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# Sanctuary Group

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**Title:** Construction and Major Works Procurement -  
Group Procedure

**Business Function:** All Functions across Sanctuary Group

**Author:** Group Head of Procurement

**Other Contributors:** Development  
Group Legal Services

**Authorised by:** Chief Financial Officer

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**Sanctuary Group:**  
Sanctuary Group is a trading name of Sanctuary Housing Association,  
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## General Information

### 1. Objective of this procedure

- 1.1 Sanctuary Group (the Group) complies with [Public Contract Regulations](#) when conducting procurement activity. A number of obligations must be fulfilled when tendering which are dependent on the type and scale of procurement activity, the most recent guidelines for which can be obtained by contacting a member of Group Procurement and referring to the Group Procurement [SOLIS](#) pages.
- 1.2 Even when a tender process is not subject to Public Contract Regulations, there are regulated procurement principles that must be applied. Therefore, this procedure clarifies staff accountabilities and defines when to involve Group Procurement in deciding on the appropriate course of action.
- 1.3 Failure to comply with this procedure may leave the Group open to claims for significant financial penalties, as well as reputational damage, and will result in disciplinary procedures in the event of serious breaches.
- 1.4 All line managers are accountable for staff following the process set out within this document.
- 1.5 The objectives of this procedure are to:
  - ensure staff and their line managers understand when to involve Group Procurement in the planning and execution of a procurement activity;
  - ensure staff and their line managers are provided with clarity on the steps to be followed and the tools and resources to be employed when planning to engage contractors and professional consultancy services within the limits of their delegated authority;
  - provide guidance to staff when contemplating quotations, tenders or contracts; and
  - maximise the potential for delivering value for money and compliance through collaboration in procurement activity across the Group.
- 1.6 This procedure does not cover procurement of key activities undertaken or lead by Property Services, such as Day to Day Responsive Maintenance, planned/cyclical works, and National Compliance activities.

### 2. Legislative/Regulatory context

- [Public Contract Regulations 2015](#)
- [Public Contracts \(Scotland\) Regulations 2015, and Public Contracts \(Scotland\) Amendment Regulations 2016](#)
- [Landlord and Tenant Act 1985](#)
- [Health and Safety at Work Act 1974](#)
- [Modern Slavery Act 2015](#)
- [Group Financial Regulations \(England\)](#)
- [Financial Regulations \(Scotland\)](#)
- [Procurement - Group Policy and Procedure](#)
- [The Freedom of Information \(Scotland\) Act 2002 \(Designation of Persons as a Scottish Public Authorities\) Order 2019 \(FOISA\)](#)

### 3. Responsibilities for implementation

3.1 Directors/Regional Managers (or equivalent) are responsible for ensuring adoption of and adherence to this procedure. This procedure applies to all staff within the Group.

3.2 Designated Managers are responsible for assessing:

- and facilitating appropriate staff training;
- methods of handling procurement; and
- staff performance where there is involvement in the procurement process.

3.3 The Group Procurement team is responsible for:

- ensuring that all procurement activity meets legislative requirements;
- the approval of new vendors;
- ensuring alignment with the Group's Environmental Strategy and Community Investment Strategy; and
- providing advice to staff members.

### 4. What's new - What's different?

4.1 April 2023 - Formal review, amended following internal review and feedback from internal stakeholders. Key changes include:

- Emergency procedures
- Minimum Insurance requirements
- Numbers of tenders required for specific values
- Section 20 consultation.

### 5. Definitions

5.1 The following definitions support understanding of this procedure:

<b><i>Competent Officer</i></b>	A suitably qualified (i.e., Building or Quantity Surveyor) or experienced officer designated by the relevant Director whose function is to provide judgement on price and quality submissions, or adequacy of completed works.
<b><i>ConstructDPS</i></b>	A Dynamic Purchasing System created to source sub-contract trades, minor and major works contractors.
<b><i>Consultant</i></b>	The provider of a specialist service associated with the design and management of construction projects, for example an architect or structural engineer. Such appointments are usually regulated under Public Contract Regulations 2015 Services regime.

