

# Assets and Procurement Committee

Date: 18 October 2023

Time: 2.00pm – 5.13pm

Venue: New Shire Hall

Present: Councillors Ambrose Smith, Beckett, Boden, Bywater, Count, L Dupré, Hathorn (Chair), Howell (substituting for Cllr Connor), McDonald, Murphy (substituting for Cllr Dew), Nethsingha, Rae (Vice Chair), Shailer (substituting for Cllr Meschini) and Sharp (substituting for Cllr Hunt)

## 1. Apologies for Absence and Declarations of Interest

Apologies were presented on behalf of Councillors Connor, Dew, Hunt, Meschini, substituted by Councillors Howell, Murphy, Sharp and Shailer respectively; apologies were also presented on behalf of Councillor Ferguson (no substitute).

Councillor Howell declared a non-statutory disclosable interest as he lived very close to the former Primary School in Papworth Everard (item 4). Councillor Howell withdrew from the meeting for this item.

Councillor Murphy declared a non-statutory disclosable interest in relation to item 14 as she had a contract of employment with the University of Cambridge.

## 2. Petitions and Public Questions

No petitions or public questions were received.

## 3. Electricity Procurement for 2024-28

The Committee considered a report on Electricity Procurement. Members were reminded that in March 2023, the Strategy and Resources Committee approved to terminate the current electricity contract at the end of the contract period, and research alternative procurement and supply arrangements for October 2024 onwards, with a particular focus on environmental and social issues. The report presented the results of that research. The current contract expired in less than 12 months, and signing up in advance was necessary to give the Council the best opportunity to secure good prices. Due to the size and complexity of the Council's portfolio, prices could not be compared in advance, in the way domestic contracts can be arranged.

A range of options were set out in the report, and Option 2, following the Crown Commercial Services Framework was recommended. This Framework provided a fully compliant route

to procurement, with lower fees than some other options. The sole supplier for the Framework was EDF, who was more aligned to the Council's climate change ambitions.

Arising from the report, a Member asked if Option 2 involved the procurement of "Pure Green" energy through a third party? Officers explained that "Pure Green" was the name of the tariff from the current supplier. The new supplier would have a range of green tariffs, and there would be the option of selecting one of those. Changing tariffs during the contract period was also an option. It was anticipated that charges under the new contract would be lower, but exact costs will not be known until nearer the date the contract commenced.

A Member welcomed the report and commented that officers had done a sterling job in following up the actions previously agreed.

It was resolved unanimously to:

- a) agree to the preferred procurement route of using the Crown Commercial Services framework for electricity supplies for the Council's property and streetlighting portfolio, for the supply period from 1 October 2024 to 31 March 2028. (Option 2 as set out in the report);
- b) delegate authority to the Executive Director of Place and Sustainability, in consultation with the S151 officer and the Chair and Vice-chair of Assets and Procurement Committee, to enter into a contract with Crown Commercial Services and with the electricity supplier named in their framework, for that supply period, and to select a trading strategy from the available options within that contract.

*(Cllr Howell withdrew from the meeting)*

#### 4. Disposal of Former Primary School, Papworth Everard

The Committee considered a report on the sale of the former Primary School in Papworth Everard, most recently used as a Music Store by Cambridgeshire Music. The offer was being considered by the Committee as it was above the £500,000 limit delegated to officers. Interest had previously been expressed over recent years by This Land, the Parish Council and South Cambridgeshire District Council, but none of these routes had been progressed, so the property had been marketed commercially.

In response to Member questions:

- it was confirmed that the offer made by Wigwam Nurseries was an Unconditional cash offer, and was not dependent on that organisation securing Planning approval for change of use;
- officers confirmed that the buyer intended to convert the building into a nursery;
- officers were unaware of any proposals to construct housing on the site;
- officers advised that they were unaware of any risks in relation to the buyer, and that appropriate due diligence had been carried out. There had been nine offers in total;

- in response to a question as to whether any consideration had been given to retaining the freehold for the site, officers confirmed that leasehold may be considered for larger sites, but was not worthwhile for smaller assets, where buyers would expect to buy sites unencumbered.

