



BRIEFING PAPER

For the attention of Directors of UK Housing Associations

BSA PROCUREMENT SUPPORT SERVICES

Buying Support Agency Ltd Unit 2, Fairview Court Fairview Road Cheltenham Gloucestershire GL52 2EX	Author: Matthew Roper Director 0800 254 0344 www.buyingsupport.co.uk July 2016
---	--

BUYING SUPPORT AGENCY – SUMMARY OF SERVICES

1. INTRODUCTION

Buying Support Agency (BSA) are procurement specialists and since incorporation in 2002 have had the mission to “deliver great value for clients and to society through the power of supply chains.” We’ve provided procurement support to many hundreds of clients including many housing associations. This briefing paper provides housing associations with a summary of how BSA can deliver significant total cost savings through working with your team (purchasing staff and others) to identify opportunities for greater efficiency savings, financial and service performance control and mitigating supply chain and internal risks.

2. BSA’S CAPABILITY

As procurement specialists we place great emphasis upon:

- respect for our client's needs and best interests;
- the high calibre of our consultants;
- our personal approach, working closely with client staff at all levels to ensure a high degree of skills transfer and ownership of ideas and recommendations;
- our aim to produce well-founded, realistic, and practical recommendations;
- deployment of a "toolbox" of techniques that we can adapt and use to suit a client's circumstances and needs.

We have three core services:

- Procurement consultancy/outsourcing/training
- BSA Buying Group
- Sustainability consultancy/training & eco shop.

3. PROCUREMENT SUPPORT PROPOSAL

BSA can offer a broad range of procurement support services. For housing associations we’ve tended to follow a two phased approach:

PHASE ONE

We perform a **procurement health check** before any further options are considered, to enable both your housing association and BSA to better understand the strengths and weaknesses of your organisation’s existing procurement practices.

This health check covers a review of the existing procurement strategies; a review of procurement policies and procedures; skill sets assessment of those engaged in

procurement activity; how tenders (in particular the higher value/risk contracted cost categories) and contracts are being managed and the degree to which they are being managed consistently; how suppliers are being managed to ensure that contracts are delivering best value; supply spend analysis and benchmarking both with other organisations in the housing sector and external to the housing sector. Its output consists of an audit of where your housing association is now, together with a prioritised action plan to ensure maximised value for money and the mitigation of supply risk to the organisation in the future.

PHASE TWO

At the end of phase one we would seek a review meeting to agree on how BSA can further support your organisation. Phase Two can then be jointly defined in terms of actions, timeframes and targets agreed.

Phase Two is entirely flexible, with any or all of the following deliverables can be focused upon, helping to embed best practice procurement into the organisation:

- **Value-for-Money and procurement strategies** – if identified in the phase one review the BSA would be able to assist your housing association in the development of improved strategies (incorporating social value strategy) as well as action plans for their implementation.
- **Guiding the executive and senior leadership teams** - in the implementation of changes to internal processes, procedures, culture and staff behaviours to deliver cost reduction and value-for-money targets which have been jointly agreed at the outset between your housing association and BSA.
- **Improving policies and procedures** – phase one will identify areas for improvement, BSA can then work with you to make the internal policies and procedures more efficient and then embed them through a combination of training, mentoring, team briefs and internal publicity, thereby helping to generate both cost and process benefits. As part of this work package the BSA team would look at the implementation of improved contracts across all categories of spend, implementation of social value provisions of contracts as well as incorporating social benefits into future tendering opportunities.
- **Building in-house capability through workshops** – ideal for transferring procurement knowledge to your staff. This tends to be requested once the BSA have delivered both phase one and some aspects of phase two as stated above. The training is partly off the shelf, partly tailored to your specific requirements. It involves one or two trainers – typically including the consultant who has performed other aspects of the procurement consultancy work previously.

- **Building in-house capability through mentoring** – this is more of a one-to-one approach and would be most appropriate when developing the knowledge and skills of individuals and small teams who are engaged in procurement and supplier management activities as a part of their everyday responsibilities. The idea would be to work through a procurement project with your staff transferring procurement and commercial knowledge and skills, improving the quality of tenders as well as ongoing supplier performance management.
- **Delivering specific tenders** – particularly those perceived to be complex, high value and/or high risk. Our team have high levels of expertise both in the tendering procedures and in the management of supply chains in which the housing sector operates (e.g. construction, materials, facilities management, buildings maintenance and repairs, utilities and telecommunications). It is difficult to state how long each tender will take as it will vary depending on the:
 - a) nature of the goods and/or services;
 - b) complexity, value and risks;
 - c) degree of preparation required; and
 - d) preferred procedure and timescales.

However, the degree of BSA involvement would be agreed in advance, to reassure you that you will receive value for money through our work. As with mentoring the delivery of a procurement project is an excellent vehicle in which BSA can share best practice with your staff.

- **BSA Buying Group** – this can be taken either as part of phase two or as a stand-alone service where no consultancy is being delivered. The benefit of including it within phase two is that the savings in overhead spend generated by BSA Buying Group helps to offset the consultancy fees. For more information about BSA Buying Group, see below.

4. BSA Buying Group

Set up in 2005, BSA Buying Group delivers significant (on average 15-25%) cost savings to businesses through its large (and fast growing) buying power over 24 separate cost categories. The method used for obtaining the savings is competitive tendering, supplier partnerships and economies of scale. We monitor service levels to ensure that our approved suppliers continue to provide value for money, cutting total cost of supply rather than focusing solely on lower prices.