<b>Contract Administrator</b>	Individual responsible for administering construction contracts and is appointed by the client organisation. Their role includes issuing variations to the contract, issuing interim payment certificates and certificates of practical completion.
<b>Day to Day Responsive Maintenance</b>	Responsive day-to-day repairs and maintenance work, including Emergency Work, Void Property Works and Package Works.
<b>Designated Officer</b>	Staff with delegated authority for a specific purchasing activity, who raise purchase orders or those who carry out local procurement activities within specified supplier or financial limits. Authority levels are as defined by the Group's financial regulations.
<b>Dynamic Purchasing System (DPS)</b>	A form of framework contract provided for under the Public Contract Regulations 2015. This type of framework is flexible, allowing qualifying operators to join and leave at any point of its duration.
<b>Emergency works</b>	Works which could not reasonably have been foreseen and are required without delay to preserve the structure of a building or maintain the immediate safety of those using or living in it. For the avoidance of doubt, the failure to prepare for or reasonably foresee urgent works, or to facilitate non-urgent works, does not constitute an emergency.
<b>e-sourcing tool</b>	Secure cloud-based portal ('Pro-Contract') used for the transmission and receipt of tender documents, and associated correspondence. Pro-Contract's security features also include secure tender opening functionality and a full audit trail therefore preserving the probity of the entire tender process.
<b>Formal Tender</b>	A formal document requesting prices for works, supplies or services, incorporating detailed terms and conditions and a detailed specification outlining the nature of the goods, services or works to be supplied. Due to the formal nature of such tenders, they will be transmitted and returned via the Group's e-sourcing tool.
<b>Framework</b>	A pre-procured list of approved contractors who can be engaged through direct appointment or through a call for further competition. Frameworks can be owned and managed internally or provided by third parties.
<b>Local Supply Chain (LSC)</b>	Framework management portal used to host Sanctuary's minor works and construction trades framework, ConstructDPS. LSC portal enables both supply chain management and call offs from frameworks.
<b>Group Procurement</b>	The centralised team of procurement professionals based at Worcester head office who provide strategic and tactical procurement services to all Group directorates and across all third-party goods services and works.

<b>MEAT</b>	Most Economically Advantageous Tender. An evaluation process that combines price and aspects of quality to determine a best overall value tender.
<b>Modern Slavery Act 2015</b>	Legislation designed to combat modern slavery, a part of which places a responsibility on large businesses to examine and report on their supply chain.
<b>Originator</b>	Any staff member of the Group who has identified a need to purchase a good or service and/or is authorised to raise a requisition.
<b>Out of Scope Requirements</b>	Arrangements that are outside the scope of strategic or regulated procurement, such as developer-lead opportunities.
<b>PAS 91</b>	Standardised pre-qualification questionnaire developed by the British Standards Institute (BSI) to create a common minimum standard for construction procurement.
<b>Preferred Contractor</b>	Any approved contractor who has satisfied procurement selection criteria through a competitive process and offers the Group preferential terms such that they are designated 'Preferred' in the Procurement section of SOLIS.
<b>Principal Contractor</b>	A contractor who has overall control of a construction project involving more than one contractor and will be appointed by the client to manage and monitor health and safety during the project.
<b>Procurement</b>	Through the application of whole life cost principles, procurement is the process that delivers added value and economic benefits through the life of commercial relationships and is applicable to every step in the procurement cycle from product or service concept, through strategic sourcing, contract management and termination or disposal.
<b>Public Contract Regulations 2015 Thresholds</b>	The financial thresholds which govern whether contracts fall within the full scope of regulated procurement. Please refer to Group Procurement <a href="#">SOLIS</a> page for details of thresholds.
<b>Public Contract Regulations 2015</b>	<p>Current law that governs procurement in the United Kingdom (note that Scotland have their own version that should be consulted where required).</p> <p>The Regulations ensure that the following fundamental principles of procurement are observed:</p> <ul style="list-style-type: none"> <li>• Equality of treatment;</li> <li>• Transparency (of procurement process);</li> <li>• Mutual recognition; and</li> <li>• Proportionality.</li> </ul>