Arising from the report:

- a number of Members commented that this was an extremely satisfactory outcome, securing the best price for the County Council and securing a valuable facility for the community. One Member noted that the average property sale for the postcode was £480,000, so this was a good outcome;
- a Member commented that he was surprised that the discussion on this property sale, which had not yet been concluded, was taking place in public, and suggested a view should be taken on whether such items should be considered in public session in future.

It was unanimously resolved to agree to the disposal of the property to Wigwam Nurseries Limited.

*(Cllr Howell returned to the meeting)*

## 5. Mechanical, Electrical and Buildings Maintenance Re-tender of Contract for Cambridgeshire County Offices, buildings and land assets

Members received a report which sought approval to re-tender for the Mechanical, Electrical and Buildings Maintenance contract for the Council's offices, buildings and land assets. The contract would cover reactive repairs, servicing and testing, and the rationale for awarding the contract, the proposed process, likely contract spend, risks and the benefits of this approach were outlined.

Arising from the report:

- in response to a Member question on the scope of the contract, it was confirmed that the contract could cover the Council's rural estates;
- based on previous contract spend, a Member asked if this contract took into account inflationary and resource pressures? It was confirmed that the numbers were based on anticipated spend and included an uplift. There was a slight increase in the maintenance costs, but this would be offset by reduced reactive costs. The schedule of repairs and maintenance would be priced, with a separate figure for each element;
- a Member queried the New Shire Hall constructor's defect liability contract, whether this had expired, or whether there would be an overlap with the new contract. Officers agreed to report back on the exact date but confirmed that it ended before the new contract would be awarded, which was why it was included in this contract. Action required;
- there was a query on whether social value elements were embedded in this contract, given the significant expenditure involved e.g. respecting diversity, apprenticeships, good working conditions, where the Council could have a real impact on its communities, and how this would be measured. Officers confirmed that there would be

weighting on different criteria, and whilst this work had not yet commenced, it would form the next stage in the procurement process;

- noting that the favoured SFG20 route comprised a mix of reactive and maintenance elements, each with a fixed price, a Member observed that that the value would be dependent on what happened during the lifetime of the contract. Noting the delegation in the recommendations, he asked what would happen if the estimate of £12.6M was significantly exceeded. The Executive Director for Finance and Resources confirmed this would be recorded as overspend and detailed how this would be dealt with in practice;
- in response to a question on Community Wealth Building, and the flexibility to use local contractors, officers explained that the expectation was that subcontractors would primarily be local SMEs;
- a Member observed that the proposed approach of having a regularised price list would result in 35% higher costs than a core PPM (Planned Preventative Maintenance) contract, which equated to around £450K per annum. Noting the assertion that SFG20 could save 20% of total costs, the Member asked if it was worth paying this £450K premium. Officers explained that more work would be undertaken on a planned basis, resulting in less reactive work. There would be an additional cost due to more items of work being carried out on a planned basis, which would as a result deliver a reduction in required cost for reactive maintenance and failure of systems.

A Member asked whether the final decision should be for Committee approval, rather than delegated to the Executive Director in consultation with the Chair/Vice Chair. Officers confirmed that only specific larger scale contracts came back to Committee for approval. Another Member commented that in some other local authorities, these type of procurement decisions required final approval by the relevant Committee, in confidential session if necessary. He suggested that the inception of this Committee may warrant lowering the threshold. The Chair responded that Members do have role in procurement, but there was a limit to the number of procurements and contracts that could be scrutinised by the Assets and Procurement Committee. She suggested a future workshop on these issues may be the way forward, in establishing the appropriate level.

It was resolved unanimously to:

- a) authorise the re-tender of the Mechanical, Electrical & Building maintenance contract for the non-school buildings and land assets, which is due to expire on 31st October 2024;
- b) approve the commencement of the re-procurement of the Mechanical, Electrical and Building maintenance contract for an initial term of 3 years from 1 November 2024 to 31 October 2027 with the option to extend annually for a potential further 2 years in total which equates to a 3 + 1 + 1 year term; and
- c) delegate responsibility for evaluating and awarding the framework contract to the Executive Director of Finance and Resources and in accordance with Council procedures in consultation with the Chair and Vice-Chair of Assets and Procurement Committee.

