Procurement regulations

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Links to Regulatory Standards – Economic/ Consumer Standards	These regulations implement the Procurement Act 2023 (legislation effective from 24 February 2025)
Outcomes for Customers	Contracts aim to offer value for money without compromising service delivery
How were tenants, residents and service users involved in the review/development of this document	The main purpose of these regulations is to introduce legislative requirements, and as such no consultation takes place with tenants for the review of these regulations
Training Provision	Training is provided by the Procurement Team
Links to the Business Plan	The main purpose of these regulations is to introduce legislative requirements, and as such do not link to specific strategic goal
Links to Key Values	Integrity, Accountability

Version Control

Version	Revision Date	Author: Job Title	Change Description
2.0	February 2025	Head of Procurement	▶ Fully re-written to accommodate the Procurement Act 2023

1. Introduction

1.1 The purpose of the Procurement Regulations is to provide a framework for how procurement and contract management will be undertaken across all EMH companies.

1.2 The objectives are that:

- Robust contract agreements are in place, with suitable due diligence undertaken, and that procedures are in place to monitor and manage those contracts.
- Value for money is obtained across all external expenditure on supplies, services and works by making use of competitive tendering, or use of pre-existing framework agreements, as required.
- Procurement is undertaken with probity and transparency in mind and to provide rules and regulations to safeguard EMH and its employees from any maladministration in the letting of contracts.

1.3 EMH and its subsidiaries are subject to the Procurement Act 2023, as well as any other relevant public procurement law. These regulations are to ensure compliance with this legislation. In case of any conflict with these regulations and any legislation, then said legislation shall take precedent.

1.4 The risks of non-compliance with these regulations are:

- Suppliers who have been disadvantaged as a result of incorrect or improper procurement activity pursuing legal action against EMH in the High Court, or seeking intervention from the Public Procurement Review Service
- Potential fraudulent activity by EMH staff
- Legal action resulting in financial penalties and / or the shortening in length, scope and / or value of EMH contracts
- An inability to deliver key services to EMH customers
- A reduction in suppliers willing to provide supplies, services and works to EMH
- Increased counterparty risk via ineffective contracts

1.5 These regulations apply to the procurement of any contract entered into by EMH for the provision of supplies, services and works, and to any concession.

1.6 All employees must act within these regulations and ensure they have the appropriate delegated authority. Failure to comply with regulations is a disciplinary matter and will be resolved in accordance with the relevant procedures.

1.7 As part of services provided to the Rural Housing Associations (RHA), employees of Midlands Rural Housing and Village Development (MRH) should follow these regulations when procuring contracts, unless there is any direct conflict with any procurement regulations / contract procedure rules / contract standing orders of the contracting authority.

1.8 These regulations do not apply to:

- Employment contracts
- The purchase, sale, or lease of land and / or property (including ‘mixed’ contracts)
- Repayment of bank loans and other funding transactions
- Artistic works or services
- Contracts with local authorities and / or central government to deliver statutory services

The Financial Regulations still apply to these areas of expenditure.

2.5 These regulations set out the responsibilities for:

- The **Procurement Team**: either the Head of the Procurement or their staff.
- The **Executive Director**: this shall mean the Executive Director responsible for the area placing the contract(s). For the Rural Housing Associations, this means the Managing Director of Midlands Rural Housing and Village Development Association.
- The **head of service**: this means the individual reporting to an Executive Director and responsible for a service area, so are typically either Heads of Service or Directors, depending on the team.
- The **contract manager**: an individual nominated by the head of service within their management hierarchy as responsible for the procurement and management of the contract. The head of service may fulfil this role themselves.
- The **budget holder**; the individual responsible for approval of expenditure as defined by Group Delegated Authorities.

2. Planning

2.1 Each head of service is responsible for their budget, and may require contracts with suppliers to support the delivery of their service. These contracts may either be **ongoing contracts** (contracts with a specific start and end date for repeat supplies, services, and works to be purchased) or **one-off contracts** (a contract to provide a fixed scope of supplies, services, or works). The head of service shall decide where ongoing contracts are beneficial to the delivery of their service, considering any advice from the Procurement Team relating to the repetition of one-off contracts.

2.2 Prior to procuring any new contract, the head of service must consider whether there is already a contract in place to provide the similar supplies, services or works or those of a similar purpose, and if so then this contract shall be used, unless agreed by the Procurement Team.

2.3 Where engagement with suppliers is required prior to a procurement process taking place, steps shall be taken to ensure that a supplier does not disproportionately influence the specification so that there is a distortion of competition. If a supplier is involved in preparation of procurement documents, then it must be precluded from competing in said procurement process.

