



Title: Procurement - Group Procedure

Business Function: All Functions across Sanctuary Group

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Authorised by: Group Finance Director

Sanctuary Group:
Sanctuary Group is a trading name of Sanctuary Housing Association,
an exempt charity, and all of its subsidiaries.

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General Information

1. Objective of this procedure

- 1.1 Sanctuary Group (the Group) is required to comply with the Public Contracts Regulations (PCR) when conducting procurement activity. A number of obligations must be fulfilled in tendering which are dependent on the type and scale of procurement activity, a summary is available on [SOLIS](#), or for detailed guidance contact a member of Group Procurement.
- 1.2 Even when a tender process is not subject to PCR then the principles of equality of treatment, transparency, mutual recognition and proportionality must be applied. 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.
- 1.4 All Designated 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;
 - to 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 spend money on third party goods and/or services within the limits of their delegated authority;
 - to provide guidance to staff when contemplating quotations, tenders or contracts for goods, services and day to day responsive maintenance, where no single Preferred Supplier arrangements are in place;
 - to maximise the potential for delivering value for money and compliance through collaboration in procurement activity across the Group; and
 - to raise awareness of the Group's obligations in relation to ethical and governance requirements, including such considerations in the supply chain as 'modern slavery', equality and diversity, cyber security and conflicts of interest.
- 1.6 As such, failure to adhere to this procedure may result in disciplinary action.
- 1.7 This procedure covers the purchase of all goods and services, including the use of One Time Payments and Government Procurement Cards (GPC), other than those detailed in paragraphs 1.8 and 1.9.
- 1.8 This procedure does not cover the procurement of construction and major works within Development and Assets which are treated separately in the [Construction and Major Work's Procurement - Group Procedure](#).

- 1.9 This procedure does not cover procurement of Day to Day Responsive Maintenance undertaken by Sanctuary Maintenance and supported by contractor frameworks, where individual repairs are ordered using the National Housing Federation (NHF) form of contract and schedule of rates.

2. Legislative/Regulatory context

- [September 2004 Office of the Deputy Prime Minister announcement confirming RSL's as 'bodies governed by public law'](#)
- [Public Contracts Regulations 2015 \(England\)](#)
- [Public Contracts Scotland Regulations 2016](#)
- [Corporate Manslaughter and Corporate Homicide Act 2007](#)
- [General Data Protection Regulation \(GDPR\) EU General Data Protection Regulations 2018](#)
- [Health and Safety at Work Act 1974](#)
- [Sale and Supply of Goods Act 1994 - replaced by Consumer Rights Act 2015](#)
- [Transfer of Undertaking \(Protection of Employment\) 2014 Regulations \(TUPE\)](#)
- [Corporate Social Responsibility - including the Environment, Human Rights and Ethical Trading, Equality and Diversity, Sustainability and other social, environmental and economic issues](#)
- [Modern Slavery Act 2015](#)
- [Freedom of Information \(Scotland\) Act 2002](#)
- [Environmental Information \(Scotland\) Regulations 2004](#)
- [Company Credit Card and Government Procurement Card \(GPC\) - Group Policy](#)
- [Data Protection - Group Policy and Procedure Group Financial Regulations \(England\)](#)
- [Financial Regulations \(Scotland\)](#)
- [Procurement - Group Policy.](#)

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 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 Corporate Social Responsibility agenda; and
- providing advice to staff members.

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

4.1 December 2019 - this procedure has been amended to reflect legislation changes. Key changes include:

- reference to the Freedom of Information (Scotland) Act 2002 and Environmental Information (Scotland) Regulations 2002;
- removal of reference to the EU Procurement Directives and replace it with Public Contracts Regulations which have been enacted into UK legislation Section 4 Clarification of the use of Suppliers/Contractors for private use;
- Section 13 The appointment of contractors must be through approved agencies and compliant with the rules of IR35; and
- Section 13 Clarification of consultancy activity needing approval by the Group Chief Executive.

4.2 April 2018 - formal review, this procedure has been amended following a review by internal audit and feedback from internal stakeholders. Key changes include:

- Clarification of procurement processes for expenditure values below £10,000.
- Section 4 Use of Suppliers/Contractors for Private Use added to reinforce the section in the staff handbook.
- Section 12 Employment of Contractors and Consultants transferred to this procedure from the now obsolete HR Hiring Consultants and Contractors - Group Policy and Procedure.
- **Appendix 1** - Procurement Route Planner added.

5. Definitions

5.1 The following definitions support the reader's understanding of this procedure:

<i>Anticipated Annual Spend</i>	The expected expenditure on the goods, services or works to be provided over a year.
<i>Approved Supplier</i>	A commercial organisation which has satisfied the minimum procurement criteria as defined by Group Procurement, in the new supplier process and terms and conditions.
<i>Contractor</i>	A person employed in a professional capacity to work under guidance and on the Group's premises, who is paid through an approved employment agency.
<i>Consultant</i>	A person engaged through a third-party business, to provide a piece of professional advice.
<i>Day to Day Responsive Maintenance</i>	Responsive day-to-day repairs and maintenance work including Emergency Work, Void Property Works and Package Works.

