

# ASSETS AND PROCUREMENT COMMITTEE



**Tuesday, 17 September 2024**

**Democratic and Members' Services**  
Emma Duncan  
Service Director: Legal and Governance

**10:00**

New Shire Hall  
Alconbury Weald  
Huntingdon  
PE28 4YE

**Red Kite Room**  
**New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE**

## **AGENDA**

**Open to Public and Press**

### **CONSTITUTIONAL MATTERS**

- 1. Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available in [Chapter 6 of the Council's Constitution \(Members' Code of Conduct\)](#)*

- 2. Minutes - 17 July 2024 and Action Log** **5 - 16**

- 3. Petitions and Public Questions**

### **KEY DECISIONS**

- 4. Children in Care Residential Service - Property Usage** **17 - 22**
- 5. Enterprise Resource Planning System Cloud Hosting** **23 - 32**

## OTHER DECISIONS

- |           |  |                |
|-----------|--|----------------|
| <b>6.</b> | <b>Corporate Performance Report</b>  | <b>33 - 48</b> |
| <b>7.</b> | <b>Procurement Compliance Report</b>   | <b>49 - 54</b> |
| <b>8.</b> | <b>Contract Management Update</b>  | <b>55 - 60</b> |
| <b>9.</b> | <b>Agenda Plan, Training Plan and Appointments to Outside Bodies<br/>and Internal Advisory Groups and Panels</b> | <b>61 - 62</b> |

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The Assets and Procurement Committee comprises the following members:

Councillor Ros Hathorn (Chair) Councillor Catherine Rae (Vice-Chair) Councillor David Ambrose Smith Councillor Alex Beckett Councillor Chris Boden Councillor Simon Bywater Councillor David Connor Councillor Steve Count Councillor Lorna Dupre Councillor Stephen Ferguson Councillor Mark Goldsack Councillor Neil Gough Councillor Peter McDonald Councillor Elisa Meschini and Councillor Lucy Nethsingha

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# Assets and Procurement Committee

Date: 17 July 2024

Time: 14.00 – 16.55

Venue: New Shire Hall

Present: Councillors Beckett, Boden, Bywater, Count, Dupré, Ferguson, Goldsack, Gough, Hathorn (Chair), Hunt (substituting for Cllr Ambrose Smith), McDonald, Meschini, Murphy (substituting for Cllr Nethsingha) and Rae (Vice-Chair)

## 44. Notification of Chair and Vice Chair

At the annual meeting of full Council, Councillors Hathorn and Rae had been appointed as Chair and Vice Chair respectively.

## 45. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor Ambrose Smith (Councillor Hunt substituting), Connor and Nethsingha (Councillor Murphy substituting).

Councillor Murphy declared a non-pecuniary interest in item 49 as a shareholder representative of Pathfinder Legal Services, and as a University of Cambridge employee.

Councillor Gough declared a non-pecuniary interest in item 49 as the Council's nominated director on This Land Ltd.

## 46. Minutes of the meeting held 20 March 2024 and Action Log

The minutes of the meeting held 20th March were agreed as a correct record.

An updated Action Log had been circulated to the Committee. The Committee noted the Action Log.

## 47. Petitions and Public Questions

There were no petitions or public questions.

## 48. Procurement of postal services contract

The Committee received a report on the procurement of postal services. The Council continued to require a postal service for the large volumes of items which it posts on an annual basis. Whilst electronic communications were used wherever feasible, there was still a need to post some items. This service was currently delivered by Royal Mail, and had been for many years, meaning that alternative providers had not been explored. Moreover, there was no contract in place and this had been reported through the breach process.

Arising from the report:

- a Member asked whether it was within the Committee's remit to make decisions on individual procurements, as the original intention was that the Committee would make decision on broader procurement strategy and governance issues, but not individual procurements. It was confirmed that most Service Committees dealt with procurements within their service area, and that the Assets and Procurement Committee made decisions on corporate contracts;
- a Member noted that the ownership of the Post Office was likely to change in the near future. Officers confirmed that they were aware of this, and would be evaluating a range of providers against the appropriate assessment criteria;
- noting that the cost of mail services had increased from £181,539 in 2021/22 to £219,678 in 2023/24, a Member queried why the anticipated cost of the award of the contract was £200,000. Officers confirmed that they expected the procurement of the contract to result in efficiencies, and also that there would be further reductions in the use of postal services. The £200,000 figure was an estimate, the actual costs may be less than or greater than this estimate. If the bids varied significantly from this figure, the matter would return to Committee for Members' consideration. It was confirmed that when a Committee delegates a decision to a specific officer, the officer was not obliged to exercise that delegation, but could return the matter to Committee, especially if the outcome varied significantly to what had been originally anticipated. The Member asked to follow up on this point outside of the meeting, as they felt it was at odds with advice that had previously been given; **Action Required**
- in response to Member questions, it was confirmed that a reduction in the number of post items was anticipated, mainly as a result of a number of change programmes being rolled out across the Council. It was also confirmed that this contract had never been tendered, but that the Council paid less than standard rates of postage. The failure to tender this contract had been an oversight, and had been reported as a breach;
- it was confirmed that many of the items posted overseas related to parking fines;
- a Member welcomed the Council's "Digital First" approach, noting that some items had to be posted either by law or for the sake of practicality. However, they were disappointed to see the £200K estimate, given the anticipated reductions in postal volumes.

