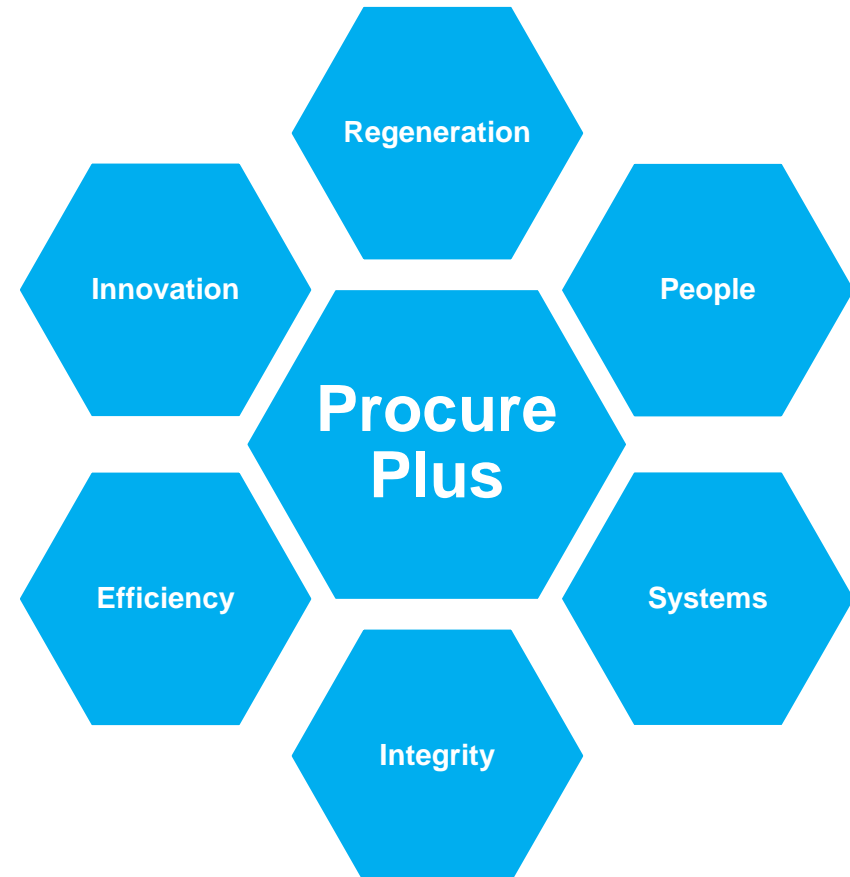


Procure Plus

A brief introduction to Frameworks

Ground Source Heat Pump
Association, 6 September 2017



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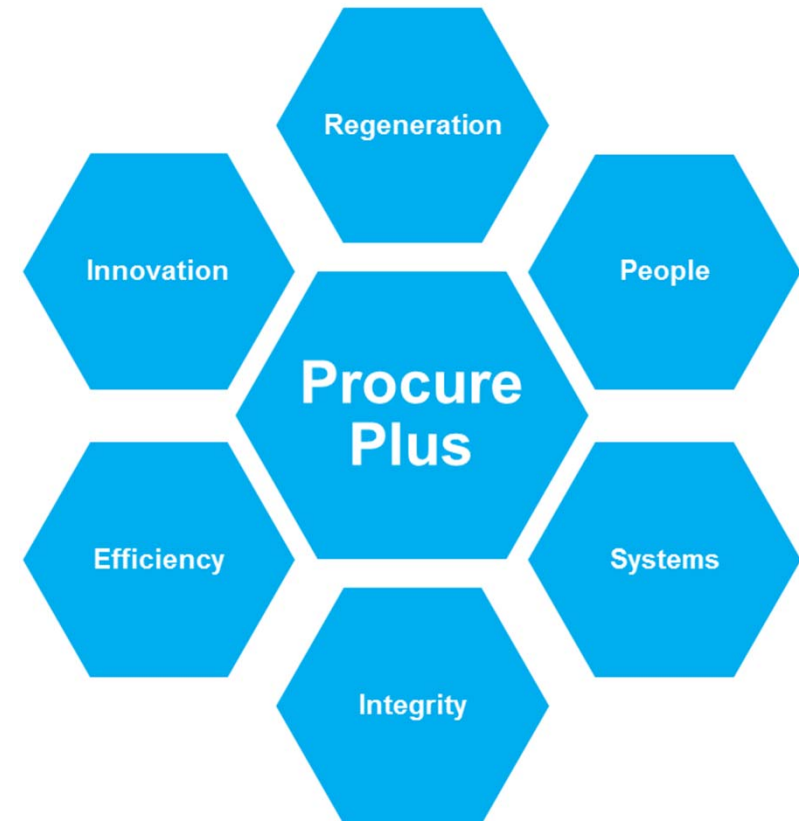
- Procure Plus: who we are and what we do
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Who we are & what we do