<i>Declaration of Interest</i>	Any personal interest which may reasonably be deemed by others to impinge in any matter relevant to any purchasing activity must be declared to the Group Head of Procurement before conducting any business with a supplier. This is in addition to the requirements for a Declaration of Interest as laid out in the Group Staff Handbook.
<i>Designated Officer (DO)</i>	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.
<i>Procurement Thresholds</i>	The Procurement Thresholds set out in PCR (2015) and PCSR (2016) can be found on SOLIS .
<i>Free Text</i>	A SAP process to create a shopping cart whereby the end-user enters the goods/service required together with the price and an appropriate supplier.
<i>Goods</i>	Goods shall be understood to mean products supplied and used or consumed in the performance of work duties.
<i>Group Procurement</i>	The 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 and services.
<i>Government Procurement Card (GPC)</i>	The Group's preferred payment method for one off, low value orders below £500 that cannot be obtained through OneSanctuary. See GPC Group Policy for preferred use and excluded types of spend.
<i>ITT</i>	Invitation to Tender; a structured, formal procurement processes to obtain best commercial terms whilst minimising risk to the business.
<i>Management Consultant</i>	A person engaged through a third-party business, to provide a piece of professional advice concerning business change.
<i>Mini Competition Maintenance</i>	The process whereby a pricing exercise is undertaken against a pre-determined set of suppliers on an existing framework.
<i>OneSanctuary</i>	The Group's ERP system including procurement modules for third party purchases.
<i>Originator</i>	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 in OneSanctuary.
<i>Preferred Supplier</i>	Any Supplier who has satisfied the procurement selection criteria through a competitive strategic sourcing process and offers the Group preferential terms such that they are designated 'Preferred' in the Procurement section of SOLIS .

Procurement	The act of obtaining something, whether tangible or intangible, such as a product or service or works.
Public Contracts Regulations (PCR)	The legislation that governs how public procurement is undertaken in England and Scotland.
Purchasing	The transactional act of buying goods, services, utilities or works via electronic or manual systems.
Quotation	Structured but informal requests usually for price, availability and delivery terms.
RFP	Request for Proposal; a structured, formal Group Procurement led process to obtain best commercial terms whilst minimising risk to the business.
RFQ	Request for Quotation; a structured, formal Group Procurement led process to obtain best commercial terms whilst minimising risk to the business.
Services	Services shall be understood to mean the provision of third party labour in the performance of a utility.
Strategic Sourcing	A comprehensive, cross functional and fact based approach to applying the optimal sourcing approaches across a category of spend.

Detailed Procedures

1. Product or service concept

1.1 Before a need to procure a product or service is confirmed, staff must first consider the following two questions:

- 'Have I exhausted all 'no cost' alternatives?'
 - someone in the organisation may already have stock of this or a similar product, or maybe the service can be delivered by our own staff.
- 'Are there sound business reasons for spending money?'
 - the benefit of the product or service must be justified.

2. OneSanctuary

2.1 The Group suppliers available for purchasing can be located via the OneSanctuary system. If you do not have access to OneSanctuary you can request it using the [Procurement Access Request](#).

2.2 Within OneSanctuary, you can search the catalogues for a supplier or the goods or services you require. If you cannot find what you require in the catalogues you can use the Free Text shopping cart facility after referring to sections 3, 4, 5, and 6 below.

3. Preferred and approved supplier arrangements

- 3.1 There is a searchable directory of Suppliers who have satisfied Group Procurement selection criteria in relation to Public Contracts Regulations, national legislation and/or Group policy. Where agreed terms following a competitive, strategic sourcing process have been established.
- 3.2 Search by supplier name or the goods or service you desire, search facilities are available in the Group Procurement section of [SOLIS](#). If staff experiences any difficulty in identifying a source of supply, they should contact a member of Group Procurement before raising a request for a new supplier.
- 3.3 Where staff believe they have a purchasing need that can only be provided by a new supplier then they must follow the 'New Supplier Process' which can be found in the Group Procurement section of [SOLIS](#).
- 3.4 Purchase orders must not be placed until a new supplier has been created on OneSanctuary.
- 3.5 Group Procurement will retain electronically signed copies of all Preferred Supplier contracts.