It was resolved unanimously to:

- a) procure the required postal services;
- b) delegate responsibility for awarding and executing a contract for the provision of a postal service following that procurement exercise for a fixed four year period to the Executive Director Strategy & Partnerships in consultation with the Chair and Vice Chair of the Committee.

#### 49. Council Owned Companies Governance

Members considered a report on governance arrangements in respect of the

Council's shareholding function of Council companies. This had been the subject of recent government guidance, and Statutory Officers believed that the existing reporting arrangements did not represent optimal governance arrangements. The report therefore recommended that the governance function of the Committee was strengthened in relation to Council owned companies, ensuring more robust reporting, and that Members fully understood their shareholder responsibilities. For these reasons, it was proposed that a Sub-Committee should be established to deal with these matters.

A minor alteration was proposed by the Chair to the report recommendation, so that paragraph 3.10 was referenced in recommendation (b), rather than 3.9.

Whilst welcoming the general direction of the report, a Member was surprised that 25% was the cut off figure. They assumed that this related to the legal definition of an associated company rather than subsidiary, but suggested that the legal definition should not determine the Council's policy in this area. The Member suggested that the determining factor should be where the Council was a shareholder, and a company provided operational services e.g. Opus People Solutions Group Ltd, where the Council was only a 9.6% shareholder, but there was a significant operational impact. Officers confirmed that the report specifically identified that the Sub-Committee would have responsibility for those companies where the shareholder had a 25% or more shareholding, but Sub-Committee Members could at their first meeting identify what they would like reported, dependent on their risk perception e.g. in terms of operational impact. Ultimately, a risk assessment needed to be carried out of every Council owned company. It was noted that the proposal was to recommend to Constitution and Ethics Committee to establish a Shareholder Sub-Committee of the Assets and Procurement Committee to oversee Council Owned Companies, and it would be for Constitution and Ethics Committee to debate the report and make decisions on the Terms of Reference of the Sub-Committee.

There was a discussion on shareholder roles and responsibilities. The Service Director: Legal and Governance advised that for Pathfinder Services Limited, meetings had been set up to review these. In terms of Director's duties, a Director's legal fiduciary responsibility was always to that company, and not to the Council's interests. However, where an appointee was as the Council's shareholder representative on a company, their responsibility was to the Council. The proposed Sub-Committee could consider these aspects, and its main role would be oversight, which would vary depending on the company.

In response to a Member question, it was confirmed that an individual could not be both a Director and a Shareholder Representative. It was also confirmed that the Sub-Committee would fulfil the shareholder role where there was no separate shareholder representative appointed.

In response to a Member comment, it was agreed that for Council owned companies it was important that they delivered not just financial benefits, but also delivered against the Council's wider priorities, and these matters would need to be considered by the Sub-Committee.

There was a discussion on where the Council held shares in a company, but that shareholding was minimal, or not operational, e.g. investments. It was agreed that the overriding issue was where there was an operational interest, and this should be defined by the Sub-Committee.

A Member commented on the distinction between shareholder representative and directors, and the importance of having oversight of shareholder agreements for organisations such as Pathfinder Legal Services, where shareholder representatives made recommendations to the Board of Directors. The Member felt that it was important that the Sub-Committee had sufficient latitude on its remit.

A Member commented that there was a balance to be struck between Members not becoming too deeply involved in the activities of companies, and exercising their role sufficiently so that their involvement was meaningful. The definitions of the roles of Directors and Shareholders representative needed to be tightly defined. Additionally, the Member felt there was value in reviewing Reserved Matters for companies where there were shareholder agreements, as this was integral in how shareholder representatives operate. In terms of risk, it was noted that Council owned companies were in the Council's Risk Register.

It was suggested that the Sub-Committee Members would need to have a specific skill set and knowledge base. The Service Director: Legal and Governance commented that appropriate training would be given to Sub-Committee Members to ensure that they had the requisite knowledge to undertake their role. This point could be discussed further when the matter was considered at Constitution and Ethics Committee.

It was resolved unanimously to:

- a. establish arrangements for strengthened oversight by the Assets and Procurement Committee on Council owned companies;
- b. recommend to Constitution and Ethics Committee to establish a Shareholder sub-committee of the Assets and Procurement Committee to oversee Council Owned Companies with terms of reference as outlined in the report at para 3.10.

## 50. Corporate Performance Report

The Committee considered an update on the performance monitoring information for the 2023/24 quarter four period, covering 1st January to 31st March 2024.

There was a Red rating relating to waivers, which was continuing to improve. The Amber rating related to Asbestos management.

With regard to Waivers, a Member noted the pleasing reduction in the Quarter 4 figures. They asked if the 20% target was a realistic endpoint. The Executive Director for Finance and Resources confirmed that this was ultimately not the desired endpoint.