Procure Plus is a regeneration company that:

- **Invests** social funds created by our procurement frameworks to bring about social good and economic improvement
- **Maximises** procurement efficiency through aggregation of our members requirements
- **Shares** our combined knowledge and best practice to ensure that we continuously improve what we do
- **Reflects** the values of our 60+ social landlord clients who manage 620,000+ properties
- **Ensures compliance** with EU and UK procurement regulations for customers



What is a framework?



What is a framework?



- An umbrella agreement with appointed contractors / suppliers able to work for clients on individual 'call off' contracts
- Ideally suited for public sector procurement compliance
 - OJEU
 - best value and value for money
- Saves time and money for buyers and suppliers – one big process once
- Multiple call off routes
 - mini competition
 - direct call off

A (good) framework isn't?



For contractors / suppliers:	<ul style="list-style-type: none">▪ Guaranteed work▪ Licence to print money▪ The 'Field of dreams'▪ A proxy marketing department
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Effort is still required from suppliers and contractors to generate interest in their products and services

For clients:	<ul style="list-style-type: none">▪ A replacement procurement department▪ Argos catalogue▪ Shop window▪ Spot price benchmarking tool▪ A tool to beat supply chain with
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Good frameworks thrive on trust and long term relationships – working together to continually improve to all parties benefit



Aggregating demand



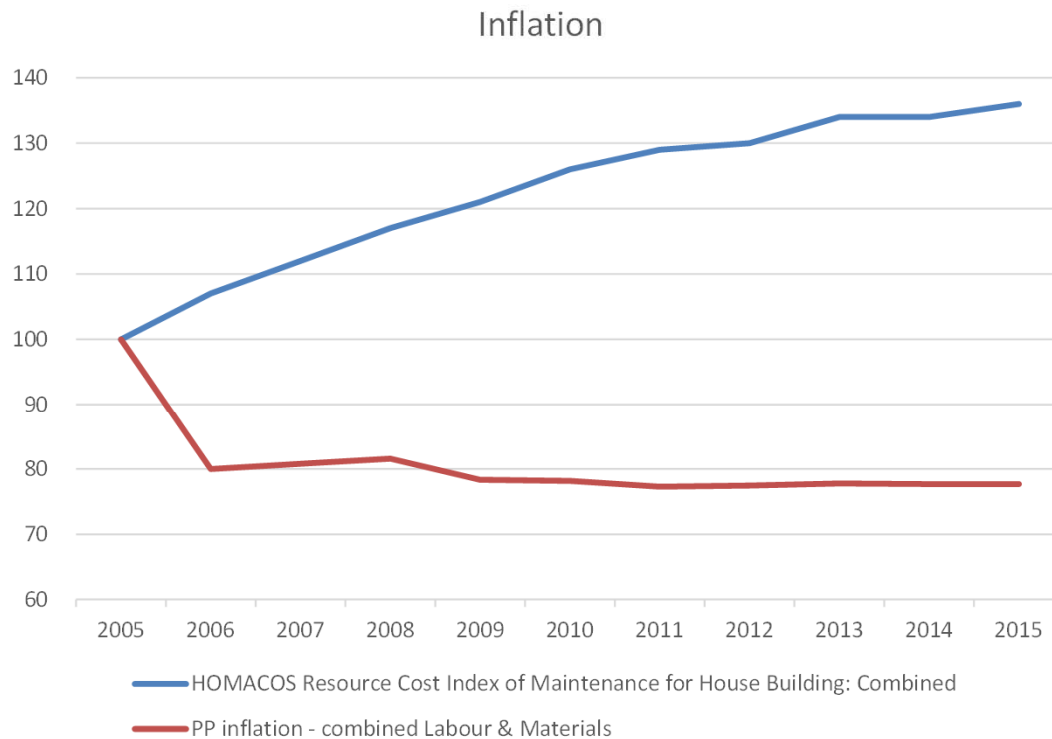
- Spend directed towards fewer suppliers
- Bigger 'prize' incentivises and encourages CSR type activities – less likely to underperform
- Procure Plus frameworks are based on robust intelligence – more than black hole frameworks
- Long term relationships
 - build trust and understanding
 - refine and streamline processes
 - develop and improve call offs – learn from the past
- Reduces cost