2.4 The contract manager shall be responsible for the contract specification. The contract manager may wish to seek advice from the Procurement Team and any other departments where in-house expertise may be able to help develop the specification.

2.5 It shall be decided whether the contract shall be entered into using a:

- Purchase order (where the requirement can be detailed and committed within a single purchase order), or a
- Written contract (where the contract will either require repeat purchase orders throughout the life of the contract to call off specific supplies, services and works, or for services that do not require a purchase order as per Group Financial Regulations)

2.6 Where there is a legal requirement to consult with leaseholders under section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002) then this is the responsibility of the contract manager. The contract manager shall consider the impact of the contract and whether consultation with involved residents, tenants or service users will be beneficial to the procurement process.

2.7 The head of service shall consider all risks associated with a supplier's continuous performance of the contract, considering any mitigation such as the availability of alternative services (either via contracted suppliers or ad-hoc supply), and whether insolvency cover is appropriate.

3. Procurement procedures

The procurement procedure to be followed shall be dependent on the value of the contract or purchase.

Type	Value	Route(s) to market
Non-regulated contract	Up to £30,000	▶ Quotations (3.1)
Below threshold regulated contract	£30,001 to the procurement threshold [1]	▶ Quotations (3.1), or ▶ Advertised tender (3.2)
Public contract	Over the procurement threshold [1]	▶ Open or Competitive Flexible Procedure (3.3), or ▶ Third-party procurement framework (3.4)

3.1 Quotations

3.1.1 The number of quotations needed to show that value for money has been obtained shall be at the discretion of the budget holder. The budget holder is advised to ask that at least two quotations are sought for comparative purposes, but may consider factors such as complexity, urgency, proportionality, or any specialist knowledge of the market to be relevant to the number of quotations sought.

3.1.2 The suppliers invited to quote may be determined by the contract manager.

3.1.3 The contract manager shall ensure that all quotes obtained are available for further audit for the duration of any work undertaken, and a subsequent 12-month period.

3.1.4 When a preferred supplier has been identified, the contract manager should make a purchase order request, with a summary of comparative quotations sought and the justification of the choice, for approval by the budget holder.

3.1.5 The contract should be awarded by providing the supplier with a purchase order, referring to the supplier's quote.

3.1.6 For contracts over the value of £30,000 (below threshold regulated contracts), a contract details notice shall be published by the Procurement Team within 30 days of the award of the contract. The written summary of comparative quotations and justification of the choice must be available for publication.

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[1] **Procurement thresholds from 1 January 2024:**

Works:	£5,372,609
Supplies / services:	£214,904
Light touch regime:	£663,540
Concessions:	£5,372,609

3.2 Advertised tender (below threshold regulated contract)

3.2.1 A tender notice will be published on the Central Digital Platform (CDP). All tender documents must be issued to suppliers from the outset of the process including where relevant:

- Specification(s)
- Minimum supplier requirements, assessment and award criteria
- Conditions of contract, term / length, any extension period(s)

3.2.2 Tenders shall be evaluated against pre-determined criteria. The contract manager shall be responsible for ensuring that scoring for all suppliers is completed with suitable justification. The contract may only be awarded to the highest scoring tenderer.

3.2.3 A contract details notice shall be published by the Procurement Team within 30 days of the award of the contract.

3.3 Open or Competitive Flexible Procedure

3.3.1 **Open Procedure** requires an advertised invitation to tender process, allows any supplier to submit a full response.

3.3.2 **Competitive Flexible Procedure** requires an advertised invitation to tender process, and allows for a pre-defined series of shortlisting, dialogue or negotiation stages to result in the reduction in the number of suppliers in the competition.

3.3.3 The tender process should be administrated by the Procurement Team using the eTendering system. A tender notice will be published on the CDP. All tender documents must be issued to suppliers from the outset of the process including:

- Specification(s)
- Minimum supplier requirements, assessment and award criteria
- Conditions of contract, term / length, any extension period(s)
- Any shortlisting, dialogue or negotiation stages and associated criteria

3.3.4 Tenders shall be evaluated against the pre-determined criteria. The contract manager shall be responsible for ensuring that scoring for all suppliers is completed with suitable justification. The contract may only be awarded against the highest scoring quotation.

3.3.5 Prior to award, a contract award notice shall be published on the CDP, and an eight-working day standstill process shall be observed where all tenderers are provided with details of the decision, including the successful supplier(s), the award criteria, the reasons for the decision, reasons (if any) why the tenderer did not meet the requirement, all supporting scoring and feedback, and when the standstill period will end.

