

## Willing partners, a significant mover for change

### Home Group

The Home Group's procurement strategy, developed in 2005, identified that although it was one of the UK's largest Registered Social Landlords (RSLs), it should:

- Achieve cost efficiencies by using combined spend leverage with other RSLs
- Use this spending power to drive change in the marketplace
- Utilise a small percentage of the savings generated to contribute to the social agenda of RSLs, such as job creation and SME support.

This strategy aligns closely to the philosophy of GM Procure, one which has helped make it a significant mover for change, not only in the social housing marketplace but in construction as a whole.

Home Group, based in Newcastle but with regional offices in the North West, North East, Midlands, Southern England, Yorkshire, the South West and Scotland, is the only housing association in the UK created by statute – in the 1930's as a response to the Depression and particularly the Jarrow March.



As Procurement Director, Kevin Grainger heads a team of 12 that oversees annual expenditure of £120 million across an organisation that manages 50,000 homes and provides care and support services to more than 15,000 people each year.

Kevin is also vice-chair of GM Procure (Home Group is one of two founder members based outside Greater Manchester) and a board member of North East Procurement, a similar but newer consortium in the North East. Home Group is also the largest member landlord of Cumbria Housing Partners (CHP), an affiliate of GM Procure.

### Savings

Home purchased the vast majority of its Decent Homes products through GM Procure for its entire national programme. Home is presently the third biggest spending member of the consortium.

Kevin said: "We have saved £15 million over the last three years by buying our Decent Homes products through GM Procure. This equates to savings of 20%. In addition we have saved 15% in labour costs for our North West division through Cumbria Housing Partners. We would not have achieved these savings by buying on our own. Bigger is definitely better when it comes to purchasing. While we continuously improve the procurement process to obtain best value from the contracts, the sheer scale of the GM Procure operation means that, collectively, we are one of the biggest buyers in the country for items like kitchens and bathroom fittings."

The estimated turnover of GM Procure for 2008/9 is £100 million (from zero less than three years ago). What is the key to its success?

Kevin said: “GM Procure works so well because all the members are willing partners. We have very few disagreements at board level; we all want to achieve the same things. We’re all keen to get a good deal on purchasing, and use some of these savings for job creation and regeneration activities in our neighbourhoods.”

### **Housing Heroes**

Home’s Procurement team, led by Kevin, recently won the Procurement Team of the Year category at the recent Housing Heroes awards in London hosted by the Chartered Institute of Housing and Inside Housing.

The award was in recognition of the £35 million bottom line savings that the team has generated for Home over the last 4-5 years. The biggest single contributor to this achievement has been the savings generated through membership of GM Procure. The team is responsible for overseeing all Home’s expenditure with suppliers and contractors including day-to-day housing repairs, the Decent Homes programme, regeneration and new house build, gas servicing, landscaping, facilities management, utilities, temporary staff, fleet, IS, training, development and consultancy.

One of the procurement team’s innovative cost-saving strategies has been to convert day-to-day repairs contracts to a ‘price per property’ basis from a time-consuming ‘schedule of rates’ basis. Under ‘price per property’ an annual maintenance charge is agreed with the contractor for each property, significantly reducing invoices and site inspections. In Home’s Central region alone ‘price per property’ contracting has reduced invoices from 10,000 to a staggering 36 per annum, while at the same time it has increased customer satisfaction and decreased annual contract costs by £200,000.

Home’s approach to procurement, its methodologies and processes, has recently achieved accreditation from the Chartered Institute of Purchasing and Supply, the first organisation in this sector to achieve such recognition.