

## NOTTINGHAM CITY HOMES

PROPERTY SERVICES  
COMMITTEE  
24 MAY 2010

### REPORT OF DIRECTOR OF PROPERTY SERVICES

#### EFFICIENCY EAST MIDLANDS

##### 1 SUMMARY

- 1.1 The Homes and Communities Agency (HCA) through the National Change Agent (NCA) has identified an opening within the East Midlands for a Best Practice & Procurement Consortium supporting cashable and non cashable efficiencies.

To fill this gap, the NCA have committed a fund of £260,000 for the formation of Efficiency East Midlands (EEM) of which Nottingham City Homes (NCH) will be the lead organisation and the Accountable Body. The documents appended to this report sets out the Business Plan and the Consortium Agreement for the governance of Efficiency East Midlands detailing the benefits for the Consortium.

It is proposed to officially launch EEM on the 12 July 2010 to 130 Registered Providers across the East Midlands putting NCH at the forefront of innovation in procurement fully supported by the National Change Agent.

##### 2 RECOMMENDATIONS

It is recommended that the Property Services Committee:

- 2.1 notes the contents of the attached documents; and
- 2.2 supports the formation of Efficiency East Midlands supporting further cashable and non cashable savings.

##### 3 REPORT

- 3.1 Efficiency East Midlands is a collaborative partnership with Registered Providers in the Midlands. The arrangement brings together organisations to develop a flagship partnership which aims to demonstrably improve the performance of the housing industry. The partnership will deliver quality products for its residents using modern methods of procurement and working practices whilst creating an environment for employment, learning and enhancement in skills in housing refurbishment and maintenance.
- 3.2 EEM expect to deliver considerable efficiency savings from this collaborative working arrangement through both Procurement and Benchmarking. The objective is to further improve the development of schemes across the Midlands through the sharing of best practice through open and transparent benchmarking.

- 3.3 EEM has been established from an implementation grant provided by the NCA which is jointly managed by Davis Langdon and Trowers & Hamblins, both of whom are very supportive of Nottingham City Homes for driving the initiative forward for the benefit of the Midlands.
- 3.4 Members will pay a small membership fee in year one ensuring it will be affordable by the smaller members but sufficient to ensure sustainability of EEM for the future. Any product purchased under an EEM framework will generate a rebate that will be paid to EEM.
- 3.5 NCH will benefit from the creation of EEM in a number of ways, including but not exhaustive:
- NCH's reputation with the HCA and NCA for being innovative and driving change bringing both cashable and non cashable savings will be heightened, demonstrating that NCH are a responsible and trustworthy organisation.
  - Through volume procurement NCH shall benefit from more competitive rates being obtained in open competition.
  - Future procurement initiatives that benefit NCH will be procured through the EEM Consortium thus reducing the NCH procurement expenditure, enabling the current team to focus on more discrete areas of the business.
  - Where NCH Procurement resources are used to generate tenders and frameworks, their time will be recharged to EEM thus offsetting employment costs whilst obtaining Value for Money through savings achieved.
- 3.6 The launch event for EEM has been planned for the 12<sup>th</sup> of July 2010 where 130 organisations that provide social housing will be invited to join the Consortium. The event will be designed to showcase excellence such as the NCH One in a Million Apprenticeship scheme along with the best in class benchmarking schemes proposed.

NCH will be open the event who will be supported by guest speakers from the HCA and NCA promoting and encouraging membership as the Consortium supports the National agenda of obtaining efficiencies leading to savings.

- 3.7 Reviews of income and expenditure will be continually analysed to ensure that the Consortium is sustainable prior to any expenditure being committed. If the EEM consortium Board considers that EEM is not sustainable for year two, then the Consortium will be disbanded. Any employees associated with EEM will be employed on a one year fixed term contract.
- 3.8 Savings for NCH are already realising through the creation of EEM include reduced costs from suppliers for the Kitchens, Bathroom suites and boilers who have agreed to hold their prices for a further 12 months to support the formation of EEM.
- 3.9 Through the formation of EEM, access to other frameworks such as Greater Manchester Procure, North East Procure, Efficiency 4 North and

Valueworks is enabled.

Valueworks have recently tendered 34 products on behalf of all consortiums, including EEM, which may reduce expenditure on products that NCH procure for the Secure Warm and Modern scheme such as floor and wall times. Savings will be drawn down by the Constructor Partners from August enabling more works to be undertaken for the same.

- 3.10 During the Procurement Process the Resident Procurement Team will be fully involved. The Chair of the TLC has been acting on behalf of the Nottingham at the Valueworks events undertaken thus far.

#### **4 OTHER OPTIONS**

- 4.1 No other options were considered as part of this report.

#### **5 FINANCIAL AND RISK IMPLICATIONS**

- 5.1 The funding from NCA of £260,000 (for the first year) will enable NCH to benefit from future procurement initiatives that supports for the completion of the Secure, Warm Modern programme and for the Warm Homes, Greener Homes scheme in generating cashable and non cashable savings. Risks will be mitigated by the review that will take place in month 10 of the first year before any further commitment is made.

#### **6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 6.1 The formation of EEM supports a number of the NCH Objectives, through reduction of rates for products and services will support homes that people want to live in through being able to buy more for the same or less whilst ensuring the quality and service remain or is improved.

#### **7 VALUE FOR MONEY AND EFFICIENCY ISSUES**

- 7.1 The formation of EEM will ensure that NCH will benefit in a number of areas including, benchmarking, sharing of best practice, employment and training initiatives, reduced rates through volume procurement and links to other consortiums reducing expenditure on Procurement activity.

#### **8 EQUALITY AND DIVERSITY IMPLICATIONS**

- 8.1 The formation of EEM supports robust employment and training initiatives including the 1 in a Million scheme as part of any contract award. The model proposed for monitoring and reporting is supported by the National Change Agent.

#### **9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 9.1 Appendix 1 – Efficiency East Midlands Business Plan  
Appendix 2 – Efficiency East Midlands Consortium Agreement  
Appendix 3 – Frequently asked Questions

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