roofing*



*Contracts Manager Gary Matthewman & Site Supervisor Neil Knox warming up homes*



*Marc Cross helps a tenant understand her new heating system controls*



SBS Roofing were appointed to carry out a £1.3m roofing scheme for Together Housing Group through Lots 29 and 30 West subregion, which started on site in September 2014 and will be completed by the end of March 2015.

The scheme is a mixture of pitched re-roofing and roofline works to houses, bungalows and blocks of flats and recovering of flat roofs to 4 and 6 storey blocks of flats (including installation of permanent guard rails).

The Employment and Skills target for this scheme would have been less than one apprentice, however SBS committed to and increased this to two full time Pitched Roofing apprentices on the project - Lee Sykes and Gary Eggett, pictured in action on site below. Lee and Gary are also signed up with Peter Train of Procure Plus for their support. Because of the flat roofing works on this scheme SBS have also committed to an upskilling training programme in Single Ply Roofing for two of their experienced flat roofing labourers - Rhys Bashforth & Josh Berry. Both have been on external training courses and are being monitored on site as part of working towards NVQ level 2.

Because of the scheme's geographical spread and logistically difficult to access areas in some cases, to ensure minimum disruption for residents, paying particular attention to the vulnerable, SBS set up mobile micro compounds and welfare facilities. To service the sites more frequently and faster than normal, openings and hand overs for the potentially disruptive roofing and scaffolding works were done with very tightly timed delivery schedules and traffic management plans, often out of hours, and employing additional staff and hiring in specialist smaller delivery vehicles with mechanical offload.



Yorkshire Plumbing and Heating Services were appointed to carry out a £600k gas heating replacement scheme for Sheffield City Council Housing Service through Lot 18 of the South subregion.

Having started on site in November 2014, YPHS are now working closely with Sheffield City Council and PTS materials supplier to deliver the scheme. YPHS's survey strategy is ensuring that materials are scheduled well in advance of installation dates, ensuring all items are in stock and avoiding delays. The strategy has enabled a fast turn round of properties with an average of 5 days from installation to handover, including electrical work, making good, builders work and certification.

Since commencing the Sheffield heating project YPHS have added an electrical apprentice to their existing 4 craft apprentices and are also currently working with Sheffield City Region's Skills Made Easy initiative Doncaster-based programme in securing a further apprentice.

Some residents benefitting from the program have needed extra support from YPHS to ensure their heating installation was a positive experience. One family, an infirm and elderly lady confined to her bed and reliant on oxygen, and her carer son, posed a particular challenge, not least because the lounge the lady inhabited was unheated, the gas fire being unusable at the same time as her oxygen supply. YPHS worked closely with Sheffield City Council and the SYHA Support 55 team to enable the pair to be taken care of at a specialist day centre throughout the days the works took place. They returned home to a modern electric fire suite with all carpets and furniture restored so that they were able to continue their lives as usual but in more warmth and comfort.



The Gas Company Ltd were appointed to a heating systems replacement scheme for Pickering & Ferens Homes in Hull and East Riding through Lots 17 and 18 of the East subregion.

As part of Pickering & Feren's investment programme, The Gas Company, an SME also based in Hull, replaced 60 boilers and 53 heating systems to 100 homes. Starting in summer 2014, the £300k+ total installation works are now complete.

This was the first EN Procure Framework project the Gas Company have delivered using the Re:allies Materials Framework, through which all equipment besides consumables was sourced, as it offered the best option for the client in terms of savings on time and money.

Dave Richardson, Director of The Gas Company commented, "This being the first time we've used the Re:allies framework, at the beginning there was quite a learning curve we had to go through with the new admin and processes, but it was well worthwhile as we found this system worked out really well. As an SME using Re:allies definitely offers advantages, especially in terms of cashflow. It released us from having to cover the risk of the initial outlay for purchase of materials which we'd otherwise have had to budget for."

The Gas Company not only delivered the project on time but also received excellent feedback from tenants living in homes where the new heating systems had been installed.

Tenant Sylvia Cope wrote a special note of thanks to the team who installed a new boiler and radiators in her bungalow, which is specially designed for the disabled: "We would like to give special thanks to the young men who arranged, and completed the work on our home. They worked very hard and left every room clean and tidy. Nothing was too much trouble for them."





# Best Practice



The first best practice session of 2015 at Manchester Central Library on 3 February - also the first to be held jointly with Re:allies partners Procure Plus - saw a full house, leaving standing room only. Solar PV is evidently near the top of the social housing right now.

It was great to welcome so many housing professionals to an informal, lively and interesting morning of discussion and debate on the latest knowledge about how to benefit from the opportunities and minimise the risks presented by investment into PV on a large scale.

David Kemp, Sustainability Manager at Procure Plus, chaired a panel of 4 industry specialists who discussed their experiences in the solar photovoltaic (PV) energy market and answered questions arising from the floor.

Robert Knowles, DECC FIT policy review group member and solar power industry specialist, began by providing the financial and policy context, highlighting that FIT is on its way out and similarly, free PV won't stack up in 2 to 4 years and will become increasingly reliant on charging for systems or the electricity produced.