Cost categories covered include...



and many more...

We offer two alternative options:

Option 1 - you take our entry level membership of BSA Buying Group, whereby we deliver some “quick wins” and charge the approved suppliers (typically two or three per cost category to encourage competition) a commission fee. This option does not provide for a dedicated buyer for ongoing tendering/price review. With this option, we can offer the Buying Group free of charge to your Housing Association, an annual saving of **£495** plus VAT, once you’ve engaged with Phase Two.

Option 2 - you take our Gold level membership of BSA Buying Group, whereby your housing association signs up to a 36 month contract and pays a monthly fee (variable depending on how many cost categories we outsource) for a true outsource of your indirect overheads. This option does provide for a dedicated buyer for ongoing tendering/price review and because we don’t charge commissions from the suppliers with this option, we can also include your incumbent suppliers in the tenders.

CASE STUDY IN HOUSING ASSOCIATION SECTOR

SEVERN VALE HOUSING SOCIETY

It was a critical Short Notice Inspection report by the Audit Commission on behalf of the housing regulator in 2010 that started Severn Vale Housing Society (SVHS) on a journey that resulted in not only cost savings due to implementation of the recommendations of a review of procurement but improvements in cultural and community relationships too.

Tim Knight, Chief Executive of SVHS explains: “Nobody likes negative feedback, but we took the regulator’s findings on board and decided to not only meet the required standards, but try to exceed them and develop a roadmap for future improvements. The bigger challenge was that we didn’t have the skills or experience within SVHS to do this alone.”

The solution came in the form of Buying Support Agency (BSA). Set up in 2002 by Managing Director Matt Roper, BSA has worked with many organisations in both the commercial and not-for-profit sectors to audit and implement procurement strategies that reduce costs and create efficiencies. BSA also has a Buying Group that enables clients to reduce overhead costs.

“When Tim explained that the findings of the Commission’s audit pointed at poor value for money, a weak procurement approach, plus a lack of customer involvement, the challenges didn’t sound unlike those of other businesses that we have helped,” recalls Matt.

The approach.

One of BSA’s strategic consultants conducted an in-depth audit of SVHS’s procurement processes. With input from the Chief Executive and his team, a report was produced that was the foundation of a procurement strategy. It outlined specific tasks that, if implemented, would help SVHS develop procurement effectiveness.

But this was just the start. Once Tim received Board approval a Procurement Improvement Working Group was set up to develop and implement an action plan. The group, chaired by BSA and led by Tim, comprised a broad range of stakeholders including some SVHS managers with budget responsibility plus customers of SVHS’s services. Together they developed a set of purchasing procedures to guide all future buying activity.

A second procurement practitioner from BSA also joined the group to lead, advise and train key SVHS managers on tendering and contract negotiation. To test that the new procedures worked in practice he ran a pilot scheme that reviewed SVHS's procurement of legal services. A number of departments bought these services from different suppliers. The pilot is now



demonstrating the benefits of rationalizing suppliers, agreeing better terms and keener prices, and allowing suppliers to enable SVHS to make better use of them. Another small but effective change was the introduction of 'procurement cards' for small ticket items – which means that staff no longer need to spend time raising a purchase order for low value purchases, saving time whilst giving some flexibility over which suppliers they buy from.

The results.

Now, two years into the initiative, there is evidence of the level of potential financial improvements available by adopting and pursuing a "value for money" culture and taking a strategic approach to external expenditure including (i) implementing a procurement strategy with clearly documented procedures and supporting training (ii) reviewing and renegotiating supply contracts and (iii) making use of BSA Buying Group's supply contracts. In 2012 SVHS, with a total spend of £12m, netted a £400k benefit. Examples of the savings made include procurement of cleaning services (£20k), asbestos removal services (£25k), vehicles (£19k), and lift contracts (£40k).

"All of the changes have been about doing things properly and cleverly. It has taken 3 years of hard work to get us here, but we are now better informed and have robust procurement practices. People now treat the money that they spend at work as carefully as their own, and actively look for 'value for money'. But we wouldn't have achieved any of this without the expertise of the BSA guys – they worked collaboratively with us and I see them as part of my team," concludes Tim.

What next?

It's more than noteworthy that the Audit Commission's criticisms led to SVHS being well under way with its procurement and value for money plans when the Homes and

Communities Agency (HCA) took overall responsibility for housing regulation in April 2012 and introduced a new Value for Money standard at that time. Since the Procurement Improvement Group had worked so well, SVHS widened its remit to include overall responsibility for Value for Money. This VFM Improvement Group is going very well with the VFM plan set to deliver exciting results. It has also enabled the Society to meet one of the key requirements of the VFM standard when it published its VFM Self-assessment Statement on its website together with activity dashboards for all areas of the business which link costs, income, staff usage, KPIs, and customer/social outcomes to the corporate strategy.

WOULD YOUR HOUSING ASSOCIATION VALUE AN INDEPENDENT PROCUREMENT REVIEW, TENDERING SUPPORT, STAFF TRAINING OR OVERHEAD COST REDUCTION?

We understand the many challenges in the Housing Association sector, and the growing pressure to demonstrate the delivery of best value and improved governance. Why not call Buying Support Agency today to discuss your needs - Call **0800 254 0344** and together we'll transform your procurement capabilities. Our website is www.buyingsupport.co.uk.