4. Use of suppliers/contractors for private use

- 4.1 In line with the National Federation Code of Contract 2012, our suppliers, contractors, consultants or other organisations should not be used for private purposes using the Groups terms. Where this is unavoidable, you must not receive a favourable service resulting from your connection with the association. Please contact Group Procurement through your line manager, to discuss any potential conflicts and request relevant permission. The request will be recorded in a register held by the Governance and Company Secretarial team.
- 4.2 If the request is approved and you do use the supplier or contractor for personal services, you must:
 - keep your personal decisions to use them separate from ours; and
 - not treat them favourably or allow them to treat us or yourself favourably

5. When to involve Group Procurement?

- 5.1 Staff should involve Group Procurement as early in the process as possible, and certainly before contacting new suppliers with whom they intend to spend over £100,000. If in doubt regarding ANY supplier related issue, advice should be sought from Group Procurement.
- 5.2 Group Procurement will work in collaboration with business areas to understand the needs of the business and deliver auditable processes using a variety of tools to minimise risk and maximise benefits to the Group.

5.3 The Procurement Route Planner in **Appendix 1** illustrates the authority limits as set out in the Group's financial regulations and does not replace the need to obtain the required authorisation for expenditure.

Anticipated Spend in a business area	Activity	Who carries out the activity?
Applicable to all expenditure values	<ul style="list-style-type: none"> Define detailed specification Check SOLIS for Preferred Supplier arrangements. Follow guidelines for how to buy Where catalogues or flexible forms are available (Preferred or Approved suppliers) they should be used. See Appendix 1 for Procurement Route Planner. 	Originator / DO
£0-£9,999	<ul style="list-style-type: none"> As above, then: If there is a suitable Approved supplier on OneSanctuary a 'Free Text' 'shopping cart' should be raised. (raise New Supplier request only if necessary - via the New Supplier process). If no supplier, seek to pay using the Government Procurement Card for small values up to £500, where a supplier is not set up on OneSanctuary. If card payment is not accepted and the supplier is not on OneSanctuary and it is a one-off payment, then a One Time Payment form should be raised. 	Originator / DO
£10,000 - £49,999	<p>As above where agreed price available.</p> <p>Where a framework agreement exists, undertake a 'mini competition' against an existing framework. Contact Group Procurement for guidance</p> <p>IF NO PREFERRED SUPPLIERS IN PLACE:</p> <ul style="list-style-type: none"> RFQ/ITT and agreed contract terms may be required. Ideally three quotations should be obtained Quotations should be attached to the relevant shopping cart. Contract authorised in accordance with Group procedures. 	Originator / DO DO with Group Procurement DO
£50k - £PCR threshold	<p>As general above</p> <p>Where a framework agreement exists, undertake a 'mini competition' against the framework. Contact Group Procurement for guidance.</p> <p>Where a new tender is to be undertaken:</p> <ul style="list-style-type: none"> Raise a Procurement Initiation Document (PID) and obtain authorisation from the relevant budget holder. RFP/ITT and agreed contract terms will be required, sourcing carried out by cross functional team. Contract authorised in accordance with Group procedures. 	DO with Group Procurement Group Procurement DO with Group Procurement input DO

Anticipated Spend in a business area	Activity	Who carries out the activity?
Emergency expenditure	In the case of emergencies, the tender process can be circumvented if authorised by the Group Chief Executive or the Group Finance Director	
£ PCR Threshold and above	<ul style="list-style-type: none"> • Define detailed specification • Consider whether Group Executive report is required and obtain budget holder support • ITT and agreed contract terms will be required, sourcing carried out by cross functional team following the PCR. • Contract authorised in accordance with Group procedures. 	DO/Group Procurement Group Procurement/DO Group Procurement with business input Group Procurement

*See **Appendix 1** for the Procurement Route Planner

6. Quotations

- 6.1 Where an approved supplier is used for purchases up to £9,999 and no agreed pricing exists, ideally at least one quotation is obtained by the DO.
- 6.2 Quotation(s) should be attached to the shopping cart in OneSanctuary as support in the event of any future dispute and for future audit purposes. The specification, the name of the company submitting the quotation, and the price quoted should all be recorded and retained.

7. Requests for Quotation (RFQ)

- 7.1 Group Procurement should be notified in advance of any RFQ from £10,000 and below £49,999, to allow sourcing advice to be given and any activity outside of Group Procurement to be agreed.
- 7.2 For the supply of Goods and/or Services with an estimated annual value from £10,000 and below £49,999 RFQ's should be issued by DO.
- 7.3 Responsibilities and actions for retaining documents are as section four above.

8. Request for Proposal (RFP)/Invitation to Tender (ITT)/Mini Competition

- 8.1 For the supply of goods and/or services with an estimated annual value from £50,000 RFPs or ITTs will be issued by the DO.
- 8.2 Where the anticipated expenditure is close to or over the PCR threshold, Group Procurement **MUST** be informed as early as possible to review the requirement to ensure that a PCR compliant process is undertaken and to achieve value for money.

