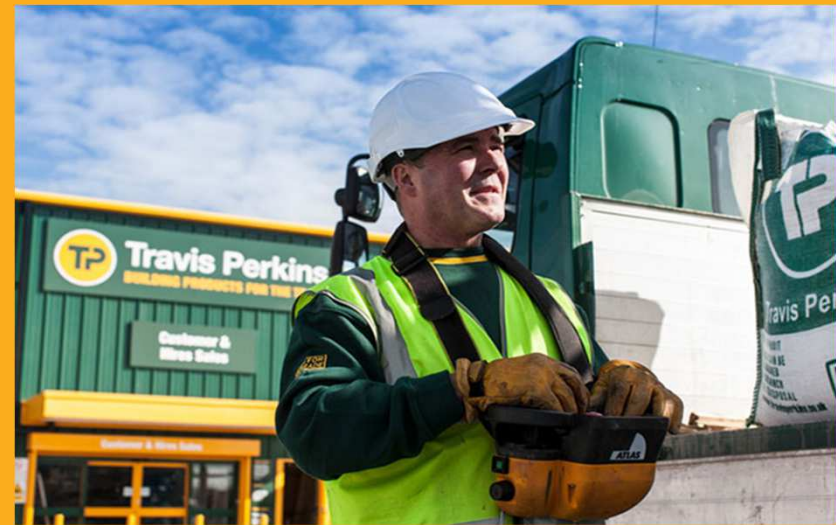




# Supply Chain Update



Josie West

Contract Relationship Officer, NFDC

# Supply Chain Model

## Background

- Review of the existing supply chain was undertaken in late 2019. This was a priority action that was highlighted as part of the fundamental review of Housing Maintenance carried out by the Executive Head in the Summer 2019;
- On average, the Council spends in the region of £1 million per annum on goods and materials alone, to effect reactive repairs to Council stock;
- In 2018/19 over the counter purchases (Council trades staff shopping for materials they need) made up 82% of the total expenditure with the remaining 18% of purchases being ordered for delivery to the MLD stores (this mainly served van stocks).

## Model

- The use of the Pretium Framework allowed the Council to establish a longer-term arrangement with a dedicated 'Master Vendor' supplier solution to better understand the flow of material purchases to actual demand in supporting the Housing Maintenance Service;
- Understanding purchasing data is key to driving improved commercial leverage, cost management, standardisation of goods and logistic efficiencies;
- The framework provides control over the pricing of materials and allows the Council to gain from Travis Perkins buying power and expertise in logistics and responsible sourcing;
- Allows the Council's trades team to focus upon fixing tenants' properties and reduce unnecessary travel via continual van stock profiling improvements.

## Mobilisation

- Contract commenced 1<sup>st</sup> June 2020;
- Initial pilot, followed by 8 week mobilisation;

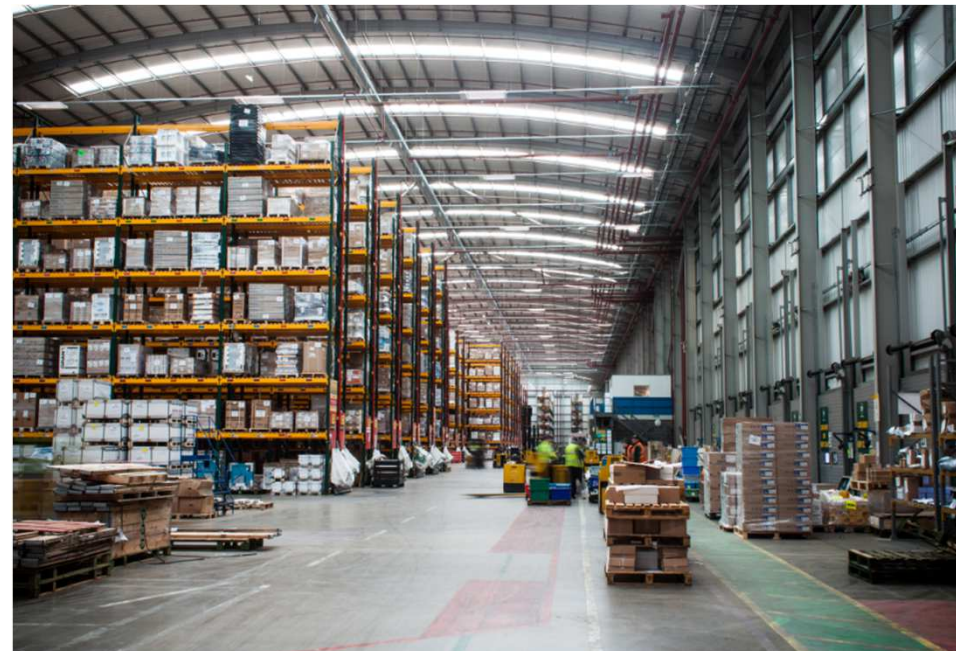
## Purchasing

‘One-stop-shop’ managing all core and non-core products, improved logistics and responsible sourcing:

