

Agenda Item 10

Housing Review Board

10 September 2009

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Advantage SW procurement consortium

Summary

The report proposes that we become a partner in the Advantage SW procurement consortium. This is consistent with our procurement strategy and will enable our contractors to source building materials at improved rates thereby creating efficiency savings within the Housing Revenue Account.

Recommendation

To approve that the Council join Advantage SW and become a partner of the consortium.

a) Reasons for Recommendation

One of the actions of the Housing Strategy is to implement the Housing Procurement and Value for Money Strategies.

b) Alternative Options

None.

c) Risk Considerations

None. All contracts awarded are in compliance with the EU Procurement Directives and UK Public Contract Regulations.

d) Policy and Budgetary Considerations

These are set out in the report.

e) Date for Review of Decision

Annual review.

1. Background

1.1 The Audit Commission inspection of housing management services made the following recommendations:

- i) Improving performance management.
- ii) Improving the value for money of the service

These have also been identified within the Housing Strategy.

1.2 Our current process for purchasing services is predominantly of the traditional style of producing specifications and obtaining tenders for the work.

- 1.3 Advantage SW, who are a procurement consortium that operates in the social housing sector, have approached the Council with a view to becoming a partner (introduction paper attached as **annex 1**).
- 1.4 Advantage SW provides the opportunity to purchase goods and services which will give improved value for money.
- 1.5 Advantage SW currently have 12 Partners in the consortium and due to their purchasing power, offer competitive prices, which are not dependent on an individual partners size.
- 1.6 We have undertaken a pre-pricing exercise with Advantage SW on three categories of work. All of which show potential savings:
- i) Kitchen units on the purchase of 250 kitchens per year projected saving is about £13,000.
 - ii) Central Heating on the purchase of boilers per year projected saving is about £24,000. This figure is dependent on changing our current preferred boiler manufacturer.
 - iii) Composite GRP doors on the purchase of 500 doors per year, the projected saving of about £5,000.

So quick calculation would show a potential possible saving of about £42,000 per annum.

- 1.7 In addition Advantage SW has contracts for bathroom equipment.
- 1.8 To become a partner of Advantage SW we need to pay an initial joining fee of £5,000 and an annual Membership fee of £11,818.
- 1.9 Initial savings in year 1 would therefore be approximately £26,000, but in future years the potential would be available to make savings in excess of £30,000.
- 1.10 Contractors employed direct by the Council, for the installation of central heating systems would access the Advantage SW contracts through local merchants.
- 1.11 Kitchen units would be purchased from a company that currently only produce kitchens for the public sector.
- 1.12 Composite GRP replacement doors would be made available through a company who not only manufacture the doors, but have their own installation team.

2. Conclusions

- 2.1 It would appear that by becoming a partner of the consortium the Council would be able to purchase goods and services which will provide improved value for money.
- 2.2 Savings in office time will be achieved by a reduction in the number of contracts to be drawn up and the subsequent tendering process.
- 2.3 I propose that the Council take the opportunity of becoming a partner of Advantage SW consortium, subject to the approval of the specification and manufacturer of the products.

Legal Implications

SW Advantage complies with EU Procurement Regulations. There are no other implications.

Financial Implications

The financial implications are included in the report.

Consultation on Reports to the Executive

None.

Background Papers

- Advantage SW How we award contracts
- Procurement strategy, HRB report March 2008.

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