

# Calm in the storm



Your guide to navigating market volatility in 2022/23







Creating value for & investing in our communities





# Securing value in challenging times

To say that that social housing providers are operating in a climate of uncertainty would be a profound understatement.

There is a level of volatility greater than we have experienced for many years, with wave after wave of unprecedented global events continuing to shape the environment in which we operate.

This paper makes a clear case that individual organisations cannot respond to these historic challenges alone. It is only through working collectively and engaging with the market that housing providers can continue to secure best value and ensure that suppliers understand their priorities.

To be frank, the market does not look like it will become any less challenging as we enter the new financial year. A global economy reeling from the impact of the pandemic now grapples with a rapidly shifting geopolitical situation.

The challenges of maintaining decent homes standards, preparing for net zero and ensuring that building safety regulations are met remain, and mean that many providers are looking to ramp up investment amidst all of this uncertainty.

The only way to deal with instability is to be clear about what we can influence.

By procuring together through our frameworks, housing providers can secure financial and social value, as well as sharing best practice. And by engaging directly with the supply chain as a collective, we can navigate market disruption and manage risk.

The extraordinary response to the pandemic demonstrated the ability of the sector to come together and deliver in difficult times. I am confident that by working together, we can rise to the challenges ahead.



**Gwen Beeken**

Managing Director  
Procure Plus

# The only way is up

The demands placed on social housing providers to deliver have never been higher. The backlog of work caused by the pandemic, building safety works and investment in net-zero technologies means providers are ramping up investment in a big way.

**We expect reactive and servicing work to have nearly doubled by the end of this financial year, compared to 2019/20.** Investment works are also expected to rise by nearly a third over the same period. **That's almost an extra £1 million per week spending on social housing across the year via Procure Plus Frameworks.**

**We also expect investment to continue to diversify.** As recently as 2016/17 we saw 100% of investment focused on decent homes-style works. Over the coming years we expect that to drop below 60%

**– with net-zero and building safety works both accounting for more than 20% of investment by 2022/23.** That could well change again if and when more funding becomes available for low-carbon investments.

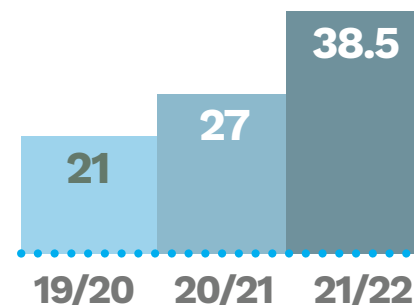
We know the retail market has had a major impact on the supply chain in the past 12

months – whether it's the demand for drivers, the high cost of shipping containers or the competition for employees.

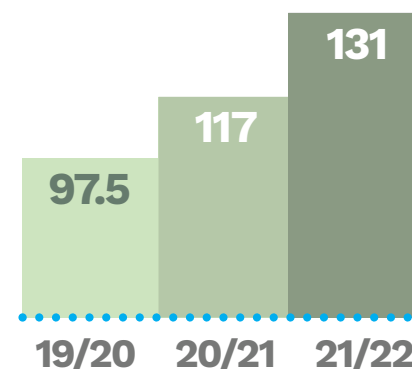
While that may begin to settle **in 2022/23, we'll continue to operate in a volatile market, with ongoing price and supply fluctuations.** Landlords will need to be ahead of this curve to manage the risks.

## Demand continues to rise

Reactive and servicing (m)



Investment works (m)



**Getting the right gear, at the right price, in the right place, at the right time, is a skill – and in the past 12 months, social landlords have been no different to other markets in recognising its value.**

We know our customers and we know the market.

We know you are committed to improving lives, and you want every penny to work towards making life better for your tenants and delivering value.

But when supply chains implode and everyone is chasing a limited stock of essential goods, **it is easy for social landlords to find themselves at the back of the queue and facing unprecedented price rises.**

In these circumstances, scale is king. It is only through meaningful collaboration that we can manage risk.

