RCT HOMES PIONEERS NEW WAY OF SOCIAL HOUSING ACCOUNTING USING IPOS PROCUREMENT.

CASESTUDY

Not many businesses of any stripe can say they went from £0 to £37m at the flick of the switch! But that was the reality for RCT Homes in Wales, when it commenced full operations in 2008: and what's more impressive, not many organisations in the field of social housing can say they managed that transition as pain-free as RCT Homes.

In December 2007, RCT Homes became Wales's largest social landlord when it took over the ownership and management of the entire housing stock of nearly 11,000 homes from Rhondda Cynon Taff County Borough Council. RCT Homes is working to help its members, by significant investment, to bring all housing stock up to Welsh Assembly standard in the next five years, and maintain quality beyond that.

And as if to further underline the uniqueness of the RCT scenario, not many organisations – public, private or third sector – can say the implementation of e-procurement software has had a direct, positive impact on the community it serves by giving them a special summer day out! "We came into being with an opportunity few organisations get – a fresh start," says RCT Homes' Head of Finance Lisa Pinney. "We were able to create a new financial system from the ground up, from basic purchasing to payroll to fixed assets to insurance."

Getting a real picture of existing processes

It's important to note that RCT Homes chose not to implement iPOS out of the starting gate. According to Pinney, this was partly down to the need to bed down the main financial system in the first place, and also due to a recognition that iPOS wouldn't really succeed if it was just implemented into a complex system that, in many ways, was making up its own rules anyway: "We were advised by peers in the Professional Advantage community that putting iPOS in without a clear picture of the true context and the existing business processes in place would not work," she recalls. "It made a lot of sense and changed the whole approach to the implementation," she adds.

It was initially planned that iPOS would be installed immediately after transfer but this was deliberately postponed until after the first year end was completed in March 2008, a mere 14 weeks after transfer.

In May 2008, when it was considered the optimal time to introduce the iPOS procurement solution, Pinney and her colleagues knew that cultural change was going to be a huge part of the task. She explains: "Staff were using all sorts of work-rounds, from using just one customer order per supplier for the whole year to placing orders with no value – a lot of this had built up with the previous paper-based system."

We knew we had to know what we were dealing with in order to change this," she explains. Getting a true picture of how things actually got done meant that Pinney was able to draw up a realistic process map that captured the essence both of what was being done day to day and what needed to come in to optimise and rationalise the situation. "Our deal with the staff was that they had to tell us how to make it work best for them, because like it or not a new way of working was on the way" she says.

The power of iPOS and the flexibility of Four: a powerful combination

Following the organisation's first formal year-end as an operating concern, in May 2008 the process of deploying iPOS began. This was based on an in-depth picture of the existing business processes and work-rounds; clearly, those processes had to be radically overhauled. The old system was dependent on procedures such as three-part purchase order systems and use of the postal system. As a result, it was prone to error and delay – and didn't fit with the new, efficient automated process.

But how best to fix it? Pinney cites the power of the underlying iPOS functionality as well as the experience and responsiveness of Four Business Solutions as key. "What was great about Four was that they saw we needed a tailored system that met our needs – not just the standard solution," she enthuses. "I think, in terms of commitment to our goals and awareness of our needs and their overall flexibility, Four is well above what can be expected from a supplier."

Pinney is very enthusiastic about the whole iPOS product suite. "We looked at an alternative that also worked with SunSystems accounts, but it just didn't come near in terms of flexibility or suitability," she believes.

Once training and support had finished, the acid test was going to be whether IPOS was actually taken up by the employees inside RCT Homes.

Paper ways of working = banned!

Pinney's team made a big decision: there would, in effect, be no alternative to using it. "We basically took away all the paper," she confirms. "People had to use the system. And we had to make sure it worked for them."

A big issue for social housing organisations, adding even more pressure to RCT Homes at this point, was a change in SORP (Statement of Recommend Practice) legislation, which had a big effect on the way its accounts needed to be structured. The issue of 'component counting' means that the way social housing bodies record their fixed assets is undergoing a big change; instead of "one house", all the infrastructure and valuable elements of that house – kitchen, bathroom, piping, etc. – now need to be captured individually for auditing purposes.