<b>Safety Schemes in Procurement (SSIP)</b>	Safety Schemes in Procurement. An 'umbrella' body for health and safety accreditations that standardises the core elements of the many different schemes with a view to reducing duplication and exclusion from tender opportunities.
<b>Social Value</b>	The Public Services (Social Value) Act 2012 requires contracting authorities to consider how what they are procuring might improve the economic, social and environmental wellbeing of communities. For example, through the development of employment programmes or by providing environmental benefits.
<b>Works</b>	<p>Either 'the construction' or 'design and construction' of the whole or part of a building or civil engineering works which includes new build, refurbishment, repair, maintenance and enabling works.</p> <p>The definition excludes the repair and maintenance of mechanical and electrical installations (e.g. air conditioning), the installation or removal of specialist services components, for example asbestos (if undertaken as a self-contained project) and prefabricated buildings.</p> <p>For a full definition of Works contracts please refer to the <a href="#">Public Contract Regulations 2015</a>.</p>

## Detailed Procedures

### 1. Scope

1.1 This procedure covers all aspects of construction, major and minor works carried out by the Group, typically including:

- Development works - building of new residential, care, extra care and any other new build works associated with the activities of the Group.
- Reinvestment or remodeling works to existing assets.
- Any complimentary consultancy services key to delivering works.

1.2 A working group of key business representatives (Cradle to Grave group) will meet regularly and review the ongoing procurement pipeline covering construction, major works, re-investment, and remodeling projects, together with their associated professional consultancy requirements. The plan will be reviewed with Group Procurement and a Procurement Plan (pipeline) will be agreed and will identify:

- aggregated requirements;
- allowable disaggregation of requirements;
- compliant procurement routes for above and below Public Contract Regulations thresholds; and
- requirements for out of scope of standard procurement processes (see section 2)

### 2. Requirements out of scope of procurement processes

2.1 Requirements will occasionally fall out of scope of standard procurement processes and may require to be negotiated or benchmarked to demonstrate value for money. These may include Section 106 opportunities, land ownership, or previous history of the site (for example where the contractor owns the site, the works are part of a package deal with a contractor already identified), and other special circumstances which preclude the competitive tendering process.

2.2 All activity undertaken due to such out of scope circumstances will be authorised by the Chief Financial Officer through the approval of a business case, which will include reference to compliance with regulations and supply chain value for money.

2.3 In all cases of a negotiated contract, the approval of the Chief Financial Officer must be obtained prior to the contract being signed in accordance with Section 6 (Contracts) below.

### 3. Procurement Routes - Regulated Procurement

3.1 Existing approved arrangements including frameworks for works and services must be considered for all in scope procurement where compliance with Public Contract Regulations 2015 is required. Details of all such frameworks and how to access them can be found here (Procurement SharePoint) or by contacting Group Procurement.



- 3.2 Examples of such frameworks include ConstructDPS ([ConstructDPS - Source, Engage and Build with confidence](#)), the scope of which includes construction trades and general building contractors for specific subcontract packages and reinvestment, refurbishment and remodeling works.
- 3.3 Where the terms of the framework allow the originator to undertake call-offs, due regard must be given to the specific rules and procedures that apply to that framework. Group Procurement should be consulted if there is any doubt.
- 3.4 Where requirements sit outside of Group frameworks, the following alternative routes are available:
- alternative external frameworks provided these meet the specific needs of the Group; or
  - a stand-alone compliant tender process.
- 3.5 Where routes outlined in 3.4 are proposed, the originator must ensure that this requirement is planned in accordance with 1.2 above, to ensure necessary Group Procurement resources are available to support the project.