**Our regular benchmarking shows clients secure cash savings of between 10% and 20% with no reduction in quality or service when they come together through our frameworks. But in uncertain times this collaboration is about much more than that.**

**It gives landlords the opportunity to have a much more impactful voice in the market** and keep an open dialogue with supply chains. It provides the opportunity for agility and planning – which is key in periods of turbulence.



**Matt Jarratt**

Director of Operations  
Procure Plus

**“Clients secure cash savings of between 10% and 20% with no reduction in quality or service”**



# A game of risk

A game of strategy, diplomacy, conflict and conquest – so goes the description of the popular board game.

It could just as easily refer to the approach landlords and local authorities have had to take to deal with volatile markets during the pandemic years.

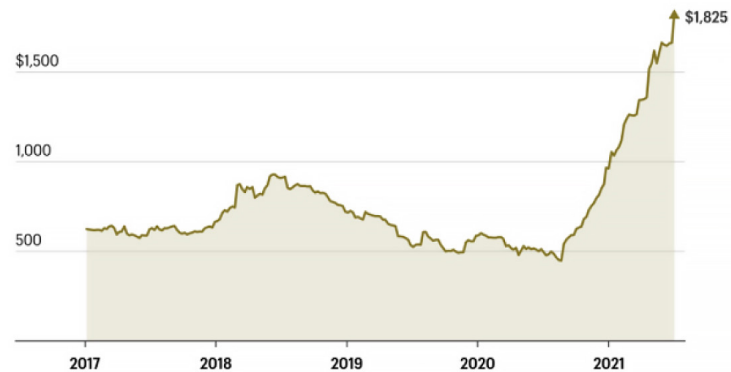
**We've all had to increase our appetite for risk – or find new ways of managing it.**

The pandemic laid bare how fragile the 'just in time' global supply chain really is. And once it started to unravel, it didn't stop.

**The Energy Price Index is up 77% in the last year. Oil is up from more than 50% in the same period. Steel continues to soar from below \$500 in 2020 to £1825 heading into 2022.** Copper, lead and aluminium are all up.

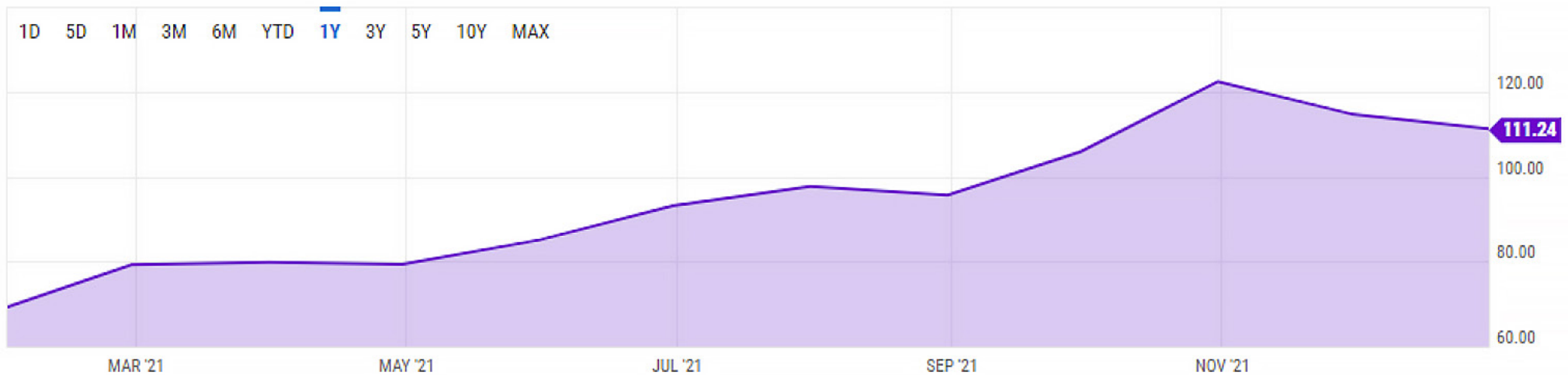
## Price of steel continues to soar

Hot-Rolled Coil Steel Futures Continuous Contract



CB\*1 C86.48





There have been supply chain issues to contend with. In a survey this year the British Plastics Federation (BPF) found that **78% of companies have staff absences due to COVID-19, with an average of 8% of their workforce unable to work.**