3.4 Use of third-party procurement frameworks

3.4.1 Third-party procurement frameworks, including dynamic purchasing systems / markets, may be accessible to EMH.

3.4.2 They should only be used for ‘above threshold’ contracts, unless the framework provides other demonstrable benefits such as aggregation of demand, or advantageous terms and conditions.

3.4.3 Third-party frameworks shall not be used in preference to existing EMH contracts and procurement frameworks.

3.4.4 Where there are competing third party frameworks, the choice of framework may be made by considering:

- Framework provider rebate from supplier, and the likelihood of increasing EMH costs
- Suitability of specification; the extent to which the requirement needs to be further defined
- Expenditure and current customers
- Relevance / choice of suppliers
- Value added services

3.4.5 All instructions provided by the framework provider must be followed, with particular reference to when direct award of contracts are permitted.

4. Contract award

4.1 Prior to contract award, validation of any due diligence requirements shall be undertaken by the Procurement Team as deemed necessary, in conjunction with financial checks by the Finance Team.

4.2 The controls in the purchase order system ensure that the order is properly authorised in accordance with the Group Delegated Authorities.

4.3 Contract agreements signed under hand must be authorised and signed by the Executive Director. Wherever possible this shall be using the eSigning system administrated by the Procurement Team.

4.4 Where the supplier is administrating the signing process via a third-party software system then the Executive Director should seek advice from the Procurement Team prior to signing any agreement, and provide the Procurement Team with a copy of agreements signed.

4.5 Deeds signed under seal must be submitted to the Governance and Assurance Team with an appropriate recommendation for authorisation and signing.

4.6 For all regulated below threshold contracts and above threshold contracts, a contract details notice shall be published by the Procurement Team on the CDP within 30 days of being signed or placed.

5. Contract management

5.1 Record of all contracts for the purchase of supplies, services and works shall be recorded on the group contracts register, except for one-off contracts below the value of £30,000 entered into via purchase order only, and minor subscriptions at the discretion of the Procurement Team.

5.2 Where the original scope of a contract allowed for extension and this is clearly stated within the contract, the contract manager may arrange extension of the contract. Extension may be made in writing to the supplier by the Procurement Team.

5.3 Contract variations may only be made where the value of the contract does not exceed 10% (for supplies / services) or 15% (for works), not including any variables included within the original specification (such as variable volumes, or indexed price increases), and – in the opinion of the Procurement Team – the characteristics of the contract have not changed so significantly that a different supplier could have been successful in tendering for the contract. Contracts variations shall be issued in writing by the Procurement Team.

6.3 Contract termination should only take place where a supplier ceases trading or can be shown to be failing to deliver the contract as specified within its terms and conditions, in which case the contract manager should inform Procurement and seek approval from the appropriate Executive Director. Procurement advice must be taken into consideration before invoking contract cancellation.

5.4 Contract managers shall be responsible for the monitoring of their contracts, including:

- Any performance levels against those specified in the contract
- Ensuring suppliers are working safely in accordance with their own standards and any instructions provided by EMH
- Providing and receipting any purchase orders required and authorising any invoices in order to ensure prompt payment
- Regularly obtaining any TUPE information from the supplier to ensure that staff liabilities are understood.

5.5 The Finance Team shall provide regular financial monitoring of high-risk suppliers.

6. Conduct

6.1 Staff should assist and support suppliers in the performance of their contracts, and must **not**:

- Instruct suppliers to provide supplies, services or works, without an official purchase order, or works order, unless the contract specifically does not require orders.
- Unduly withhold or delay payments to suppliers.

6.2 Staff should consider that procurement activity is competitive, and that suppliers should be treated professionally, fairly, and equally, and must **not**:

- Share confidential information with suppliers such as competitor pricing, or other excerpts of competitive tenders.
- Publish opinions on contractor performance, or share them with third parties, unless they are the specific contract manager, and are doing so in their official capacity.

6.3 Staff should be aware of the Group Probity Policy, and must **not:**

- Accept any personal gratuities or benefits from suppliers.
- Use suppliers in a personal capacity, or when use of a supplier is unavoidable (i.e. a major supplier in the retail market), make any reference to their role with EMH that could be interpreted as asking a supplier to provide preferential treatment.
- Have any involvement in the procurement or subsequent management of any contact in which they have a personal, professional, or business interest with a potential supplier.

7. Associated documents and support

7.1 This document should be applied in accordance with other relevant documents, including but not limited to:

- Group Financial Regulations
- Group Delegated Authorities

7.2 This document should be used in conjunction with procurement advice and guidance provided by the Procurement Team, available at the Procurement Sharepoint site below:

https://emhgroup.sharepoint.com/sites/Procurement

7.3 Training is available from the Procurement Team; via EMH Learn and on request.