## 6. Reinforced Autoclaved Aerated Concrete (RAAC) school buildings

The Committee considered a report on Reinforced Autoclaved Aerated Concrete (RAAC) in school buildings. The report explained what RAAC was, how it had been used in the past, and the risk it presented, by spontaneously collapsing under certain circumstances.

The Council had been very proactive and prudent in its approach to RAAC, and commenced a programme of surveying schools in 2021. All 268 Cambridgeshire schools had been assessed, and the 228 schools in scope had been surveyed. Five schools were due to be revisited during half term, but this was for administrative purposes only, and was not because there were concerns that RAAC may be present. All State schools, including Academies, had been assessed, and the Council's duty of care for pupils of Cambridgeshire schools had been fulfilled.

Arising from the report:

- a number of Members commented that the outcome of the inspections was highly commendable, and a great relief to the Council and residents;
- it was confirmed that if any RAAC was discovered in any other part of the Council's properties, this would be reported to the Committee;
- it was noted that some other authorities had chosen not to survey Academy schools. The wider issues of local authorities being responsible for the safety of Academy pupils and buildings was discussed, noting there was no funding for that element of the Council's work. It was suggested that it may be worth lobbying central government, possibly through CCN, on the additional burden the RAAC surveys had placed on Councils. **Action required;**
- the Committee noted, in response to a question, that only 228 schools were required to be surveyed ("in scope"), as the other schools were constructed at a time when RAAC was not used as a construction material;
- it was noted that officers did not have information on RAAC in Private Schools, but agreed to check with Education colleagues. **Action required.**

It was resolved unanimously to:

- a) note the completion of the surveys and the findings;
- b) commend the proactive cross Council working within Property and Education teams to be in the position for CCC to report the outcome;
- c) that 268 schools were either assessed or surveyed and no presence of RAAC was found.

*(due to Local Member availability, the Chair agreed to take the next two items out of sequence)*

## 7. Land and Property Performance Report

Members considered a report on the activity and performance of the Property Team. This would be a standing item going forward, which would also monitor the proposed transformation process through the new Property Strategy. Officers detailed how the new asset management system, Concerto, would benefit the Council. They also outlined the proposed governance processes, and the performance measures currently reviewed.

Arising from the report:

- noting that there were 46 FTE (Full Time Equivalent) staff members on the property team, a Member asked if a breakdown could be provided at future Committee meetings. It was confirmed that there were some vacancies, and that around 20 of the 46 staff worked in the Facilities Management team. It was suggested that this information i.e. breakdown and vacancies should be included in future reports. **Action required;**
- it was confirmed that the Strategic Property Board will report to Corporate Leadership Team and the Assets & Procurement Committee;
- a Member asked about the alignment of the team with the Council's Net Zero emissions target, noting that the reinvigorated Climate Strategy did not include a strategy and targets for the Council's buildings portfolio. It was confirmed that this would form part of the Property Strategy, which the Committee would consider at its January 2024 meeting, and that decarbonising the Council's property portfolio was a key focus;
- officers confirmed that work was already being undertaken to optimise the Council's assets e.g. identifying synergies, especially where such synergies could benefit communities;
- a Member observed that the indicator for rent per acre for the rural estate was misleading, as it was based on the average for the East of England, and Cambridgeshire land was generally more valuable as it had more fertile soil. The Member suggested that it was important to set stretch targets.

It was resolved unanimously to note the contents of the report and identify further reporting to be presented and considered to show the transformation, change and improvements at future meetings of this Committee.

## 8. Update on Disposal of Former Mill Road Library

Members considered an update on the disposal of the former Mill Road Library. At a meeting in March 2023, the Strategy and Resources Committee had considered a number of bids and accepted an offer for this site from Centre 33, a charity working with young people across the county. The offer had been conditional on planning permission being received. The Strategy and Resources Committee had also required that there was a restriction on future use, i.e. if the buyer wanted to sell the site for a profit in future.

