

LONDON BOROUGH OF CROYDON

REPORT:	CABINET
DATE OF DECISION	27th March 2024
REPORT TITLE:	PROCUREMENT PIPELINE
CORPORATE DIRECTOR / DIRECTOR:	JANE WEST, CORPORATE DIRECTOR OF RESOURCES
LEAD OFFICER:	SCOTT FUNNELL, HEAD OF STRATEGIC PROCUREMENT AND GOVERNANCE Email: scott.funnell@croydon.gov.uk
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 recommends the approval of a structured Procurement Pipeline to enhance strategic planning, improve resource allocation, and streamline 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 April 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], the Executive Mayor in Cabinet is recommended:

- 2.1** to approve the 18-month Procurement Pipeline as set out in Appendix A.

- 2.2** to approve the delegated decisions over £500,000 in value within the Procurement Pipeline to those Lead Members or Officers as stated in Appendix A, that includes the procurement strategy and award decisions, the duration of the contracts and contract values.
- 2.3** that delegated decisions shall only be exercised following recommendations from the Contracts & Commissioning Board, which include approval from both the Lead Cabinet Member and the Cabinet Member for Finance.
- 2.4** to allow for minor changes to proceed whilst retaining the agreed delegation so long as none of the following thresholds for changes are exceeded:
- i. Contract value exceeds that proposed in the Procurement Pipeline, by the lesser of £500K or 25%, or the new aggregate value exceeds £1m and it becomes a key decision
 - ii. Substantial / material changes to procurement from that defined in the Procurement Pipeline e.g. material risks are identified
- (Should either of those thresholds be exceeded, the delegation cannot be exercised, and the decision shall be recommended to the Executive Mayor, unless a further delegation is approved. Where a delegated decision is a Key Decision to Officers, it must be made in consultation with the Lead Cabinet Member).
- 2.5** to note the improvements to the pipeline format as set out in section 4.4 of the report.

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:
- **Improved Planning:** Allows for strategic planning of procurement activities, helping to align purchasing with overall business goals.
 - **Efficient Resource Allocation:** Enables better allocation of resources by forecasting procurement needs and ensuring timely availability of necessary resources.
 - **Cost Control:** Helps control costs through early identification of procurement needs and efficient budget management.
 - **Risk Management:** Provides an opportunity to identify and address potential risks in the procurement process, minimising the impact of unforeseen events.

- **Streamlined Processes:** Facilitates the creation of standardised procurement processes, reducing complexity and promoting consistency across various procurement activities.
- **Compliance and Governance:** Assists in ensuring compliance with regulations and organisational policies, enhancing transparency and accountability.
- **Faster Decision-Making:** Enables quicker decision-making by having a clear overview of upcoming procurement needs.
- **Strategic Alignment:** Helps align procurement activities with the overall organisational strategy, allowing procurement decisions to contribute to broader business objectives.
- **Performance Monitoring:** Allows for the monitoring and evaluation of procurement performance, enabling the identification of areas for improvement.
- **Budget Forecasting:** Supports accurate budget forecasting by providing insights into future procurement requirements and associated costs.
- **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 funding opportunities.

4 BACKGROUND AND DETAILS

- 4.1** Croydon Council operates in a dynamic environment characterized 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** This Annual Procurement Plan process introduced delegations to Cabinet Members and Officers for procurement strategies and contract award decisions. This makes the governance process more efficient.

4.5 With the benefit of learning gained through the Annual Procurement Plan process, the following improvements to the format are now recommended:

- To extend the pipeline period from 12 months to 18 months to provide a further strategic view of the Councils forthcoming contracts.
- To replace the quarterly updates with a rolling 18-month pipeline on a quarterly basis to improve visibility of current and live projects.
- Starting from the next rolling Procurement Pipeline in June 2024, to report against adherence of previous Procurement Pipeline entries to increase transparency of progress on individual procurements.
- To extend the Pipeline entry value down to the threshold established within the Agreement on Government Procurement (GPA) of £179,087 (ex-VAT) to increase transparency (although retaining the £500,000 threshold requirement for specific delegated decisions).
- To split the pipeline 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
- To include a copy of the Councils Contracts Register to increase transparency

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. In particular, where the Contracts register indicates a potential future intention to decommission, 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, will be included within all relevant service plans with a view to reducing the number of contract variations that may occur.

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 last year 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 COUNCIL PRIORITIES

- 7.1** The Executive Mayor's Business Plan set 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** The amendments to the Annual Procurement Plan set out in appendix A the list of contracts that total:

- for procurements £750,353,751 (98 projects)
- for permitted extensions £927,510,385 (28 projects)
- for contract variations £55,838,349 (20 projects)

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

- 8.1.3** Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. 15/02/2024

8.2 LEGAL IMPLICATIONS

- 8.2.1** The Executive Mayor has the power to exercise executive functions pursuant to s9E of the Local Government Act 2000 and has the power to delegate those functions. This report seeks relevant delegations to exercise executive functions.

- 8.2.2** In relation to any contract and procurement strategy/ award/ variation decisions that are key decisions, any delegations to officers shall be limited to "Chief Officers" as defined in the Council's Constitution, meaning: a) the Head of Paid Service; b) the Chief Finance Officer; c) the Monitoring Officer; d) a Statutory Chief Officer; e) a Non-Statutory Chief Officer. Corporate Directors fall within the definition of "Non-statutory Chief Officer", which has the same meaning as in section 2(7) the Local Government and Housing Act 1989 and includes officers who directly report to the Head of Paid Service/ Chief Executive.

8.2.3 At present the delegations in the Council's Tenders and Contracts Regulations have been superseded by the Executive Mayor's Scheme of Delegation following the introduction of the Mayoral Model.

8.2.4 Comments approved by the Head of Commercial & Property Law on behalf of the Director of Legal Services and Monitoring Officer (14/03/2024).

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 Denise McCausland, Equalities Programme Manager (13/02/2024).

OTHER IMPLICATIONS

8.3 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 (13.2.24).

9 APPENDICES

Appendix A – Pipeline: New Procurement & Reprocure

Appendix B – Pipeline: Permitted Extension

Appendix C – Pipeline: Contract Variation

Appendix D – Contract Register

10 BACKGROUND DOCUMENTS

N/A