Joe Keating, environmental & energy manager at Stockport Homes, outlined his organisation's experiences of self-financed PV and how although this produces the highest rewards, not only in terms of revenue, but of tenant satisfaction, it also has significant implications for resource.

Graham Smith, green operations director at Gentoo Group, offered an alternative view, focussing on funded PV and the

various available funding models, some of which offer long term financial benefits both for landlords and their communities. Graham also highlighted how re-financing existing PV portfolios can release significant capital.

Rounding off the presentations was Stephen Scully, business & product development manager at Solarking UK, who over turned commonly held views about large scale PV. Stephen pinpointed that successful delivery depends on supply chain security. Making life simple for contractors to keep costs down and quality high, and allowing the supply chain to deliver and the installers to install.

A pack of presentations from the session is now available on the Members' Hub in the Best Practice Group Library.

*"Of the circa 5,000,000 social properties in the country, only around 100,000 currently have PV. Estimates suggest that in fact over 1.5 million households could benefit from PV. That's quite an opportunity there."*

**David Kemp,**  
Sustainability Manager,  
Procure Plus



If you have any feedback about the first session or would like further information about the 2015 Best Practice schedule please contact [carl.bairstow@efficiencynorth.org](mailto:carl.bairstow@efficiencynorth.org)  
Book your free workshop place on the Members' Hub <https://www.efficiencynorth.net>

## SCHEDULE 2015

**Tuesday 24 March 09:30-13:00**

**New Build Housing Modern Methods Construction**

**VENUE:** Glasshoughton Community Centre, Glasshoughton, WF10 4PH  
A view from clients on issues and success – Modular vs panelised. Waco and Procure Plus' new off site housing offers.

**Tuesday 28 April 09:30-13:00**

**Delivering CSR through EN frameworks**

**VENUE:** Glasshoughton Community Centre, Glasshoughton, WF10 4PH  
Launch of Efficiency North's new approach and how it works: target outcomes, process run through, pipeline importance and actions around it, roles and responsibilities, gaps in knowledge, who to contact.

**Tuesday 19 May 09:30-13:00**

**Section 20 Leaseholder Consultation VENUE TBC**

An in-depth look into contractual issues managing compliance of the section 20 leaseholder consultation process for major works.

**A Fresh Look at Paint - Better understanding Paint Specification & Innovations in Paint Products**  
Update to follow on February's factory tour and workshop in next newsletter

## Celebrating construction's next generation at the first Yorkshire & Humber G4C Awards



**Paul Mitchell presents the first G4C award to Trainee of the Year Danielle Kirk**

Efficiency North were proud to be one of the sponsors of the first ever G4C Yorkshire & Humber Awards at the St Paul's Hotel in Sheffield City Centre on Friday 13th February.

The evening's proceedings were hosted by the 'Bard of Barnsley' BBC TV and radio presenter Ian McMillan, with keynote speeches from Catriona Lingwood of Constructing Excellence, who underlined the importance for the future of attracting young people into the sector now, followed by Ben Pritchard, Co-Chair of G4C National and Chris Jackson, Principal Quantity Surveyor at Sheffield City Council.

CSR Lead Paul Mitchell had the honour of presenting the first ever G4C

award. This went to Danielle Kirk from Henry Boot for Trainee of the Year, which achievement was warmly applauded by the audience of regional and national construction industry representatives, who were unphased by the untimely interruption of a rogue fire alarm.

Congratulations to event organiser Caroline Key, Co-ordinator of G4C Yorkshire and Humber and Shared Apprenticeship Scheme Co-ordinator CITB. This was a very special and memorable occasion which achieved its aim of celebrating the talent coming through in the region's construction sector.

**A review of the Awards ceremony is now on**  
<http://www.efficiencynorth.org/blog/>

## Building Confidence in the Artistic Spectrum

4 Good funding awarded in the latest bid round 2014 has enabled the award winning not for profit organisation Artistic Spectrum to run art workshops to autistic adults this month. The project, based in Thorne, South Yorkshire, provides art as therapy to people with autism which delivers benefits ranging from improved motor skills to increased confidence and a decrease in depression.

The work that Artistic Spectrum has been doing has been recognised at the recent CVS awards in Doncaster where they won "Most inspiring organisation". The National Autistic Society has recently nominated Artistic Spectrum for two awards at their Autism Professional Awards.



"We are delighted that the 4 Good Fund has chosen to back our project. Autism is a developmental disorder that is thought to affect up to one in fifty people and the funding has allowed our organisation to offer much needed art as therapy to improve the quality of people's lives. There is very little provision for this kind of service and we have people travelling great distances to get involved.

"We are funded project by project so the money from the 4Good Fund is a vital part of what we do in order to provide an important service to autistic people in our community."

Emma Wilson, Project Leader



## Swapping Slippers, Keeping Safe

Edlington Community Organisation's Winter Wellbeing project to support the elderly and vulnerable, who are affected by fuel poverty, is now distributing personal safety household items and emergency packs to keep them warm and increase their sense of safety.

These packs are being given out at special 'Slipper Swap' sessions where the elderly can bring along their old slippers and exchange them for a new safer, slip-resistant pair for free.