Over the last six months, Centre 33 had carried out more surveys and design work, and also had discussions with the local planning authority, and commissioned valuations.

Heads of Terms had been agreed on 12 September 2023. With the Committee's approval, legal packs would be exchanged with Centre 33.

A Member asked the reasons for the delays with the legal packs. It was confirmed that it was a complex site, not least because of the age, condition and legal restrictions that applied to the site. It was confirmed that Centre 33 would have 15 days to exchange and pay a deposit, and that Heads of Terms were usually drafted initially by surveyors, with the detail provided by the legal teams.

A Member noted that the sale was conditional on planning permission being agreed, and asked if it was unusual that the buyer had not undertaken any formal pre-planning at this stage. It was noted that there had been some informal discussions with planning teams, but no formalised pre-application discussions. If the sale fell through, the site would be remarketed.

The Local Member, Councillor Howitt spoke on the report. He thanked officers for their work on this matter, and explained how the building had been restored. It was a historic and unique building, and it was vital that the right decision was made, and that there was a restrictional covenant on the building. Whilst Centre 33 was the best bidder, he felt the consultation process should have been more transparent, which he felt was a learning point for future sales. Centre 33 was a well known charity undertaking important work in Cambridgeshire, and he outlined the reasons for the delays. He felt it was important that the Council was flexible, which was preferable to the alternative of remarketing the site. He advise that one element of Centre 33's bid was that they would keep an element of public access for the local community.

It was confirmed that the sale would be a freehold disposal. A Member suggested that leasehold should be considered when such sales were made, as there were advantages for the Council maintaining the freehold in the longer term. The Chair commented that could be considered as part of the Property Strategy when it was considered by the Committee.

A Member observed that the process of evaluating bids at Strategy and Resources Committee had been complex, and that aspirations for the future use of the building had formed part of that evaluation, so he was concerned that there was doubt as to whether this sale would be progressed. Strategy and Resources Committee had requested that an update should be presented if the sale had not been completed within six months, on the presumption that it should not take that long. Whilst supporting the view that Centre 33 remained the best bidder, he felt that it would be regrettable if the sale did not progress at this stage.

It was resolved unanimously to note current progress on the Heads of Terms.

## 9. Procurement Governance and Performance Report

The Committee considered a report Governance and Performance of the Procurement and Commercial team and function across the Council. The report covered the first quarter of the financial year (1<sup>st</sup> April to 30<sup>th</sup> June 2023). Members noted that since the report had been published, the September procurement pipeline was now available on the County

Council website. The report also explored governance arrangements, and highlighted specific challenges.

Arising from the report, individual Members:

- observed that waivers had been a focus for both Members and senior officers in recent years, with the Chief Executive making a commitment to regularly review waivers. Despite this, there remained a surprisingly large number of waivers. Whilst the Council was moving in the right direction, and a pipeline had been created, the Member hoped it would continue to improve, especially with the inception of this Committee. The Member asked if a list could be provided by quarter, to cover the previous eight quarters, so any trends could be monitored, and that information was provided on (i) the number of waivers as a percentage of the total number of contracts let in the period, and (ii) the value of contracts subject to waiver, grouped in bands. Officers committed to provide this information in future report. **Action required;**
- noting that the most significant efficiency came from the identification of duplicate funding of a blocked bed, a Member asked if that funding had been reclaimed, and whether the management oversight which had led to this duplication been addressed. Officers agreed to provide that information, and advised that in terms of funding of beds, policies and checks were in place to ensure that there was no duplication in future. **Action required;**
- noted that only 52% of staff had completed the mandatory procurement training, which was disappointing. Officers confirmed that in addition to the 52%, there were non mandated staff who had undertaken the training. This information was being updated for future reports, to reflect the true picture with regard to mandated staff;
- observed that only 15% of direct award cases on the contract register received prior approval. Officers confirmed that they were working with those who place direct awards to improve this figure;
- thanked officers for the information provided, which would give Members a much deeper understanding of how procurement worked in practice. The Member suggested that it would be helpful for Committee Members to have a “deep dive” into a specific procurement exercise. Another Member agreed, and commented that it would be helpful for all Members to have a greater understanding of procurement, not just Members of this Committee, and suggested that this could be achieved through a combination of training and seminar events;
- commented that the Council’s procurement function had not always performed well in the past, but was improving, and this Committee was part of that improvement process. He asked if it would be possible for the Committee to see a Procurement Improvement Plan. The Chair agreed to discuss this issue with officers.