The same report found a record number of companies (80%) are experiencing difficulty recruiting staff, with shop floor workers proving the hardest to hire. 40% of companies reported that they expected profits to stay the same and 35% expected them to decrease.

**The shortage of HGV drivers is impacting the timber supply chain,** as while there may now be enough timber in the UK to meet demand, it does little good to anyone when there is no-one to transport stock from ports to warehouses or customers.

**The jobs market remains hugely competitive.** Many in the supply chain have resisted recruiting at overinflated prices towards the end of 2021, instead opting to cancel traditional festive shutdowns to catch up on demand.

The retail sector had to prepare for another Christmas of online ordering impacting labour demand and container availability.

**The ability to think in the long-term and plan ahead has become increasingly difficult – but it is possible.**

Buying power and analytical heft have been essential. **Collaboration has helped landlords to manage complexity in the market,** spread risk and capitalise on opportunities to secure value when they present themselves.

**We can expect market volatility to be an ongoing issue in 2022/23.**

**Helping our members understand and manage risks in the marketplace has been one of the most important roles we've played during the pandemic.**

That's likely to continue for some time yet as markets correct themselves for the post-pandemic world, and demand for commodities and in the labour market stabilises.

**When it comes to procuring goods and services, we're not likely to see the new normal for some time yet.**

What has been clear is that organisations operating unilaterally have been those that have been worst affected by market volatility.

**Collaboration and scale on a regional level, combined with agility and pragmatism locally, have helped parts of the sector to make the most of a very difficult period.**

Over the past 12-18 months, my job has been to do the 'heavy lifting' on our frameworks when it comes to knowing and understanding what's going on in the world. **It's been partnership working at its best, spotting the trends and opportunities that can deliver value to tenants living in social homes.**

When things are volatile, the ability to have open and transparent conversations with suppliers is vital. But you've got to earn the right to do that.

**A landlord ordering 1,000 boilers a year can do little to influence events, a consortium buying 10,000 can negotiate and plan for the long term.**

Even in times of uncertainty there is value in the market. You just need to know where to look and strike quickly.

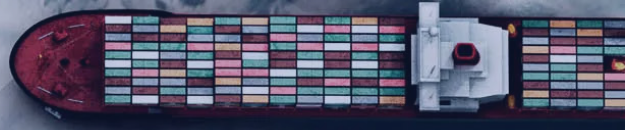


**David Taylor**  
Supply Chain Manager  
Procure Plus

“When things are volatile, the ability to have open and transparent conversations with suppliers is vital”



# A view from the supply chain



We've all learnt over the past two years that things way beyond our control can have a direct and dramatic impact on our plans, our homes, and our tenants. At the moment, the list can seem endless:

- The pandemic – until it becomes endemic, it still has the power to disrupt.
- Brexit – the ramifications will continue for years to come through trade deals, new standards and the UK finding its place in the world.
- Net-Zero – the pressure is on to make our housing stock meet this target in less than a decade.
- Building safety – landlords must continue to invest without the clarity on what new standards might be and where funding will or won't come from.

The only way to deal with this uncertainty is to be clear about what we CAN do. Here we speak directly to the supply chain on how to manage market disruption and what we can expect for the year ahead.

