

# PROCUREMENT REVOLUTION: Why New Rules Demand Smarter Strategies

*DIRECT WORKS SEMINAR: Smarter, Faster, Better – Operative Efficiency & the AI Opportunity*



## Procurement Smarts: Enhancing Efficiency Through Intelligent Buying

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## The Procurement Landscape Has Changed Forever

"If you keep doing the same thing and expecting different outcomes, that's a clear sign of insanity. Specifications and requirements that aren't changing need to become relevant."

Ready to Transform Your  
Procurement Strategy?  
Contact **Matt Jarratt & Clare  
Tetlow, ProcurePlus** - "Let's  
navigate the new procurement  
landscape together and unlock  
strategic value."

## THE NEW REALITY: PROCUREMENT ACT 2023 CHANGES EVERYTHING

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February 24, 2025 marked a fundamental shift in UK procurement. The Procurement Act 2023 replaced decades of EU-derived regulations with a single, comprehensive framework designed for post-Brexit Britain. Social housing organisations that fell within procurement law before still do now—but the rules, procedures, and expectations have evolved significantly.

This isn't just regulatory housekeeping. The Act introduces new objectives that social housing providers must actively pursue: delivering value for money, maximising public benefits, sharing procurement information transparently, and actively considering barriers facing small to medium enterprises. The days of going through procurement motions are over—genuine strategic thinking is now mandatory.

Contracts awarded under previous legislation remain unchanged, and existing frameworks continue under their original terms until expiry. But every new procurement above threshold must comply with the new rules from 24th February 2025. There's no grace period, no gradual implementation—the change is immediate and comprehensive.

## UNDERSTANDING THE NEW THRESHOLDS AND PROCEDURES

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The threshold values determine your obligations. Goods and services contracts reaching £214,904, works contracts at £5,372,609, and light touch services at £663,540 trigger full Act compliance. These thresholds increase every two years according to World Trade Organisation agreements, but understanding the correct classification remains crucial for legal compliance.

The Act simplifies procedures from seven conditional options to two: the open procedure and the competitive flexible procedure. This flexibility is designed to give social housing organisations maximum freedom in designing tender processes that identify the most advantageous offers. Whether you need straightforward open tendering or creative dialogue-based evaluation, both procedures are available without preconditions.

New tools include open frameworks that can be reopened multiple times during eight-year terms to introduce fresh competition, and dynamic markets replacing dynamic purchasing systems with enhanced advertising requirements for each competition. These innovations should drive better value and increased supplier participation—if you use them strategically.

## **BELOW THRESHOLD PROCUREMENT: HIDDEN COMPLEXITY**

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The majority of social housing procurement sits below threshold, but don't assume this means fewer rules. Notifiable below threshold contracts—valued between £30,000 and the relevant threshold—trigger specific requirements including mandatory publication on Find a Tender if you choose to advertise anywhere else.

You cannot design separate pre-qualification stages for most below threshold competitions unless procuring works contracts above £214,904. Single-stage procedures remain mandatory, reinforcing the previous position in respect of how you assess suppliers and structure competitive processes. The days of elaborate pre-qualification questionnaires followed by invitation-only tendering remain in the past.

Contract management requirements apply regardless of value, with the Act legally defining contract management as part of procurement. You must monitor ongoing expenditure carefully—additional works during contract term could convert below threshold contracts to above threshold, triggering convertible contract rules with their own compliance requirements.

## **STRATEGIC MARKET ENGAGEMENT: BEYOND TRADITIONAL APPROACHES**

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Stop going out with the same specifications you've used for the last 15 years. Requirements for works and services evolve constantly, yet many organisations persist with outdated approaches that fail to capture current market capabilities or address emerging challenges like damp and mould, energy efficiency, or digital integration.

Start with fundamental questions: what do you actually want, and what value are you seeking? Analyse historical data to identify trends and patterns—this is where AI can provide genuine value by processing free text fields and identifying recurring themes in repair histories. Understanding what you've actually bought versus what you specified reveals gaps between planning and reality.

Market readiness matters as much as specification quality. Before launching major procurements, conduct expression of interest exercises to gauge supplier appetite and capability. A week spent testing market response prevents months wasted on collapsed competitions that fail to attract suitable bidders.

Package procurement appropriately for your target market. If you want small local subcontractors for specialist plastering work, don't bundle it with major works that only large contractors can handle. Design competitions that appeal to the organisations you actually want to engage, not just the ones your standard processes typically attract.

## **AI-ENHANCED PROCUREMENT: THE INNOVATION OPPORTUNITY**

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AI is already transforming procurement processes in ways you might not expect.

Pricing submissions can be generated using AI tools, written responses increasingly show AI assistance, and some suppliers use AI engines for competitive intelligence and bid optimisation. You must decide whether to embrace these developments or struggle against inevitable technological evolution.

Interview-based assessments become more valuable as AI makes written submissions harder to evaluate authentically. Teams calls can be recorded and transcribed, providing audit trails that previously made interviews impractical for procurement evaluation. This shift toward human interaction could improve supplier selection while maintaining compliance requirements.

Data analysis represents the biggest AI opportunity in procurement. Free text fields in repair records, maintenance logs, and performance reports contain valuable intelligence about recurring problems, supplier performance patterns, and asset management needs. AI can process this information to inform better specifications, identify value engineering opportunities, and predict future requirements.

## **SECTOR READINESS: THE REALITY CHECK**

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Larger housing associations with established procurement teams are adapting well, but smaller organisations struggle with compliance requirements they don't fully understand. The sector shows clear division between those confidently managing above threshold procurements and those uncertain whether the Act applies to their activities at all.

Below threshold procurement creates particular challenges for smaller associations. They lack experience with formal procurement procedures but face rules that seem disproportionately complex for routine purchasing decisions. This knowledge gap creates compliance risks and operational inefficiencies that could undermine service delivery.

Communities of practice and sector support networks provide essential guidance, but individual organisations must take responsibility for understanding their obligations and developing appropriate capabilities.

Waiting for sector-wide solutions or regulatory clarification isn't an option when every new procurement must comply immediately.

## **STRATEGIC PROCUREMENT FOR OPERATIONAL EXCELLENCE**

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Think beyond compliance to strategic advantage. The Act's emphasis on SME participation, transparency, and public benefit alignment creates opportunities to enhance local economic impact while improving service delivery. Procurement becomes a tool for achieving broader organisational objectives, not just contract award.

Damp and mould procurements illustrate evolving requirements. Organisations need flexible frameworks for emergency response, predictive maintenance capabilities, and technology integration for ongoing monitoring. Traditional reactive approaches fail to address root causes or prevent recurrence.

Materials procurement benefits from comprehensive data analysis and market testing. Don't simply extrapolate historical usage patterns—understand whether past consumption reflects actual need or systematic inefficiencies. AI-enhanced demand forecasting could revolutionise materials management and reduce waste.

The procurement revolution demands strategic thinking, not just procedural compliance. Organisations that embrace these changes will gain competitive advantage through better supplier relationships, improved value delivery, and enhanced operational efficiency.