Maximising efficiency



1. Procure Plus frameworks have both SME regional and local contractors and larger 'management' contractors offering different benefits and value proposition
2. A procurement approach is developed to respond to the needs of the client that plays to the strengths of the contractors and suppliers
3. Client's work requirements can be broken down and modelled to maximise cashable and service benefits
 - Single 'contract' delivering works to all
 - Single contractor delivering to individual buildings or estates
 - Work stream packages appointed to contractor(s)
 - A mixture of the above

Maximising efficiency



- Volume
- Terms
- Relationship
- Management
- Not for profit

Compliance



- Procure Plus frameworks were procured in an OJEU and public sector procurement regulations compliant fashion
- Already being used by Manchester City Council, Stockport Council, Together Housing Group, Hanover Housing Association and many more Local Authorities and registered social housing providers across the North West
- Ability to build long term relationships with Management Teams to ensure local authority procurement procedures are maintained and best value for the public purse achieved

Social value



Procure Plus' Social Value Team will work with the appointed contractor(s) to maximise the opportunity for training and apprentice positions

- Has visibility of the overall contract opportunity and value
- Long term influence over the supply chain contractors via our Framework, Procure Plus
- Existing relationships with social enterprise, employability charities and colleges across the region
- Recently awarded the Queen's Award for Enterprise for Promoting Opportunity
- Osco Homes, subsidiary of Procure Plus, builds offsite homes in a prison with employment on site on release



Area of growth: heat pumps



Multiple drivers behind interest in GSHP:

- National policy and carbon targets
- Renewable Heat Incentive changes
- Fire safety in tower blocks and multi occupancy buildings
- Gas safety check (CP12) costs and legal costs to secure entry
- Implications of Non compliance with the metering and billing elements of the Energy Efficiency Directive
- Revenue costs of metering and billing communal heating schemes (shared loop systems)
- Resident fuel bills
- Budgeting for energy in communal schemes (shared loop systems)
- Recovering 'energy debt' from customers (shared loop systems)
- Mainstream technical acceptance - CIBSE CPD sessions - Module 114 (shared loop systems)

Area of growth: heat pumps



Strategic role for heat pumps

	Dwelling CAPEX	Scheme CAPEX	CAPEX investment amount (difference in gas and GSHP system)	7yr RHI payments - dwelling	7yr RHI payments - scheme	ROI
Individual GSHP - average costs	£13,904	£500,544	£392,544	£9,100	£327,600	-16.5%
Individual GSHP - lowest possible costs	£7,754	£279,144	£171,144	£9,100	£327,600	360.47
Individual ASHP – average outturn cost	£5,5000	£198,000	£90,000	£3,570	£128,520	43%
Individual combi boilers	£3,000	£108,000	NA		NA	-100%

	Dwelling CAPEX	Scheme CAPEX	CAPEX investment amount (difference in gas and GSHP systems)	20yr RHI payments	ROI
Shared loop GSHP - average costs	£10,054	£361,944	£253,944	£288,000	13.41%
Shared loop GSHP - lowest possible costs	£5,074	£182,646	£74,646	£288,000	285%
Individual combi boilers / HIU	£3,000	£108,000	NA	NA	-100%

Don't forget:

- costs associated with 'no access' maintenance visits
- management costs to demonstrate gas safety compliance
- Legal costs to secure access
 - One PP customer with 4k stock spends £40k / annum in legal fees



Thank you

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