- Van stock profiling;
- Over the Counter (OTC);
- Plot material schedules;
- Tool hire;
- Kitchen kits

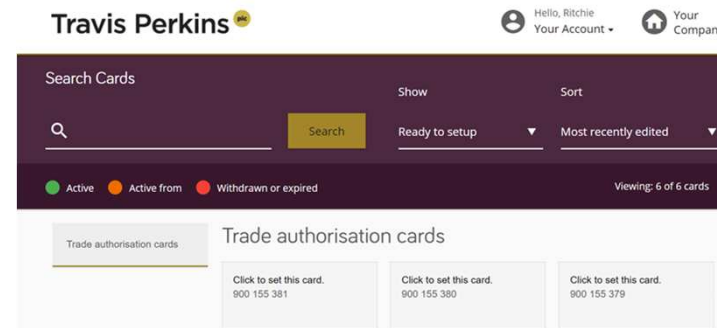
## Distribution

- Centralised distribution hub;
- Automated picking;
- 44,000 lines;
- £80M rolling stock.

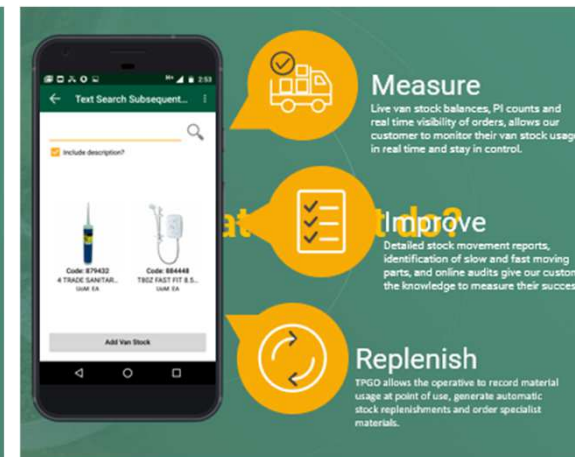


## Review and Continual Improvement

- Over the Counter (OTC) purchasing via TP Trade authorisation cards;



- Van stock purchasing via Tpggo solution;



- Monthly consolidated invoicing and management purchasing information reports;
- Monthly Operational and quarterly Core Group review meetings.

## Outcomes Achieved

- Improved control of material usages and flow via statistical analysis;
- Inventory reduction – on hand stocks (previously running at average of £250k – now at £85k, primarily refuse sacks and bunkered fuel);
- Expertise in logistic efficiencies, profiling and responsible sourcing;
- Reduced Purchase to Pay transactions (65 suppliers down to 1 has driven down purchase order & invoice transactions e.g. c.10,000+ invoices p.a. down to 12 consolidated invoices p.a. supported by Management Information report);
- Emphasis on account management, removing process waste and operational flexibility;
- Standardisation and improved van stock profiling to support ‘first-time-fix’, and reduction in over counter purchasing - Over the Counter purchases have gone from 82% of expenditure to 67%;
- Annual price benchmarking (on top 200 products) completed in August found the Council had achieved a cost saving of 5.87% versus the average prices paid by other organisations within the Pretium Framework;
- Reduction in travel and end-to-end carbon footprint;

## Impact of Covid

- Branch access – Travis Perkins ensured trade operatives could always access products when required;
- Availability of materials - several key products affected including timber, plaster and metals. Travis Perkins kept the project team updated throughout and pulled stock in from other branches to meet our requirements;
- Inventory reduction – though the inventory has reduced, the full clearance of MLD Stores has been delayed due to Covid and will take place this Autumn;
- Price fluctuations in the marketplace due to supply chain issues –
  - Timber +149% in previous 12 months
  - Copper +94% in previous 12 months
  - Metals +34% - 95% in previous 12 months
- NFDC has agreed an overall 4% increase in prices for the following 12 months. These increases have been scrutinised and evidence has been provided from manufacturers and commodity indexes.

## Pretium Rewards

- Pretium rewards is an annual framework rebate paid by Travis Perkins to the Council;
- The Rebate is calculated as a percentage of the total framework operating sales value in each calendar year;
- Each framework customer is paid out their proportion based on their purchasing contribution of the total framework sales value;
- The calculated rebate is credited yearly and applied to the Council's account.
- The Council's account was credited £3,844 in early 2021 for part year sales contribution during late 2020.

# Social Value

- ✓ Community Project Funding
- ✓ Tenant Discount Scheme
- ✓ Volunteering
- ✓ Local Employment
- ✓ Work Placements
- ✓ Apprenticeships
- ✓ Working with local schools
- ✓ Resident training
- ✓ Developing strong and productive relationships



# Questions?