It was resolved unanimously to note the contents of the report and identify further reporting to be presented and considered at future meetings of this Committee.

## 10. Procurement Legislation

The Committee received a report on the forthcoming Procurement Act which was expected to receive royal assent 7<sup>th</sup> November. The report set out the key changes the Act would introduce, the actions required and key risks.



In response to a Member question, it was confirmed that the aim of the legislation was to reduce bureaucracy in terms of procurement processes, however many restrictions remained the same with regard to public procurement, and the level of transparency requirements were identified as a key risk through in the legislation.

A Member observed that all attempts to reduce bureaucracy and increase transparency should be welcomed. He suggested that good procurement practices needed to be further embedded through a Procurement Improvement Plan and training. In particular, there was scope to add value through smaller contracts, and the social value those smaller contracts could potentially bring.

It was resolved to note the report.

## 11. Assets and Procurement Committee Draft Training Plan

The Committee received a draft Training Plan. The focus was on the strategic elements of assets and procurement issues. The Training Plan proposed a hybrid approach, with a mixture of in person training, e.g. immediately before Committee meetings, and online training and “VLOGS” which could be accessed at any time. The various areas that would be covered in the early stage of the Training Plan were outlined.

Arising from the report:

- a Member welcomed the training plan, and suggested sessions on both Social Value and Triple Bottom Line would be helpful;
- a Member suggested that the format of online/video should be consistent;
- a Member suggested that the “Induction and Role of Assets and Procurement Committee” should be brought forward;
- welcomed the suggestion of opening up training to non-Committee Members, given the subject areas were relevant to all areas of the Council’s work. It was agreed that training would be open to all Members, but the focus and scheduling would be based on Assets and Procurement Committee Members’ availability.

The Committee resolved unanimously to:

- a. Note the report;
- b. Consider both the format and content of the draft training plan attached at Appendix 1, noting any changes in that or timings.

## 12. Assets and Procurement Committee Agenda Plan

The Committee reviewed the Committee Agenda Plan, noting a number of changes. It was confirmed that the Reserve meeting date scheduled for January 2024 would definitely be going ahead.

Arising from the report:

- a Member requested that Committee meetings in 2024/25 were scheduled so that they fitted in better with performance reporting;
- in response to a Member question on the strategy/action plan to deliver net zero across the Council's estates, officers confirmed that such an action plan would form part of the Property Strategy. Additionally, an Improvement Plan was already in place as a result of Audit and Accounts Committee recommendations. Another Member highlighted that there were already a number of actions relating to the decarbonisation of the Council's buildings in the Climate Change Action Plan;
- it was confirmed that there were also actions in place in relation to the improvement of procurement processes, and a request for a specific Procurement Improvement Plan was noted;
- a Member asked if the Director of Legal and Governance could give careful consideration to the items that would be taken exempt session, as in some cases the anonymisation of bidders would be required, especially where disposal of land or assets had not yet been confirmed. Officers agreed to pick this up through the Statutory Officers Group. Action required.

It was resolved to:

- a) note the agenda plan;

### 13. Exclusion of Press and Public

It was resolved unanimously to resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information).

### 14. Procurement of Consultants – Cambridge Biomedical Campus

The Committee considered a report relating to the procurement of consultants in relation to Cambridge Biomedical Campus.

It was resolved, by a majority, to:

note the position in relation to the procurement of consultants as identified in the report and to approve the procurement of consultants as indicated in section 2.5 and 2.6.