- 8.3 Where an existing framework agreement exists, the DO should undertake a mini competition in accordance with the framework. Group Procurements advice should be sought prior to starting the process

9. Contracts

- 9.1 Staff should be aware that 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.
- 9.2 Every purchase order, contract or other agreement must be in writing and authorised in accordance with Group Financial Regulations unless purchased using the Government Procurement Card.
- 9.3 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 approval to contract on any other terms may only be granted by Group Procurement or Group Executive.

10. OneSanctuary Purchase Orders

- 10.1 Purchase orders must be appropriately approved BEFORE suppliers are instructed.
- 10.2 Purchase orders must detail accurate costing data in sterling, exclusive of Value Added Tax (VAT) but inclusive of all other applicable charges which may include delivery, packaging and import duties.
- 10.3 Upon receipt of the goods or performance of the services the Originator is required to complete a 'confirmation' through OneSanctuary - this not only identifies that goods or services have been received but also allows the subsequent invoice to be matched and paid efficiently. Failure to complete a confirmation may result in delayed payment to the supplier which can result in charges to the Group.
- 10.4 The Group's default payment terms are 30 days from receipt of a valid and undisputed invoice subject to delivery of the goods or completion of performance of the services. The default position can only be amended with the approval of the Group Financial Director or Director – Financial Services.
- 10.5 From April 2018, the Group has a legal commitment to publish its, paid on time statistics.

11. Government Procurement Card (GPC)

- 11.1 The GPC is the Group's preferred method of payment for all low value, one-off purchases below £500 which cannot be satisfied from OneSanctuary Catalogues or Preferred Suppliers following quotation and duly raised and authorised OneSanctuary purchase orders.

11.2 Preferred Suppliers must be the supply route of first choice and there are strict rules for the use of the [GPC](#).

12. Equipment Leasing or Rental Agreements

12.1 All proposals for new (or renewal of) equipment lease and rental agreements must be approved and authorised by the Group Finance Director after consultation with a member of Group Procurement. Copies of all lease or rental agreements will be retained by Assets.

13. Use of Contractors or Consultants

13.1 Before appointing a contractor or a consultant, the appointing manager must be satisfied that the needs of the business cannot be met through direct or temporary recruitment routes. A contractor or consultant should only be appointed when all other alternatives have been considered and deemed to be unsuitable for the project/role in question.

13.2 Prior to a contractor or consultant being engaged the procurement process must comply with this procedure.

13.3 Contractor

13.3.1 Prior to any selection process being undertaken for a contractor a written justification must be presented to the relevant Director who approves or rejects the request. The justification must include the following information:

- Why the contractor is required.
- How long they will be working for the Group.
- The scope of the project on which they will be working.
- The cost and benefits to the Group.
- Confirmation that all other alternatives have been considered.

13.3.2 All contractors must be engaged via an approved route to ensure compliance with IR35.

13.4 Specialist Consultant to provide support to an approved project

13.4.1 The selection of a specialist consultant should be undertaken as per Appendix 1 and approved through normal procurement channels.

13.5 Management Consultant for business change

13.5.1 Prior to selecting a management consultant to undertake management change activities, a written justification must be presented to the Group Chief Executive for approval, supported by the Group Director - Corporate Services. The justification must include the following information:

- Why the management consultant is required.
- How long they will be working for the Group.
- The scope of the project they will be working on.

- The cost and benefits to the Group.
- Confirmation that all other alternatives have been considered.

13.5.2 Potential service providers must demonstrate their financial, commercial and technical capability to fully meet the contractual requirements. The Group will use past performance and experience with reference to contracts of a similar nature, both with the Group and other organisations when considering the consultants suitability.

13.6 Any role fulfilled by a contractor or consultant must meet minimum requirements of the role (such as criminal records check - DBS) and comply with the processes detailed in the [Recruitment and Selection - Group Policy and Procedure](#).

13.7 Insurance

13.7.1 Contractors and consultants are responsible for confirming that they hold appropriate levels of public liability and professional indemnity insurances as appropriate for the type of work being undertaken. Copies must be provided to the recruiting manager prior to the commencement of the work who must forward to Group Procurement with the 'new supplier' form.

13.8 Purchase orders must be raised to cover all work undertaken and approved prior to the contractor or consultant's commencement of work.

13.9 All contractors and consultants working on site or accessing the Group systems must comply with all relevant Group procedures, including but not limited to:

- Induction
- Site protocols
- Access to IS systems
- Health and Safety
- Driver
- Confidentiality
- Data protection.

13.10 Where a contractor or consultant incurs expenses for approved business they will be paid at the standard Group rate.

14. Governance

14.1 The legislation and governmental guidance in the areas listed below affects the Group's supply chain.

- Modern slavery
- Equality and diversity
- Cyber security
- General Data Protection Regulations (GDPR)
- Conflict of interest
- Business continuity
- Sustainable Procurement.