#### 4. Procurement Routes - Non-Regulated Procurement

- 4.1 Projects below Public Contract Regulations Thresholds may be led by Designated Officers, supported by Group Procurement.
- 4.2 Below threshold projects should be procured using the following routes (in order of decision precedence):
- Existing frameworks such as ConstructDPS, where the scope of the framework includes the delivery of both above and below threshold procurements;
  - The use of LSC portal to source suitable contractors from the wider supply chain that meet PAS 91 requirements and also requirements of this procedure (for example SSIP and Insurances) provided that a sufficient number of suppliers can be sourced in line with 4.3 below;
  - Compiling a tender list using alternative sources such as Constructionline or local knowledge and administering a tender through Group Procurement's e-procurement tool, or by using an approved third-party consultant, provided that a sufficient number of suppliers can be sourced in line with 4.3 below.
  - Quotations below £10,000 or for Emergency Works (see 5.1) may be obtained by email or electronic equivalent (for example approved file sharing application), however full details must be retained with the purchase order.
- 4.3 Where tender lists are compiled outside of established frameworks or sourcing portals outlined in 4.2, the following shall apply:
- **£0 - £10,000** - a minimum of three quotations or formal tenders.
  - **£10,000 - £250,000** - a minimum of four formal tenders.
  - **Above £250,000** up to regulated procurement threshold for Works contracts - a minimum of six formal tenders.

- 4.4 Note that service contracts have a lower regulated procurement threshold, so where there is doubt as to the classification, Group Procurement should be consulted.
- 4.5 Where it is not possible to obtain the requisite number of quotations or tenders, Director approval must be obtained giving the reasons why.
- 4.6 Where the requisite number of quotations or tenders have been sought, but not all suppliers have returned quotations or tenders, the Designated Officer may accept the lowest provided it is deemed to represent value for money.
- 4.7 All tenders must be returned and opened formally in accordance with current procedural requirements using either LSC portal or the Group's e-sourcing tool.

## 5. Emergency Works

- 5.1 Works or services required up to the following values, where there is no strategic direct award (or equivalent) procurement solution in place and where there is a genuine emergency need, may be carried out by obtaining a single quotation. Director approval must be obtained, and the Designated Officer must confirm that the quotation provides value for money:

- Works        **£100,000**
- Services     **£20,000**

## 6. Building Safety Considerations

- 6.1 Work to any buildings and particularly those over 18 meters or 7 storeys must be carried out with due regard to relevant Building Regulations and appropriate competency checks on appointed contractors or consultants.

## 7. Insurances

- 7.1 Public Liability Insurance – the minimum acceptable level of public liability insurance required by any contractor carrying out works is **£5,000,000** for each and every claim and specifically covers the works being carried out and does not include any relevant exclusions. The originator must carry out a risk assessment of the works to determine if a higher level of cover is required, and if so, specify the required amount as a condition of the tender exercise (such as works involving heat, electrical works, roofing).
- 7.2 Professional Indemnity Insurance – where there is design responsibility or advice or expertise obtained as part of the procurement, **£5,000,000** insurance cover for each and every claim is required. The Designated Officer should consider whether run-off cover for professional indemnity insurance is required and ensure it is retained for the agreed duration.

- 7.3 Where the specified level of cover is not available, or a risk assessment determines a lower level to 7.1 and 7.2 is acceptable, Director approval must be obtained and retained with the project file or purchase order. However, the value of insurance cover must not be below the minimum required by Sanctuary to maintain insurance cover (£2,000,000 for Public Liability and £5,000,000 for Professional Indemnity).
- 7.4 Designated Officers should consider each contract separately in order to identify whether other forms of insurance would be essential or desirable (i.e. professional indemnity, all risks). Similarly, the Designated Officer should also consider if supplementary collateral warranties or indemnity covers would apply to appointments.
- 7.5 Designated Officers should also pay due regard to contract works insurance requirements, and where applicable notify the Insurance Team in accordance with guidance on Solis [here](#).
- 7.6 When compiling bidder lists for non-regulated below threshold tenders, evidence of suitable insurance cover must be obtained prior to the award of a contract and retained for a period of three years.

