



HOUSES OF PARLIAMENT

RESTORATION & RENEWAL

Procurement Policy



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1. Introduction

1.1 Delivery of the Restoration and Renewal Programme

The Parliamentary Buildings Restoration and Renewal (R&R) Programme is governed and delivered by two new bodies:

- a Sponsor Board, set up in accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019 (the Act), to have overall responsibility for the R&R Programme, and
- a Delivery Authority set up by the Sponsor Body to formulate proposals and carry out the works in line with the requirements of the Sponsor Body.

This two-tier structure is modelled on other large programmes and is embodied in the Act.

The Strategic Themes and Strategic Objectives endorsed by the House Commissions and agreed by the Sponsor Body are:

- **Health, Safety and Security** - Ensure high standards of health, safety and wellbeing and provide appropriate protection for the building and those in it
- **Functionality and Design** - Deliver a building which supports Parliament's core function as a working legislature, both now and in the future using high-quality design and technology
- **Accessibility and Inclusion** - Open up the Houses of Parliament, improve access and encourage a wider participation in the work of Parliament
- **Sense of History** - Conserve and enhance the fabric of the Houses of Parliament and build appreciation of its rich history
- **Sustainability** - Deliver a refurbishment programme that minimises but also facilitates future maintenance and improvement, that ensures efficient and responsible resource consumption, and that provides for the development of national construction and craft skills
- **Time and Value for Money** - Deliver on time and maintain a relentless focus on delivering value and being on budget through the control of costs

1.2 Purpose of the Procurement Policy

The purpose of the Restoration and Renewal Delivery Authority Ltd (the Delivery Authority) Procurement Policy is to ensure that all procurement activities carried out by, or on behalf of the Delivery Authority have regard to the Strategic Themes, best current practice and support the following procurement aims:

- a) **Value for Money** – to achieve good value for money. Value for money is defined as 'delivering the full range of R&R Programme requirements for a minimal whole life cost within the Phase 1 and Phase 2 expenditure limits'.
- b) **Organisation, Governance and Control** – to conduct all procurement activities in a manner that:
 - satisfies the Delivery Authority's governance and audit framework's and delegated levels of authority,
 - fulfils the Delivery Authority's legal obligations,
 - complies with financial constraints and effectively manages procurement risk and
 - adheres to government procurement policies, as appropriate.



- c) **Procurement Processes and Systems** – to provide and enforce effective, efficient and consistent procurement processes and systems for procuring works, goods and services in a fair, objective and transparent manner.
- d) **To be a Good Client** – to support the reputation of the Delivery Authority as a good client that develops a high level of interest and appetite in the market to attract the best companies to help deliver the R&R Programme Vision.

This Procurement Policy is not intended to be used in connection with the interpretation of any contract.

The Delivery Authority has statutory duties under the Act and must comply with the provisions in the PDA (the Programme Delivery Agreement entered into pursuant to the Act with the Sponsor Body). It is also a contracting authority under the Public Contracts Regulations 2015. As a public body the Delivery Authority is subject to general legal obligations to be transparent, fair, open and to act reasonably in its approach to procurement.

1.3 Policy Scope and Application

Procurement is the whole process of acquiring works, supplies and services from the market, administering contracts and managing supplier performance. This Procurement Policy governs all of the Delivery Authority's procurement activities. The Delivery Authority is responsible for procuring the "Parliamentary building works", as defined in the Act, which includes any future scope designated to the R&R Programme. As required, the Delivery Authority also procures requirements of the Sponsor Body, such as support services. The Commercial Director ensures that any procurement exercise managed by the Delivery Authority that will result in a contract entered into by the Sponsor Body complies with the Sponsor Body's governance arrangements for procurement.

This Procurement Policy applies to all Delivery Authority employees, agents and consultants managing procurement processes on behalf of the Delivery Authority. The Delivery Authority requires that agents and consultants make their employees aware of this Procurement Policy and ensure that their employees observe it when engaged to support the Delivery Authority with procurement tasks. The Delivery Authority will ensure that agents and consultants are made aware of this requirement.

The Procurement Policy will be reviewed on an annual basis or as necessary to reflect any significant policy developments.



