

NCA HOUSING NATIONAL CHANGING AGENT  
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## From Decent Homes to Sustainable Communities

The National Change Agent  
 for  
 Capital Works in Social Housing

January 2007

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- Overview of progress to date
- Actual Benefits Achieved from Consortia Working:-  
 GM Procure, Greater Manchester  
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## The Role of NCA Housing

- Facilitates and supports procurement consortia
- Supports the measurement and reporting of efficiency gains
- Works with others to identify and promote best practice

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## Progress to Date

- Overview of progress
  - Running since Easter 2005
  - 9 Consortia established with funding approved, more in the pipeline
  - ECF grant regime fully operational
  - Panel of consultants accredited
  - Guidance and useful template documentation in place
  - Workshops in place for forming consortia to provide practical guidance
  - Visit our website [www.ncahousing.org.uk](http://www.ncahousing.org.uk)

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## Actual Efficiency Gains and How this is Being Achieved

While there are a number of consortia predicting very worthwhile savings, two can now point to the actual benefits achieved from consortium working

We will look at two 'trailblazer' consortia :-

- GM Procure, Greater Manchester
- 4 South Yorkshire

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**GM Procure**

**10 RSL Members in the Consortium:-**

- Calico Housing Ltd
- Harvest Housing Group
- Home Group
- New Charter Housing Trust Group
- New Prospect Housing
- Northern Counties Housing Association
- Rochdale Boroughwide Housing
- Six Town Housing
- Stockport Homes
- Trafford Housing Trust


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**GM Procure**

**Business Plan Volumes:**

- 100,000 units: Total consortium housing stock
- £269.9 million: Expenditure committed from 2006 to 2010
- 48% : Represented expenditure of the consortium members
- Workstreams included :-  
Bathrooms, Kitchens, Windows, Doors and Heating Systems



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**GM Procure**

**Expected Savings :**

- 29% gross cost savings by March 2007
- 98% cost predictability by March 2007
- £66million overall savings by 2010

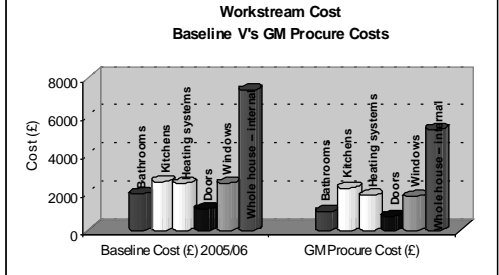
**Actual Savings :**

- Overall, the consortium is achieving 31% percent saving, net of costs, across its various clients and work streams

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**Workstream Cost**  
**Baseline V's GM Procure Costs**

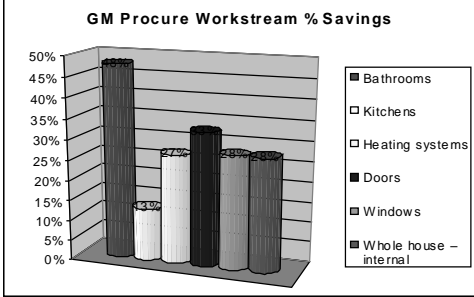


Workstream	Baseline Cost (£) 2005/06	GM Procure Cost (£)
Bathrooms	~2000	~1500
Kitchens	~2500	~1800
Heating systems	~3000	~2200
Doors	~1500	~1000
Windows	~2000	~1500
Whole house - internal	~7500	~5500

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**GM Procure Workstream % Savings**



Workstream	% Savings
Bathrooms	~45%
Kitchens	~27%
Heating systems	~33%
Doors	~28%
Windows	~25%
Whole house - internal	~27%

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**GM Procure : Critical Success Factors**

**Delivery:**

- Monitoring of contractor performance (valueworks software solutions)

**Savings:**

- Sufficient uncommitted volume
- Willingness to collaborate
- "Pooling" of procurement programmes and a common system
- Adherence to a collaborative procurement process

**Management :**

- Corporate entity to co-ordinate the procurement "Agency", performance monitoring and funding to employment

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**GM Procure : Critical Success Factors**

Local Employment:

- Identification of skills needs from work smoothed programmes
- An accountable body to manage public and other funding pre-recruitment support
- An employment intermediary to co-ordinate "Routeways to Work" (Manchester Enterprises)

Sustainability:

- Commitment to recycle some savings to employment of people in local communities.