## **8. Health and Safety**

- 8.1 The following is required in respect of Health and Safety:
- £0 - £50,000 - either a valid Safety Schemes in Procurement (SSIP) accreditation, or an assessment of Health and Safety policy and procedure carried out by the Health and Safety Team as part of the new supplier set up process;
  - Above £50,000 - a valid SSIP accreditation.

## **9. Home Ownership and Leasehold Consultation Considerations**

- 9.1 Due regard must be taken of Section 20 of the Landlord and Tenant Act 1985 whereby leaseholders and shared owners must be consulted of any major works potentially affecting their property and consequential service charge.
- 9.2 Qualifying long-term agreements (frameworks or long-term maintenance/installation contracts for example) must consider the impact of Section 20 consultation and their relevant stages and statutory timescales during the procurement process to ensure the process is completed prior to entering into contract. Small value one off property tenders may also have Section 20 implications, therefore for all activity Group Procurement and Home Ownership teams should be consulted to ensure the requisite process is carried out.
- 9.3 Where the Section 20 process allows the nomination of contractors, they must meet Sanctuary's minimum standard requirements for insurance (Section 7) and health and safety (Section 8).

## **10. Modern Slavery**

10.1 Construction procurement exercises should always consider how the principles of the Modern Slavery Act 2015 can be addressed. Group Procurement will ensure that these requirements are addressed where required.

## **11. Social value**

11.1 The Group's strategies for Environment and Community Investment require that Social Value is suitably considered for all procurements, and all associated opportunities are maximised.

11.2 Sanctuary's intention is to develop a framework for delivering Social Value across all procurement activity alongside external partners. Designated Officers should engage with Group Procurement or their nominated Social Value champion prior to scoping a tender exercise or calling off a framework contract to ensure any Social Value outcomes are maximised and built into the contracted deliverables.

## **12. Tender evaluation considerations**

12.1 Where new contracts and procurement processes are proposed, Designated Officers should give due regard to how tenders are to be evaluated and should engage with Group Procurement at the earliest opportunity to develop a compliant process. Public Contract Regulations 2015 and associated procurement rules have specific requirements as to how above threshold (regulated) tenders are to be evaluated, and principles of equal treatment and transparency apply to below threshold (non-regulated) tenders. It is therefore a requirement that the proposed evaluation methodology is appropriate and disclosed fully in the tender documentation.

12.2 When considering the most appropriate means of evaluation, Designated Officers should consider the following two options:

- Most Economically Advantageous Tender (MEAT).
- Price Only.

12.3 Price only is most appropriate if tendering against a fully developed specification, where service or project delivery considerations are not to form part of the bid proposal process. For high value construction projects where elements of design, project delivery and build quality are of great importance, the Designated Officer should consider a MEAT evaluation and include a structured assessment of quality.

12.4 Where a contract is estimated to cost £50,000 or more and is based on a bill of quantities or employer's requirements, the tender shall be referred to a designated Competent Officer for report, before a decision is reached on acceptance of the tender.

