

LONDON BOROUGH OF CROYDON

REPORT:	CABINET
DATE OF DECISION	30th October 2024
REPORT TITLE:	PROCUREMENT PIPELINE
CORPORATE DIRECTOR / DIRECTOR:	JANE WEST, CORPORATE DIRECTOR OF RESOURCES
LEAD OFFICER:	SCOTT FUNNELL, HEAD OF STRATEGIC PROCUREMENT AND GOVERNANCE <u>scott.funnell@croydon.gov.uk</u>
LEAD MEMBER:	CLLR CUMMINGS, CABINET MEMBER FOR FINANCE
KEY DECISION?	No
CONTAINS EXEMPT INFORMATION?	No
WARDS AFFECTED:	N/A

1 SUMMARY OF REPORT

- 1.1 This paper provides information on the Council's 18-month Procurement Pipeline which enhances strategic planning, improves resource allocation, and streamlines procurement processes. The implementation of a procurement pipeline aligns with the Council's commitment to fiscal responsibility, efficiency, and transparency.
- 1.2 This report sets out the current Procurement Pipeline for the 18-month period following 1st October 2024 and contains a list of all planned procurements, permitted extensions and contract variations for contracts that have a total value that exceed the threshold established within the Agreement on Government Procurement (GPA) of £179,087 (ex-VAT).

2 RECOMMENDATIONS

For the reasons set out in the report and its appendices, Cabinet is recommended:

- 2.1 to note the 18-month Procurement Pipeline (as set out in Appendix A), planned Contract Extensions (as set out in Appendix B) and planned Contract Variations (as set out in Appendix C).

2.2 to note that decisions in relation to these contracts are now delegated in line with the Executive Mayor's Scheme of Delegation and the Tender and Contracts Regulations 2024.

3 REASONS FOR RECOMMENDATIONS

3.1 An 18-month Procurement Pipeline provides transparency for forthcoming tender opportunities and the decisions that will be taken in relation to Council contracts.

3.2 Effective management of a Procurement Pipeline provides the following benefits:

- **Budget Forecasting:** Supports accurate budget forecasting by providing insights into future procurement requirements and associated costs.
- **Compliance and Governance:** Assists in ensuring compliance with regulations and organisational policies, enhancing transparency and accountability.
- **Contract Savings:** Supports a programme of contract savings by identifying break points in contracts to assess whether they are still needed, whether joint procurements can be pursued, or if duplication of contracts are in place.
- **Cost Control:** Helps control costs through early identification of procurement needs and efficient budget management.
- **Efficient Resource Allocation:** Enables better allocation of resources by forecasting procurement needs and ensuring timely availability of necessary resources.
- **Faster Decision-Making:** Enables quicker decision-making by having a clear overview of upcoming procurement needs.
- **Improved Planning:** Allows for strategic planning of procurement activities, helping to align purchasing with overall business goals.
- **Performance Monitoring:** Allows for the monitoring and evaluation of procurement performance, enabling the identification of areas for improvement.
- **Risk Management:** Provides an opportunity to identify and address potential risks in the procurement process, minimising the impact of unforeseen events.
- **Strategic Alignment:** Helps align procurement activities with the overall organisational strategy, allowing procurement decisions to contribute to broader business objectives.
- **Streamlined Processes:** Facilitates the creation of standardised procurement processes, reducing complexity and promoting consistency across various procurement activities.
- **Supplier Relationship Management:** Allows for better management of relationships with suppliers and early identification of procurements for the market to allow sufficient time to prepare bids.
- **Voluntary, Community and Faith Sector (VCFS) engagement:** Enhances transparency and accountability in the procurement process for VCFS organisations, facilitating better planning and resource allocation. This will also enhance the VCFS's capacity for long-term sustainability and growth through predictable commissioning opportunities.

4 BACKGROUND AND DETAILS

- 4.1** Croydon Council operates in a dynamic environment characterised by evolving community needs, regulatory changes, and budgetary constraints. As a Local Authority responsible for delivering a wide range of services to residents, effective procurement plays a crucial role in achieving the Council's objectives while ensuring value for money and promoting transparency and accountability.
- 4.2** Over recent years, the council has faced significant challenges, including financial pressures, increasing demand for services, and the need to adapt to new legislative requirements. In response to these challenges, the Council has undertaken various initiatives to streamline processes, enhance efficiency, and improve service delivery.
- 4.3** In November 2022, Croydon Council introduced its first Procurement Plan for procurements planned for the remainder of the financial year. This was followed in March 2023 by a full year's Annual Procurement Plan, with quarterly updates thereafter to introduce new or amend existing entries onto the plan.
- 4.4** The Annual Procurement Plan process introduced delegations to Cabinet Members and Officers for procurement strategies and contract award decisions with a view to improving the efficiency of the governance process. These delegations have now been formalised as a standard approval process in the Tender and Contracts Regulations 2024 and the Executive Mayor's scheme of delegation, so the Procurement pipeline no longer seeks delegations for contract decisions which has further improved the efficiency of the process. Appendix D gives an overview of those formalised delegations.
- 4.5** With the benefit of learning gained through the Annual Procurement Plan process, the following improvements to the format have been implemented.
- The pipeline has been extended from 12 months to 18 months to provide a further strategic view of the Council's forthcoming contracts.
 - The quarterly updates to an annual plan have been replaced with a rolling 18-month pipeline on a six monthly basis.
 - The Pipeline value has been lowered from £500,000 down to the threshold established within the Agreement on Government Procurement (GPA) of £179,087 (ex-VAT) to increase transparency of lower value procurements.
 - The pipeline has been split into the following three sections to improve clarity of project type:
 - Procurement (either new procurement or re-procurements)
 - Contract extensions that are permitted under the PCR (Public Contract Regulation) 2015 regulations
 - Contract variations