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**4 South Yorkshire**

Four ALMO members and their respective Local Authorities :

- Berneslai Homes
- Rotherham 2010
- St Leger Homes of Doncaster
- Sheffield Homes

The respective Local Authorities are:

- Barnsley
- Doncaster
- Rotherham
- Sheffield Metropolitan Borough Councils.

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**BARNESLEY** Metropolitan Borough Council

**Centre of Excellence** Yorkshire and the Humber

**DONCASTER** District Metropolitan Borough Council

**Sheffield City Council**

**4 South Yorkshire**

**2010 ROTTERHAM** TAKING HOUSES INTO HOMES

**Sheffield HOMES**

**BARNESLAI HOMES**

**Rotherham** Metropolitan Borough Council


**St. Leger Homes** of Doncaster

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**4 South Yorkshire**

**Business Plan Volumes:**

- 120,000 units: Total consortium housing stock
- £1,439.8 million: Expenditure committed from 2006 to 2010
- £58.2 million: Targeted to come through this expenditure
- Work streams: Bathrooms, Kitchens, Windows, Doors and Heating Systems



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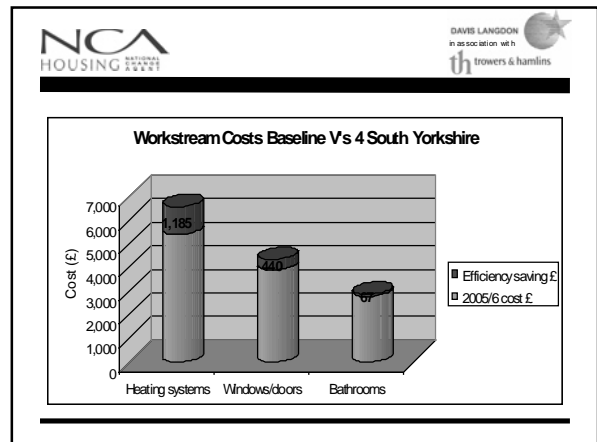
**4 South Yorkshire**

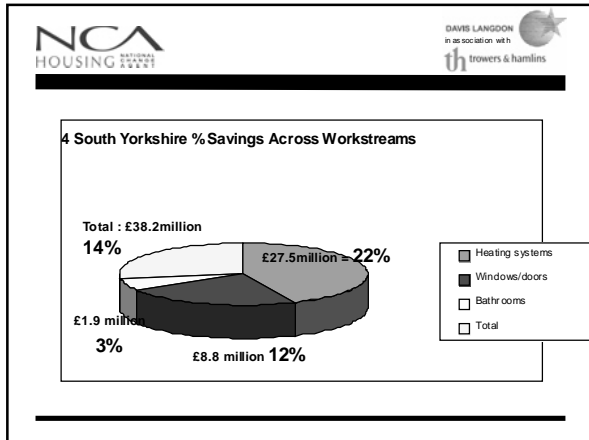
Expected Savings :

- £4.4 million from e-auction procurement (0.3%)
- £30million from value engineering existing contracts
- £3.8 from sharing existing resources (survey's, planning etc)
- £19.97m from benchmarking exercises

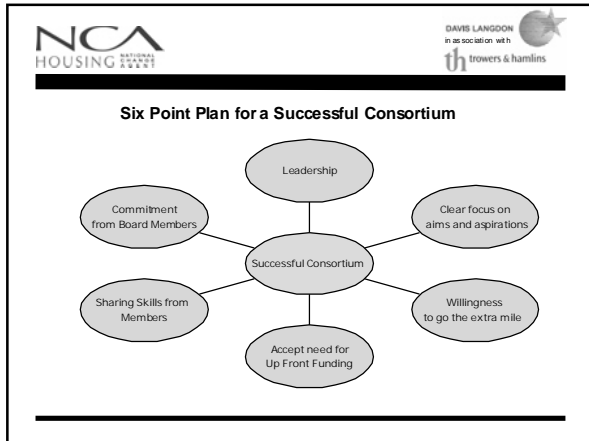
Annual Savings to date from Sheffield Homes in the 1<sup>st</sup> Year:

- £38.2 million or 14% savings





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- ### 4 South Yorkshire : Critical Success Factors
- Benchmarking contractors performance (price and quality) and calculating efficiency amounts
  - Sharing Information and Best Practice
  - Developing the capacity and improving the efficiency of the supply chain
  - Employment and Training : partnering with Construction Job Match has led to 500 individuals moving into employment.



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