Better buys

A study of housing association procurement practice

Resident briefing
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Housing associations could do better...

In February 2008, the Audit Commission and the Housing Corporation published a report on housing association procurement. *Better Buys* looked at how housing associations buy goods and at how residents can help their landlords decide what to buy.

**What is ‘procurement’?**

Procurement is the process of buying goods or services. Your landlord will buy lots of things, from stationary and bathroom suites to hiring contractors which deliver services like cleaning and repairs. Housing associations can save money and improve the services they provide to residents by improving their procurement practice.

*Better Buys* says that:

- housing associations are already making savings through better procurement – but they could do much more;
- good procurement can lead to other benefits in the local area such as economic regeneration and jobs for local people;
- a ‘procurement champion’ can help housing associations improve their procurement practice; and
- housing associations can make savings and share skills by working with each other – but they do not always make the best of these opportunities.

**What is a ‘procurement champion’?**

A procurement champion makes sure that everyone with a responsibility for buying goods or services follows the associations’ procurement strategy. The procurement champion role does not have to be a specific job: it could be an extra role for another member of staff.

**Housing associations could gain from consulting residents**

*Better Buys* shows that housing associations can benefit from consulting residents about procurement decisions. By listening to residents’ views, housing associations get a better understanding of their needs and requirements.
However, consultation is not as widespread as it could be. The research for Better Buys found that:

- Nearly two thirds of associations (65 per cent) failed to consult residents when selecting the supplier for goods and services that affected their lives;
- Just over half (51 per cent) of housing associations did not consult residents when preparing a procurement strategy; and
- Only a quarter (26 per cent) of housing associations checked residents’ satisfaction with the procurement process.

**What is a procurement strategy?**

A procurement strategy describes your association’s approach to buying goods and services. It sets out principles for procurement (these might include value for money, giving local businesses a fair chance, and equal opportunities) and guidelines to ensure the association’s money is spent properly. Different housing associations will have different procurement strategies, as every association is different. Staff should make sure that they buy all goods and services within the principles and guidelines of the procurement strategy.

**Some questions for your landlord**

Here are some questions that you could ask your landlord about their procurement performance:

**Does your association have a procurement champion?**

The Audit Commission expects associations to have a procurement champion. This might be a specific job or an additional role for another member of staff. A procurement champion or representative at board level can also help associations improve their procurement practice.

**Does your association use partnering for its repairs contracts?**

Partnering contracts are different from traditional contract arrangements. The housing association and the supplier share information and risks to deliver better value for money. ‘Better Buys’ found that partnering can deliver real benefits – but it does require work to build and maintain the partnership. Partnering is not right for all associations. You should find out if your association is using partnering – and assess the benefits it brings. If you association is not using partnering, find out if it was considered and why it was rejected.
Is your association a member of at least one purchasing consortium?
A purchasing consortium involves a group of landlords who combine their buying power. The result is reduced prices from bulk purchasing. A consortium can also share skills and market intelligence.

If your association is not part of a consortium – find out why.

If your association is part of a consortium, ask for evidence of the benefits (such as reduced costs, shared skills, access to a wider pool of suppliers).

Does your association have a register of contracts?
A contracts register is a single point of information about your association’s contracts. It helps staff know who is supplying the association and prevents the accidental use of more than one supplier for the same product or service. An effective register can stop staff buying inferior products from alternative suppliers. It will also mean less staff time on setting-up and managing new contracts, and fewer invoices to process.

Do you know if your organisation is complying with the **EU procurement rules** for contracts?
Any contract with a potential value over the current thresholds (below) must advertise in the Official Journal of the European Union (OJEU) – it is free.

**What are EU Procurement rules?**
The aim of the European Union rules (which are also UK law) is to give all potential suppliers a fair chance of bidding for, and winning, your landlord’s contracts.

The current thresholds are:

- **Works**: €5,150,000 or £3,497,313;
- **Supplies**: €206,000 or £139,893;
- **Services**: €206,000 or £139,893.

If the contract is over the threshold then your association must also follow the right procedures for choosing bidders and the final supplier. Find out how your association follows the procedures.
Does the association’s procurement strategy mention resident involvement?

Most housing associations have a procurement strategy and resident involvement should be a key part of the strategy. Without clear guidance on resident involvement, your association may fail to get the benefits of your experience and knowledge.

How are residents involved in setting the service requirements for repairs and maintenance, and housing management?

Residents should have a say in what services are required and how suppliers will deliver them. Residents know what has worked in the past and what they would like to see in the future. Their experiences and ideas can directly influence service provision. (See example below).

How are residents involved in selecting future suppliers of repairs and maintenance services and housing management functions?

The choice of contractor will directly affect residents. Their input to the choice is crucial. Residents have a unique insight into what is required. They should be consulted on bidders’ written submissions and involved in interviews with potential service providers. Residents can suggest how to improve services within the finances available. They can suggest how to improve the relationship between residents, landlord and contractors.

How are residents involved in monitoring repairs and maintenance services and housing management functions?

Effective monitoring of a service can help an association assess the performance of their chosen contractor and identify priorities for improvement. As those that receive the service, residents need to be at the centre of this monitoring, feeding back what works and areas for improvement. However, information will only be effective if associations use it to make appropriate changes (See example below).
How is the association making efforts to consult hard to reach people in the area and involve them in procurement decisions?

Your association should provide information on how they consult residents from hard to reach groups in procurement decisions. These groups may include residents from a minority ethnic group or those with a disability. If consultation with these groups is weak, the association should consider how to involve those residents whose voices are not being heard.

*Involving residents makes a difference*

Residents of Sheffield Homes were unhappy with the window cleaning service. They decided something had to change. Residents worked with the landlord to set out a clear requirement for the window-cleaning contract. They were involved in the assessment of tender submissions, interviewing contractors and the selection of the provider. The residents now check on how often, and how well, their windows get cleaned. They feed performance information back to the landlord.