## Manufacturer comment

*When the pandemic struck and our lives changed overnight.*

*We worked closely with the team at Procure Plus to ensure that their clients' requirements were met. Through their discussions with clients and contractors, they shared information that helped us to inform our business and allocate resources accordingly.*

*As the country opened up and demand peaked, Procure Plus were strong partners*

*who worked closely with us to keep us abreast of their requirements, which in turn helped us plan our stock levels and other resources. This enabled us to work together to ensure their clients got the best service and pricing and we look forward to continuing this partnership in the future, to the benefit of us all.*

*Paul Vincent*

*Client and Contractor Sales Director  
Symphony*

## Distributor comment

*Working with Procure Plus is positively different. We are aligned in the close relationships we share with leading manufacturers and can therefore provide an efficient delivery of product where and when needed.*

*We also share the objective of bringing Procure Plus clients added value, offering*

*expert advice relating to energy and cost-saving products, and innovative logistics solutions such as pre-assembled kits delivered to site.*

*Collectively, these initiatives help deliver projects on time, and within budget.*

*Furthermore, Procure Plus streamlines the way we handle orders from multiple*

*customers. They support us in supporting their customers and keep us up to date on what is going on in the sector. We are proud to be in partnership, and look forward to a long association supporting Procure Plus on a local and national basis.*

*David Knowles  
Senior National Account Manager  
Rexel UK Ltd*

## Contacteur comment

*We have worked with Procure Plus since 2007 and it has been a great experience.*

*As a local business, we directly employ most of our team and through our partnership with Procure Plus our business turnover has more than doubled. They have*

*supported us in finding candidates from the communities where we are working for apprenticeships, which are essential to our future.*

*They are always available to talk, whether about a project or more generally and*

*regularly meet with us to give us feedback on performance. This is a partnership that we trust.*

*Paula Byrom,  
Concept Heating*







# Take away the pain of market volatility

## Strength in numbers

Housing associations must be willing to work in regional collaborations to enjoy the benefits of being a big buying block, rather than a solo organisation. Economies of scale really do work. The more there are of you, the better the deal you can secure.

## Bring some certainty to your life

In an uncertain world, control what you can. Use relationships to make your life easier. Find support from other landlords and share skills and knowledge. We're all dealing with the same challenge, so there will be a lot of work being replicated at a regional level.

## Be agile

Knowledge of the market allows you to see if there's an impending shortage of kitchen supplies, but a glut of roof tiles and windows. Be open to changing your plans accordingly – so 60 kitchens may have to wait another six months, but 100 roofs can be replaced.

## Demand social value

Yes, the market is uncertain, but that doesn't mean you can't demand the services and outcomes that matter to you. Good dialogue and relationships with suppliers mean those added extras should still be on the table.



Procure Plus is growing its support across the UK as we look to bring more regions together to increase their influence and buying power.

To find out more, please contact:

Procure Plus  
Duckworth House  
Lancastrian Office Centre  
Talbot Road  
Old Trafford, Manchester  
M32 0FP

Web: [www.procure-plus.com](http://www.procure-plus.com)

Call: 0303 030 0030

Email: [support@procure-plus.com](mailto:support@procure-plus.com)

Twitter: [www.twitter.com/procureplus](https://www.twitter.com/procureplus)

LinkedIn: [www.linkedin.com/company/procure-plus-ltd](https://www.linkedin.com/company/procure-plus-ltd)

## Strength of relationships leads to growth

*"The constant dialogue we had with Procure Plus during some of the toughest times our business has seen was truly welcomed and enabled us to plan for and deliver as soon as the lockdown restrictions changed."*

**Managing Director,  
Contractor partner**

*"One of the hardest things about lockdown was understanding how to prepare for its end. The data and relationships Procure Plus hold were invaluable to informing our plans to direct and prioritise our supply moving forward."*

**National Account Director,  
Supply chain partner**

*"Partnering, to us, is getting things to work well when times are hard. The last year has enabled us to enhance our already strong relationships with the market and this has led to growth across all frameworks."*

**Mark Holt , Commercial Manager,  
Procure Plus**

### Customer base

- EXISTING CUSTOMERS
- NEW CUSTOMERS 2021

