



“...Having spent over £800,000 on materials, savings of over £100,000 have been generated...”



Find the Savings



Get the Savings



Keep the Savings



Increase the Savings

Background

Carlisle Housing is a Social Housing Provider and part of the Riverside Group, one of the UK's largest Registered Social Landlords. The Riverside Group provides aspirational, yet affordable, homes and the skills and resources to regenerate the communities in which the homes are located. In summary, the Group owns or manages around 40,000 properties and has expertise in building sustainable social housing communities.

In 2002, Riverside Carlisle became responsible for over 6,000 properties as part of the housing stock transfer from Carlisle City Council. Carlisle Housing was tasked with ensuring that all these properties met the Government's Decent Homes standards by 2010. It was therefore vital that they were able to use their budget wisely and maximise savings where possible, in order to ensure the maximum number of homes could be improved.

The Challenge

Carlisle Housing was seeking to improve the effectiveness of the materials procurement process. The previous method of managing this procurement was manually intensive and over-complicated, with the result that budget cost overruns frequently occurred and projects were often not completed on time.

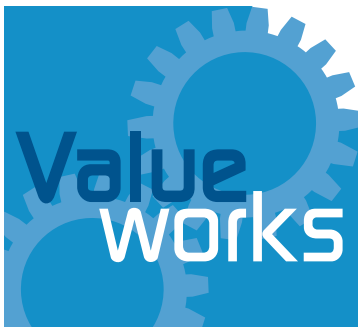
Carlisle Housing had already instigated some effective new ways of working that they were keen to develop further. For instance they had taken some steps to off-set the effects of inflation within the construction market by consolidating refurbishment work into three annual construction programmes and had also started to develop strong working relationships with long-term partners.

In summary, Carlisle Housing required assistance with the following challenges:

- Support in the centralisation of the sourcing and procurement of materials activities.
- Consolidation and further increase of the cost-savings already achieved by working with long-term partners.
- Provision of an electronic ordering process, which would be accurate and easy to use.

'Valueworks have done an excellent job responding to and delivering on our requirements. Their flexibility, industry expertise and technical focus have enabled us to achieve our goal of having an effective and efficient procurement process. We continue to work with Valueworks and have confidence that our relationship will be a contributing factor in helping us become one of the most successful Housing Associations in the country.'

Brian Durham, Manager of Stock Investment



The Solution

Having knowledge of Valueworks' success with other Social Housing Providers within the Riverside Group, Carlisle Housing tasked Valueworks to assist the Housing Association to resolve the above challenges. Specifically, Valueworks was briefed to source and procure materials for all the 14 individual bathroom and kitchen contracts, which were to be put in place across the Carlisle area. This signified a defining change in culture for Carlisle Housing.

Valueworks' first task was to identify the specification and volume of the materials required and then to establish a more efficient and effective supply chain, including cost savings. This work was carried out using the Valueworks 'Cost Savings Analysis' and 'Sourcing' products.

Once this work had been completed, the next step was to configure and then implement the Valueworks' internet-based e-Procurement system. The main advantage of this web based system is that it can be implemented at minimal cost, without the need for any software or hardware investment by clients. The system enabled materials to be purchased directly by Carlisle Housing, and contractors to be still responsible for calling off materials as and when they were required, however the price, specification and lead-times of all the products had all been pre-agreed with suppliers by Valueworks.

Once the system had been initially configured, all the project stakeholders, including all staff and contractors, were fully trained. The contractors, although initially sceptical about the new systems, were within days very comfortable with the online ordering process and quickly adapted fully to the new way of working. This new process has now become an integrated part of the site management, as by providing suppliers with greater visibility of materials requirements, more orders are delivered on-time and in-full, which has enabled the contractors to install the materials much more efficiently.

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Results

The e-Procurement system, which Valueworks configured for Carlisle Housing, dramatically improved both efficiency and accuracy. For example, the average time taken between invoice raised and payment approval through the e-Procurement system was reduced to just 17 days and the average time for confirmation of deliveries was reduced to just 8 days.

As stated above, the unique method of sourcing and procurement of materials developed by Valueworks offers benefits to all parties. Carlisle Housing now has an efficient and effective process, which ensures that refurbishment projects are delivered on time and within a more accurate and cost effective budget. In addition, suppliers and contractors have a reliable system for handling the ordering and call-off of materials and minimal financial administration queries, which means that they can focus on their core jobs of materials delivery and installation, whilst benefiting from much quicker invoice payments.

Valueworks established the system and delivered the subsequent training within one month of being appointed. Results and progress are monitored on a continual basis and Valueworks are always on hand if further ad hoc training is required.

The system is now an integral part of the Carlisle Housing project management process. Whilst previously budgets were typically over-spent by 10%, the new Valueworks' systems have generated cost savings of over £100,000 for Carlisle Housing on a materials spend of £800,000,

In addition to the cashable efficiency benefits stated above, there are many other non-cashable outcomes. For instance, there have currently been, around 2,100 properties, which have had new kitchens and / or bathrooms fitted using Valueworks e-Procurement system, and all costs have been consistently controlled; materials supplied and fitted on time and in terms of supplier relationships, payments have been made within 30 days. More importantly, tenant satisfaction levels are at 98% for this first year's programme!

Valueworks partnership with Carlisle Housing is ongoing and Valueworks' aim is to be the partner of choice for all its major regeneration projects. Carlisle are to continue to use the system throughout next year's programme of works.

The benefits for the client can be summarised as follows:

- Total control over the sourcing and procurement of materials.
- Accurate project management facility.
- Significant material cost savings achieved.
- Better contractor and supplier relationships due to improved payment terms.
- Projects delivered on time and within budget.
- System training and continual support.

Analysis

Find
the Savings



Sourcing

Get
the Savings



Procurement

Keep
the Savings



Strategic Cost
Management

Increase
the Savings