2. R&R Programme Requirements

2.1 Vision

The Vision for the Palace of Westminster R&R Programme is to ‘transform the Houses of Parliament to be fit for the future as the working home for our Parliamentary democracy, welcoming to all and a celebration of our rich heritage’.

In delivering the Vision the R&R Programme will:

- a) Repair the services in the Palace of Westminster in a comprehensive and strategic manner.
- b) Be mindful of demands on public expenditure, apply high standards of cost-effectiveness and demonstrate value for money.
- c) Include a full and timely decant of the Palace of Westminster, representing the most cost-effective option for delivering the programme.
- d) Deliver on the legislation that the historic Palace of Westminster is the home of Parliament and that the two Houses should return to their historic chambers, as soon as possible following the work.

2.2 R&R Programme Activity

The R&R Programme has been described as the biggest and most complex renovation of a heritage building ever undertaken in the UK.

The Palace is a Grade I listed building and, with Westminster Abbey and St Margaret’s Church, forms part of the UNESCO Westminster World Heritage Site. The Delivery Authority is responsible for realising the R&R Programme Vision. Following the full decant of the House of Commons and the House of Lords to temporary accommodation, the main work activities are embodied in the following:

- Building Services – the repair and replacement of mechanical and electrical services,
- Fire – fire safety improvement works,
- Health and Safety – the removal of asbestos,
- Conservation and building fabric – repairs to the external and internal fabric of the palace and removal of unnecessary and unsightly accretions,
- Participation – the improvement of visitor access including the provision of new educational and other facilities for visitors,
- Accessibility and circulation – full access for people with disabilities,
- Security – to control risks to the occupants, fabric and contents of the Palace,
- Sustainability – to ensure an enduring and widespread beneficial impact of people and the environment,
- Occupancy – to accommodate the business functions of Parliament in a rational and effective manner,
- Technology – to embrace the beneficial impact of new, anticipated and future technologies,
- Digital asset management – to lead digital outcomes which transform the processes of design, construction and operation, and
- Heritage collections – to transform the way in which parliaments heritage collections are conserved, displayed experienced and understood.



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Key issues and constraints that will impact on the works include:

- the uncertainty as to what will be encountered when carrying out refurbishment and renewal works,
- the constraints related to protection and conservation of a Grade I listed building, including the Heritage Collections,
- central London logistics, access and egress issues and limited space for holding areas for materials,
- large volumes of asbestos that are in the building,
- working in confined access that can be difficult to access,
- security requirements,
- protecting finished works so that any follow-on trade does not cause damage, and
- the risk of fire during the works.



3. Value for Money

3.1 Key Policy Principles (KPPs) - Overview

The Delivery Authority will adopt good practice and guidance from the Cabinet Office, HM Treasury (HMT) and other appropriate organisations as appropriate.

On the basis of published good practice and lessons learnt from other projects and programmes, including as set out in the publications listed in Appendix 1, the Delivery Authority has developed its Key Policy Principles (KPPs). The KPPs will be applied across the full range of procurement requirements, including corporate procurement, which is an enabler of the Delivery Authority organisation. KPPs are set out below under the following categories that reflect the six pillars of procurement:

- Requirements and Planning
- Packaging
- Contracting and Commercial
- Procurement Route
- Market and Supply Chain
- Benefits and Communication

3.2 Requirements and Planning KPPs

KPP1 – the Delivery Authority will ensure that its procurement strategies, plans, processes and procedures support the achievement of value for money and good practice, including HM Treasury’s Managing Public Money handbook. This will include delivering the Strategic Themes, Strategic Objectives, the requirements of the Sponsor Body and standards agreed between the Sponsor Body and the Delivery Authority (‘Agreed Standards’).

KPP2 – the Delivery Authority will establish a clear and considered contract scope, appropriate to the requirements and with flexibility as necessary, prior to the commencement of each procurement exercise.

KPP3 – the Delivery Authority will consider awarding its own framework agreements where a need is identified but flexibility is required, for example, where the precise scope and timing of individual contract packages cannot be specified in advance.

KPP4 – the Delivery Authority will adopt a consistent approach to the development and implementation of procurement strategies and plans. Processes and procedures, including assurance, will be developed so that the key risks to value for money are identified and avoided, mitigated or managed.