The great news is that, not only has this iPOS solution been successfully adopted at RCT Homes, it's also a major tool in meeting the needs of the new component counting way of dealing with assets. "In simple terms you can import data into IPOS at any stage of the process and subsequently export data out into other core systems. For us it has meant we can import supplier data regarding kitchens and bathrooms into IPOS at Goods Received Notes stage and export data

from IPOS straight into our fixed asset system by component. Reconciliations are immediate and fairly straightforward – a massive saving on time and efficiency," Pinney believes. "We can reconcile our fixed assets in three working days," she claims. "That's just never happened that quickly anywhere I've worked before!"

'A quicker way of working'

For Pinney, iPOS has been a key contributor to RCT Homes successful second year in operation: "Finance love it," she says. "It means such a quicker way of working. Managers love it because it means they can see at a glance where we as an organisation stand, cash-wise, during the year, not just at the end. And it also means we can really now start looking for significant cost-savings. iPOS allows us to see clearly who works with us, we can start thinking about better deals we can strike for both us and them, and rationalise the number of suppliers if we need to."

In specific terms of the savings she expects to achieve using this form of purchasing, Pinney believes savings well into six figures and above can be achieved. Going forward, RCT Homes is looking to introduce processes such as scanning and Optical Character Recognition (OCR) as ways to further streamline operations and strip out paper. A key goal is to reach the 'nirvana' of 80% match to order of invoices – a situation she thinks is fully achievable when a target of 90% of all transactions going through the iPOS procurement system is met.

Making a difference to the tenants makes it all worthwhile

Perhaps what has made Pinney and her team proudest is what the practical result of all that efficiency has meant to the people who matter most to RCT Homes – the tenants. "We have a programme to spend £170m over the next five years to bring our stock up to the Welsh Quality Housing Standard," she says. "As part of that we have an equally strong commitment to improving the lives of the community we serve."

RCT Homes is 'owned' by its tenants (part of its unique status as a community mutual association). Using the new technology, Pinney and RCT Homes were able to finalise the year end accounts in two weeks and get external audit sign off within four weeks, a huge achievement for the team. In practical terms this meant the organisation's AGM could be held in the summer holidays, which translated to a day of fun and social activity for the tenants, much earlier than they'd expected! "In its own way, iPOS played a big part in us being able to achieve our goals at year end – a real benefit for RCT Homes, the IPOS users, our audit committee and Board of Trustees too," she says.

Client profile

In December 2007, RCT Homes became Wales's largest social landlord when it took over the ownership and management of the entire housing stock of nearly 11,000 homes from Rhondda Cynon Taff County Borough Council.

RCT Homes is a new not-for-profit local housing organisation, a Community Mutual, where tenants sit on the Board and play a key role in scrutinising new policies and procedures and in overseeing RCT Homes' major decisions.

Industry

Social housing.

Web

www.rcthomes.co.uk

Technologies

Professional Advantage iPOS purchasing tool, designed for Infor FMS SunSystems users who want to minimise the cost of purchasing and deliver measurable 'bottom line' savings to the organisation.

Solution summary

Working with newly created housing association RCT Homes, a community mutual organisation in the Rhondda responsible for homes on more than 60 housing estates and in 27 sheltered housing schemes, Four Business Solutions implemented iPOS, a procurement solution – as part of a completely new computerised purchasing, accounting and finance solution –that has replaced a massively inefficient paper-based forerunner. The new system has been key to meeting the challenge of a new and more efficient way of working.

About Four

Four Business Solutions is a company specialising in the delivery of spend management and employee expense solutions for SunSystems accounting software users. Our clients include Manpower Software, Tesco EMS, Phillip Morris, Wandle Housing, Data Logic Group, Celtel, West Mercia Housing, Civica and RCT Homes. Our consultants offer unrivalled business application and project skills, complex integration and technology knowledge and a client focused approach – a combination that has helped us successfully deploy some of the largest and most challenging projects in the industry.

For more information, visit www.four.co.uk

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"We made sure that we had the best procurement tool for the job – but also we got the best company supporting it."
-Malcolm Wilson, RCT Homes' Commercial Director