Each year thousands of older people fall at home, often resulting in serious injuries and hospital admissions. Falls are often caused by hazards that are easily overlooked but simple to fix. Ill fitting slippers and footwear have been identified as one of the major causes.



## Procure Plus push ahead with plans for new house building factory



Following the positive outcome of an independent review of Procure Plus' plans by BRE - the Building Research Establishment - the consortium will now push ahead and build a factory that could eventually produce 1,000 homes a year for members.

The first of its kind in the sector, the factory is expected to cost £2m, plus a further £1m in labour and equipment costs, which will be funded by Procure Plus and its members as well as a potential European funding grant. 50-75% of homes for sale will be produced at c25% less than market rates. These are likely to be sold by housing association members, with the rest to be constructed for social and affordable rent.

"Within three or four years we will be up to the full capacity of 1,000 homes per year."

Mike Brogan, CEO, Procure Plus

Procure Plus has now engaged consultants to assess whether to use steel, wood or concrete for the homes. Once this process is completed after approx six weeks, a suitable site will be selected and the factory could have its first homes on the production line by the start of the 2016/17 financial year. 'In the first year we are likely to produce a couple of hundred homes, and within three or four years, we will be up to the full capacity of 1,000 per year,' said Mike Brogan, CEO of Procure Plus.

Momentum behind the idea of off-site production in the sector is gathering pace. The government is encouraging the housing sector to use off-site production techniques to increase the rate of housebuilding. A fifth of the homes built using £900m allocated under the initial phase of the affordable homes programme will be built using off-site techniques.

Find out more at the New Build Best Practice workshop on 24 March.





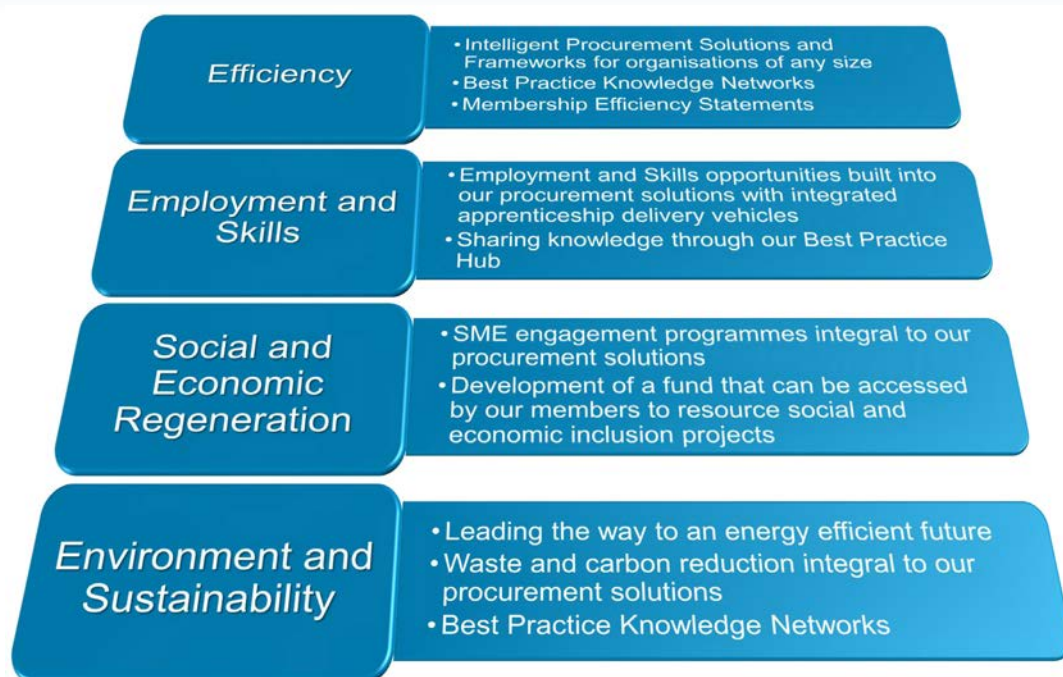
Efficiency North Ltd is steered by a Board of Asset Management Professionals from:

- Berneslai Homes, Barnsley
- Hull City Council
- Leeds City Council
- Sheffield City Council
- St Leger Homes Ltd, Doncaster (Chair)
- Together Housing Group
- Wakefield District Housing

The consortium's current wider membership includes:

- Barnsley Metropolitan Borough Council
- Belle Isle Tenant Management Organisation
- City of York Council
- Connect Housing
- Doncaster Metropolitan Borough Council
- East Riding of Yorkshire Council
- Hambleton District Council
- Harrogate Borough Council
- Leeds Federated Housing
- North Lincolnshire Homes
- Pickering and Ferens Homes
- Richmondshire District Council
- Rotherham Metropolitan Borough Council
- Selby District Council
- Selby District Housing Trust
- Shoreline Housing Partnership

**Providing innovative procurement solutions to secure efficiencies and convert savings into real money that can transform real lives in the communities our landlord members serve.**



**BUILDING COMMUNITIES IN YORKSHIRE & HUMBER**