3.3 Packaging KPPs

KPP5 – the Delivery Authority will ensure that contract packaging is supported by appropriate market consultation to maximise market interest and to align contract packages with market capabilities and capacity.

KPP6 – the Delivery Authority will consider the number and nature of technical, contractual and physical interfaces, and the related key delivery risks, in the development of its approach to contract packaging.



3.4 Contracting and Commercial KPPs

KPP7 – the Delivery Authority will promote a culture of collaboration in its contracts, Contract Management Plans and commercial relationships.

KPP8 – the Delivery Authority will seek to place contracts based on a fair allocation of risk appropriate to the requirement, which is considered at the procurement planning stage and reflected in the contract commercial model. Risks will only be transferred where they can be assessed, valued and managed by the supply chain, taking into account the value for money offered by transferring the risk.

KPP9 – the Delivery Authority will consider the adoption of a standard suite of contracts for delivering major works, services and supply projects, for example, NEC4. However, other government frameworks or forms of contract will be permitted as appropriate, in particular for low value and corporate requirements.

KPP10 – the Delivery Authority develops clear contract incentives, where appropriate, aligned with the R&R Programme Vision and the Delivery Authority’s Strategic Themes. Incentives will be proportionate, simple and transparent.

KPP11 – the Delivery Authority does not withhold retention money on its contracts. Retention is used in contracts to provide protection for the client in the event of incomplete or defective work following completion. Traditionally, retention has been achieved by withholding a certain percentage from each interim payment. On a case by case basis the Delivery Authority will consider whether a retention bond should be required.

KPP12 – the Delivery Authority will consider whether R&R Programme-wide insurance policies would offer value for money.

KPP13 – the Delivery Authority will develop a policy on contract liability and liability caps that supports the achievement of good value for money.

KPP14 – the Delivery Authority will implement fair wage practices in the supply chain by requiring payment of no less than the London Living Wage for London-based roles, and payment of no less than the Real Living Wage for roles based outside of London.

KPP15 – the Delivery Authority will consider the feasibility of Project Bank Accounts to support fair payment. In addition, the Delivery Authority will develop a fair payment charter in consultation with the market, taking into account government guidance and good practice.

KPP16 - the Delivery Authority will ensure that the responsibilities for design and integration between contracts are clearly assigned between the parties and to an appropriate standard.

KPP17 – the Delivery Authority will ensure that each contract has an approved Contract Management Plan and that resources are identified and deployed in accordance with the plan.



3.5 Procurement Route KPPs

KPP18 – the Delivery Authority will seek to maximise market interest and competition by maintaining and publishing a procurement pipeline and openly advertising opportunities.

KPP19 – the Delivery Authority will only allow single sourcing, i.e., purchases that are not competitively tendered, in limited circumstances. A scheme for authorising single sourcing at an appropriate senior level will be available for exceptional circumstances and normally only of low value.

KPP20 – the Delivery Authority will award contracts on the basis of the most economically advantageous offers from the point of view of the Delivery Authority. With the exception of simple, low value and low risk services and goods, this will include quality criteria and will not be on the basis of price alone. Quality criteria will be related to the subject matter of the contract, so may cover a wide range of topics. As appropriate, quality criteria may include safety and security, fire prevention, sustainability, protecting the environment, social benefits, supporting the circular economy, and protecting the special architectural, archaeological and historical significance of the Palace of Westminster.

KPP21 – the Delivery Authority will ensure that its procurement procedures are competitive, efficient, fair and transparent in accordance with its legal obligations, particularly those arising under the Public Contracts Regulations 2015, as amended or successor legislation.

KPP22 – the Delivery Authority will develop and implement streamlined procedures and criteria to assess the financial strength, technical capability and capacity of suppliers to be invited to tender for Delivery Authority contracts. As appropriate, this will include considering the contractor's policies and procedures relating to corporate social responsibility and employment (including in relation to the blacklisting of employees).

3.6 Market and Supply Chain KPPs

KPP23 – the Delivery Authority will establish early and regular consultation arrangements with contractors, manufacturers and suppliers to develop a well informed and well-prepared marketplace, and to gather feedback that will inform the development of procurement strategies and plans. This will include raising the awareness of the Strategic Themes and Strategic Objectives.

KPP24 – the Delivery Authority will engage with the supply chain throughout the nations and regions of the United Kingdom to encourage diverse supplier involvement and share the benefits of the R&R Programme.