- 12.5 A Director shall approve the lowest price-only tender or highest scoring MEAT submission on the Group's behalf, provided that:
- it represents good value for money and overall best value;
  - the tenderer has been selected in accordance with these procedures;
  - there is an approved budget/funding commitment for the work;
  - the tender does not exceed the approved budget/funding commitment; and
  - recommendation for acceptance has been made by appropriately experienced and/or qualified officers, or external consultants where applicable (as per 12.4).
- 12.6 Once a Director has approved the tender the contract can be signed.
- 12.7 If a Director wishes to accept a tender other than the lowest tender, he/she must obtain the prior approval of the Chief Financial Officer. The Director shall ensure that a tender report setting out the business case for such a decision is prepared and approved accordingly.
- 13. Contracts**
- 13.1 Staff should be aware that even a verbal agreement may be contractually binding and must be wary of inadvertently committing the Group to a financial obligation. If in any doubt, staff should always seek advice by contacting Group Procurement or Legal Services.
- 13.2 Every works order, purchase order, contract, or other agreement must be in writing and authorised in accordance with Group Financial Regulations and Group Standing Orders. Construction contracts should be executed on the appropriate form of contract (e.g. JCT, NEC etc.), Group Procurement or Legal Services can provide advice as to which form of contract is most suitable and advise on the availability of standard Sanctuary amendments that would apply.
- 13.3 Every written contract or agreement shall be on a form of contract approved for use by Group Procurement, having been authorised by Legal Services. Amendments to standard form contracts and approvals for contracting on any other terms may only be granted by Group Procurement or Chief Financial Officer.
- 13.4 Any contract for the execution of works or services which exceeds £50,000 in value shall have considered the provision of liquidated damages or service credits to apply in the case of failure to meet key timescales or service levels.
- 13.5 Where an appropriate British Standard specification or British Code of Practice issued by the British Standards Institute is current at the date of the tender, and relevant to the contract in question, every contract shall require that the goods and materials used or supplied, and all workmanship shall be accordance with that Standard.
- 13.6 All building contracts, irrespective of their value, must be executed under seal and in accordance with the Group's Standing Orders, [click here to access](#).

- 13.7 The method of calculating the value of any contract shall incorporate the full annual cost multiplied by the number of years of the life of the contract or agreement. The contract value for the purposes of considering Public Contract Regulations thresholds must include VAT (note, this requirement applies post-Brexit due to obligations under the World Trade Organisation's Agreement on Government Procurement).
- 13.8 Where a contract is executed under seal the appointment of consultants to the contract shall also be under seal. In all other cases, the appointment of consultants may be under hand.

#### **14. Preferred Contractor arrangements and frameworks**

- 14.1 A list of Preferred Contractors who have satisfied Group Procurement selection criteria and who have agreed preferential terms following a competitive, strategic sourcing process is available in the Procurement - Search for goods, services and suppliers (Construction, Repairs and Maintenance) section of [Solis](#).
- 14.2 The Preferred Contractor list is organised by spend category. If staff experience any difficulty in identifying a source of supply, they should contact a member of [Group Procurement](#) before raising a request for a new Contractor.
- 14.3 Where staff believe they have a purchasing need that can only be provided by a new Contractor then they must follow the 'New Supplier Process' which can be found in the Procurement section of [SOLIS](#).
- 14.4 Purchase orders must not be placed until a new Contractor has been approved by Group Procurement and the standard form contract, or alternative terms approved by Group Procurement, have been signed and/or sealed.
- 14.5 Group Frameworks can be accessed directly by Designated Officers, but other third-party frameworks must first be discussed with Group Procurement to ensure compliant procedures are adhered to.
- 14.6 Where it is agreed at the monthly reviews that external consultants can be engaged to scope and procure contracts on behalf of the Group, they must be provided with details of all available approved contracts and frameworks and instructed that these are the primary sources of contractors.

#### **15. Purchase orders**

- 15.1 Purchase orders must be appropriately approved before contractors are instructed. Approval must be obtained in accordance with Appendix 2 of [Financial Regulations](#).
- 15.2 Purchase orders must detail accurate costing data in sterling, exclusive of Value Added Tax (VAT) but inclusive of all other applicable charges.

15.3 Upon issue of a certificate recommending payment to a contractor, the designated Contract Administrator (or equivalent) is required to complete a service confirmation, this not only identifies that works have been completed but also allows the subsequent payment certificate to be matched and paid efficiently. Failure to complete a timely confirmation may result in delayed payment to the contractor, failure to pay in accordance with the contract, and consequential charges to the Group.

## **16. Plant or Equipment leasing agreements**

16.1 All proposals for new (or renewal of) equipment lease or other long term financial agreements associated with construction and major works must be approved and authorised by the Chief Financial Officer, after consultation with a member of Group Procurement.