

Making Decent Homes a Reality

Background to the Solution

The Decent Homes programme aims to improve social housing to a reasonable standard. Although estimates vary, approximately £3 billion is being invested annually in the Decent Homes programme and some reports predict that this figure is likely to increase towards its conclusion in 2010.

The Northern Housing Consortium identified the requirement for a framework covering the supply of goods to deliver the requirements of the Decent Homes programme. This resulted in the largest collaborative public sector agreement of its type in the UK.

Consortium members collaborate in determining the specifications for each unique Reverse eAuction and buy collectively, offering large volume opportunities to suppliers under the framework.

The creation of the framework, and selection of framework partners to populate it, has been carried out by the Consortium using the Official Journal of the European Union (OJEU) "Open" Procedure, in accordance with the EU Procurement Directives.

Framework Population

The population of the framework resulted in the appointment of twenty eight suppliers as approved Consortium framework members, across seven category areas:

- kitchens
- bathrooms
- central heating
- electrical components
- windows
- doors
- roofing/insulation

The framework selection process addressed the generic business and supply capabilities of potential partners across the various supply areas. With the framework now in place, an innovative process known as Reverse eAuctions is used to 'call off' supplies under the framework. Customers enter into supply contracts for these goods and either install them themselves with their own workforce or have them installed by their contractors or specialist sub-contractors.

In essence, the collaborative supply framework is a pre-tendered, OJEU-compliant, auditable vehicle to promote:

- the adoption of a 'partnership' approach to supply chain management in line with the principles of PPC2000
- social housing organisations integrating 'vertically' with their supply chain
- social housing organisations integrating 'horizontally' with other participants to collaborate, standardise and aggregate demand
- the use of simple, efficient and secure eProcurement processes to reduce process costs for both participants and supply partners
- entirely transparent negotiations between participants and suppliers of goods through the specification and execution of Reverse eAuctions

Reverse eAuctions - What are they?

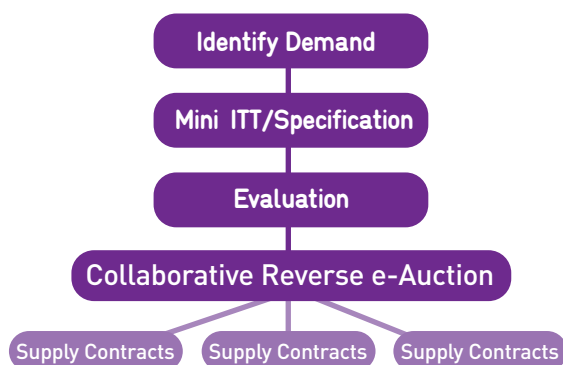
A Reverse eAuction (Electronic Auction) is a dynamic, online negotiation process between approved framework suppliers for a specific volume of committed demand over a specified period. Suppliers compete online and in real time using the internet to communicate offers. During an auction, prices start at one level and reduce as suppliers offer improved terms to gain the contract. The negotiations conclude in a relatively short space of time and have the potential to deliver savings considerably in excess of those resulting from traditional methods.

The whole process is completely auditable, transparent, sufficiently flexible to suit individual demands and can be adapted to all situations.

The experience of the Consortium in its Reverse eAuction programme to date is that genuine savings of up to 30% are demonstrable.

The Process

The flow chart below identifies the process undertaken for a reverse e-auction:



How to Access

Involvement in the Reverse eAuction programme is easy to organise, and facilitation and ongoing support is provided by the Consortium.

To participate in this innovative and exciting process, and benefit from the collaboration and efficiency gains it offers, please contact the Business Development Team on: 0191 566 1000 or email: solutions@consortiumprocurement.org.uk