KPP25 – the Delivery Authority will monitor supply chain resilience, which may be affected by issues such as Covid-19 and Brexit. This will include reviewing the financial robustness and failure risk of its suppliers on an ongoing basis to help manage delivery risks. Processes will be developed in consultation with the market and will take into account government guidance.

KPP26 – the Delivery Authority will ensure that relationships with suppliers are established, conducted and concluded honestly, fairly, transparently, efficiently and effectively. Procurement and related business activities will meet the highest standards of integrity and ethics, including supporting certification, ethical and responsible sourcing schemes wherever possible. The



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Delivery Authority will also assess social value factors during the procurement process, as appropriate.

KPP27 – the Delivery Authority will create opportunities for small and medium enterprises and social enterprises, wherever appropriate. This will include maximising the visibility of supply chain opportunities (tier-2, tier-3, etc.) and publishing details of awarded contracts along with key contact details.

KPP28 – the Delivery Authority will consider alternative and innovative procurement and contractual vehicles to engage specialist suppliers and small and medium enterprises.

KPP29 – the Delivery Authority will promote equality, diversity and inclusion within the supply chain.

KPP30 – the Delivery Authority will encourage openness, innovation, and knowledge sharing to support the development and delivery of best practice across its supplier community.

3.7 Benefits and Communication KPPs

KPP31 – the Delivery Authority will monitor its expenditure with tier-1 suppliers and key supply chain companies and publish details of the economic and other benefits of the R&R programme across the UK.

KPP32 – the Delivery Authority will embed learning practices into its procurement procedures to inform the procurement of future contracts and to support continuous improvement. This includes seeking to ensure that the benefit of lessons learnt on other programmes are taken into account and best practice adopted.

KPP33 – the Delivery Authority will monitor compliance with the Procurement Policy, procedures and controls to improve the efficiency and effectiveness of the procurement process.

KPP34 – the Delivery Authority will develop an approach to supplier relation management with strategic suppliers, including those that are awarded multiple contracts across the R&R Programme.



4. Organisation, Governance and Control

4.1 Organisation

The Delivery Authority will ensure that it has access to the necessary experienced and competent resources needed to successfully implement the Procurement Policy. This will include consultants, partners and specialist advisers as necessary. Strong client capability will help establish the Delivery Authority's reputation as a good client, which will help to attract the best suppliers and ensure strong competition for its contracts.

4.2 Governance

This Procurement Policy provides the high-level framework for the detailed guidelines and other documentation which is available locally in the form of standards and procedures (the 'Procurement Code'). Procurement activities within the Delivery Authority will be carried out to the professional standards required by best practice and in compliance with all legislation.

If the anticipated value of any work package (later translated into a contract, agreement or purchase order) is estimated to exceed certain financial thresholds then specific rules apply which are designed to ensure fair competition. Compliance failures would be a breach of law and would expose the Delivery Authority to the risk of challenge, substantial delays and damages.

The procurement governance framework will ensure that all obligations and liabilities undertaken by the Delivery Authority will be wholly and necessarily associated with delivery of the programme objectives and business needs.

Any obligation or liability of the Delivery Authority to any other party will be documented by a properly authorised and executed agreement before the obligation or liability is undertaken.

Appropriate electronic contract management tools will be used where appropriate to support the efficient and effective management of the contract. Liabilities that accrue under contracts will be accurately captured, periodically monitored and analysed for improvement follow-up and management reports.

Standard purchase orders are appropriate in many cases but will only be used where services or supplies are operational, transient or of minor scale.

In respect of any transaction or subsequent changes a separation will exist between

- a) those who specify requirements and manage delivery,
- b) those who select sources and conclude a supply agreement, and
- c) those who process and pay invoices.

The Delivery Authority will aim to ensure that a different business function will deal with each stage.



4.3 Delegation of Authority

The Delivery Authority will maintain a Scheme of Authorities which will record the personnel or committees to whom authority to make procurement decisions has been delegated, including the financial limits in each case. The Commercial Director, on behalf of the Delivery Authority, is responsible for monitoring the implementation of the procurement items within the Scheme of Authorities to ensure that authority is delegated and exercised appropriately in accordance with the needs of the Delivery Authority. The Commercial Director, managing the Scheme of Authorities in respect of the procurement process, will also be responsible for proposing any necessary revisions to the Scheme of Authorities to ensure the efficient and proper approval of procurement decisions.