- 4.6** It is important to note that procurement intentions are indicative and subject to change. For example, it may be the Council's intention to take up a permitted contract extension before the Council has agreed this with the incumbent provider, and subsequently the intention may change as this is a potential proposal only and always subject to any required consultation and relevant decision-making processes.
- 4.7** The Procurement Pipeline does not contain any risk analysis on individual projects. These, however, are considered within the individual reports for decision.
- 4.8** Entries on the Forward Plan, including all procurements, contract extensions and contract variations, have been included within all relevant service plans with a view to reducing the number of contract variations that may occur.
- 4.9** Croydon Council is committed to fostering a robust and inclusive procurement pipeline that actively engages the Voluntary, Community, and Faith Sector (VCFS). Recognising the vital role that VCFS organisations play in delivering essential services and supporting community well-being, the Council aims to ensure that procurement processes are accessible and transparent to the sector to leverage their unique insights and capabilities to address local needs effectively. This approach not only enhances service delivery but also promotes social value, sustainability, and community resilience. The Council will continue to work closely with VCFS partners to identify opportunities, streamline procurement procedures, and provide the necessary support to enable their active participation in the procurement pipeline.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1** The changes to the format are as a result of learning from what was a new process for the Council and are intended to improve the process and increase visibility and transparency of the Council's procurement plans. The alternative option would be to keep to the same format as in the previous year, but this would not achieve the benefits intended by the changes.

6 CONSULTATION

- 6.1** Services across the Council have been consulted to ensure the accuracy of the Procurement Pipeline updates. There is no requirement for external consultation as this is an internal process.

7. CONTRIBUTION TO EXECUTIVE MAYOR'S BUSINESS PLAN

- 7.1** The Executive Mayor's Business Plan sets out a requirement to review and manage Council contracts better. A proactive forward plan of procurements enables the Council to ensure that contracts are re-procured in a timely manner which is essential to managing a programme of activity, ensuring value for money and supporting the Council priority of balancing the books.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 Finance have been consulted. Any budget changes as a result of this report will be managed through the Council's budget setting processes.

8.1.2 The amendments to the Annual Procurement Plan set out in appendix A the list of contracts that total:

- for procurements £607,629,345 (89 projects)
- for permitted extensions £682,045,909 (25 projects)
- for contract variations £62,721,545 (11 projects)

8.1.3 The existing governance processes need to be complied with to provide assurance that value for money will be delivered from these procurements.

8.1.4 Comments approved by Lesley Shields, Interim Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. (06/09/2024)

8.2 LEGAL IMPLICATIONS

8.2.1 The recommendations in this report are to note. The Council's Tender and Contracts Regulations sets out delegations from the Executive Mayor to Cabinet Members and Officers in relation to contract and procurement decisions. Such decisions will need to comply with the Council's Tender and Contracts Regulations and the Public Contracts Regulations 2015, or other applicable procurement regulations (as relevant) including under the new Procurement Act 2023 (delayed go-live from October 2024 to February 2025).

8.2.2 Comments approved by the Head of Commercial, Housing and Litigation Law & Deputy Monitoring Officer on behalf of the Director of Legal Services and Monitoring Officer (23/08/24).

8.3 EQUALITIES IMPLICATIONS

8.3.1 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 of the Equality Act 2010. The Council must, in the performance of its functions, therefore, have due regard to:

- a. eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.3.2 When a service is contracted out both the contractor and the public authority that commissioned the service must give due regard to the three principles of the General Duty as set out above. Any supplier that is exercising public functions also has an obligation to fulfil the general duty.

- 8.3.3** The Equalities Strategy are provided to all bidders during the tendering stage of the procurement process. Social Value objectives also mirror the Council's commitments to equalities and diversity.
- 8.3.4** Where necessary, EQIAs will be completed for individual contracts during the procurement process, therefore no EQIA is required with this report.
- 8.3.5** Comment approved by Helen Reeves, Head of Strategy & Policy
Executive Mayor's Office, Civic Mayor's Office, Policy, Communities and Voluntary Sector, Equalities (6/9/2024).

OTHER IMPLICATIONS

8.4 HUMAN RESOURCES IMPLICATIONS

There are no immediate Human Resources implications arising from the content of this report. Should matters arise these will be managed under the Council's HR policies and procedures.

Approved by: Gillian Bevan, Head of HR Resources and Assistant Chief Executives Directorates on behalf of the Chief People Officer (21/8/2024).

9 APPENDICES

Appendix A – New & Re-Procurements

Appendix B – Extensions

Appendix C – Contract Variations

Appendix D – TCR delegations

10 BACKGROUND DOCUMENTS

N/A