No contract or agreement will be entered into unless budget is both available and released. Commitment Authorities will be based on best estimates of contract outturn costs including appropriate risk allowances. No liability for payment will accrue unless a contract or agreement is in place. Only persons with delegated procurement authority will be permitted to authorise commitments to third parties.

Responsibility for the dissemination and application of this Procurement Policy lies with senior management of the Delivery Authority and with those to whom the Delivery Authority delegates authority for the application of policies. The Delivery Authority Heads of Departments will ensure that everyone involved in the procurement cycle is aware of this Procurement Policy. There will be a clear definition of responsibility for specifying contract requirements and for managing expenditure within budget as defined in the Scheme of Authorities.

4.4 Management System and Controls

The Delivery Authority Commercial Director will implement this Procurement Policy by establishing and maintaining a procurement management system that integrates with and supports all Delivery Authority functional management systems. The systems will include the following:

- a) the procurement management framework incorporating the authorities for procurement decisions,
- b) procurement processes and procedures,
- c) people recruitment and development procedures which ensure that procurement staff have the appropriate level of capability and competence to manage and deliver the procurement task for any area within the central section of the Delivery Authority. If procurement work is done by people in another Delivery Authority department then the Delivery Authority Commercial Director will assess their competence prior to recommending a grant of delegated procurement authority,
- d) a thorough review of tender and contract documentation prior to tender invitation including a formal sign-off by Legal,
- e) building and maintaining supplier relationships including producing and implementing performance measurement and development plans for key suppliers,
- f) establishing and maintaining a contract database that will record all Delivery Authority commitments under contract or agreement, their kind, currency and scale,
- g) producing management information and reports, and
- h) ensuring that this Procurement Policy and its supporting process, procedures and systems are communicated throughout the Delivery Authority and ensuring that they are applied.



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The Delivery Authority framework of internal controls over procurement activities will ensure that

- a) more than one person is involved in and responsible for a transaction end to end,
- b) transparency is present throughout the procurement process,
- c) a clearly documented audit trail exists,
- d) the appropriate authorisations are obtained and documented, and
- e) systems are put in place for appropriate equality monitoring and performance measurement.

A Procurement Manager and an Accountable Manager will be nominated as the Delivery Authority leads for each work package. They will be authorised to perform procurement and business activities within the procurement process and will work in partnership to achieve the work package objectives.

All employees, agents and suppliers are required to comply with the Delivery Authority's Anti-Fraud and Corruption Policy.

Procurement activities will be carried out in a way that supports employees in meeting their obligation to ensure information of a commercially sensitive or confidential nature is obtained, stored, processed, published (where applicable) in an appropriate manner in accordance with relevant publications such as the Document Retention Policy and guidance on the Freedom of Information Act.

4.5 Procurement Assurance

The Delivery Authority Head of Procurement will develop and implement an assurance process to ensure that procurement activities are being performed in accordance with this Procurement Policy and that risks to good value for money are effectively identified and avoided or managed.

Matt White

On behalf of the Company
October 2020



Appendix 1 Related Policies and Guidance

The achievement of value for money must ensure that the procurement procedures and contractual arrangements support the delivery of related Government policies. The Delivery Authority Procurement Policy has been developed to align with the following key policy documents:

- a) Procurement Policy Notes (PPNs)
- b) Public Sector directives, regulations and guidance
- c) Public Contracts Regulations 2015, as amended
- d) Crown Commercial Services (CCS) guidance
- e) Related Procurement regulations and statutes
- f) HM Treasury – Managing Public Money
- g) HM Treasury – The Green Book: Appraisal and Evaluation in Central Government
- h) Government Commercial Function – The Outsourcing Playbook
- i) The Farmer Review
- j) Prompt Payment Guidance
- k) Government Construction Strategy
- l) Common Minimum Standards
- m) The Industrial Strategy
- n) National Audit Office Reports
- o) Principles of Appropriate Contracting – Jon Gosling
- p) Commercial Contracting Principles – ICE
- q) Procurement Policies and practices of other major programmes