A Member noted that Water Hygiene and Water Temperature Monitoring were on target, but currently less than 100%, at 94% and 98% respectively; similarly Asbestos management was at 91%. The Member asked if a target of less than 100% was really acceptable for an issue such as water hygiene, given the potential human health aspects, and suggested that this should be rated Red if it was less than 100%. It was clarified that this related to the annual testing programme being rolled out in these areas, e.g. that only 94% of water hygiene testing had been carried out, and not that only 94% of water hygiene testing met the relevant hygiene standards. It was agreed that this would be made clear in the report going forward. Another Member pointed out that this was the report for the fourth Quarter, i.e. the Year End, and suggested that all such testing programmes should be



concluded. Members asked the Executive Director of Finance and Resources to investigate this matter and report back to the Committee by email. Action required.

A Member queried Indicator 171: *Rent per acre obtained from the agricultural estate*. The Member noted that current year performance was £155 per acre, and had been £146 for the previous year, but the target was £96. Officers advised that this had previously been discussed at Committee, where it had been agreed to stick with the DEFRA indicator (£96 per acre), acknowledging that the local target could be higher. The Member suggested that the way this was presented to those who rented County farms was critical.

There was a discussion on whether farm buildings were included as part of the rental costs, and officers agreed to provide further detail, and investigate if there was a more useful target. Action required. It was also noted that there was a planned review of indicators and targets would form part of the Business Plan before March 2025.

On a broader issue, a Member commented that presentation of data in these reports was always an issue, and any officer concerns needed to be set aside, to ensure that data was being honestly presented. This would enable Members to accurately track performance, and the associated narrative needed to set the data in context, so Members understood what was doing well, and what was not.

It was resolved unanimously to:

- a) note performance information and act, as necessary

## 51. Assets and Procurement Committee Agenda Plan and Appointments to Outside Bodies

The Committee reviewed the Committee Agenda Plan. It was noted that Pathfinder Legal Services should be included as an Assets & Procurement Committee appointment.

It was resolved to:

- a. note the agenda plan;
- b. approve the appointments listed in the report.

## 52. Sale of Shire Hall, Cambridge

Members considered an update on the sale of Shire Hall in Cambridge. The report set out the history of the sale process, and proposed that the Council entered into a time-limited exclusivity period with Bidder A, who had submitted a bid unconditional on Planning Permission, after which they would be required to exchange contracts. During that exclusivity period, Bidder A would be expected to carry out legal and property Due Diligence, discuss their planning proposals with the relevant bodies, and agree contracts ready to exchange when the exclusivity period ends.

In response to a Member question, it was confirmed that the detailed definition of “Best Consideration” was included in the report. In summary, the financial value of the bid was the main factor in “Best Consideration”, but factors such as Social Value were taken into account to some degree.

A Member queried the statement in paragraph 2.10 that the bid was unconditional, “*subject to a progressive free planning process*”, and how this correlated with the 9th October deadline? Officers confirmed that the intention was that an exchange of contracts would take place 9th October. Part of Bidder A’s Due Diligence process was the pre-application discussions, and it was agreed by both parties that this was a suitable timeframe. It was further confirmed that if contracts were exchanged by this date, the bid would be unconditional, and details such as the sales price would no longer be confidential, subject to any legal contracts and discussions.

A Member asked how much had been spent maintaining Old Shire Hall and its grounds since the sale had previously fallen through. Officers confirmed that the building had been maintained and kept in good condition, and the costs of that maintenance could be provided.

A Member commented that the background in the report did not sufficiently detail the political moves that took place prior to the previous unsuccessful sale attempt in 2021, and the office accommodation review that had been instigated when the Joint Administration came to power in 2021. The Member suggested that the latter was partially driven by a desire to retain Old Shire Hall, and this attitude could have impacted on the sale. It was public knowledge at that time that a bid in the region of £45M had been received which could fund essential services, and it would be interesting to compare that with the current bid, along with the subsequent costs of maintaining the building and marketing the site.

The Chair commented that the motivation of the Joint Administration, or any reservations regarding the sale, was a matter of speculation. Another Member commented that there were very clear, documented timelines relating to the previous bid in 2021, and it was clear that the bidder at that time had reconsidered their position and withdrawn their bid. The economic climate was very different at that time, and ultimately the bid had not been realised. In response to a Member question, it was confirmed that the sale price would be on the Land Registry and therefore a matter of public record.

A Member commented that he would be voting against the proposal, as the bid was so tarnished, and the original deal had been for a Leasehold sale, whereas this was a Freehold sale and the asset would not return to the residents of Cambridgeshire.

It was confirmed that whilst the meeting would need to go into confidential session to discuss the confidential appendices, the decision would be taken into public session, albeit this would not be livestreamed due to technical issues.

A Member commented that it was sad that the decision was made under the previous administration to sell off Old Shire Hall, as it was a building of some significance, and this was challenging and had been a very difficult point of conscience. However, it was clear from the report and discussion what the outcome should be. It was also important that the Council maintained a property portfolio in Cambridge

## Exclusion of Press and Public

It was resolved that the press and public be excluded from the meeting on the grounds that the following item contained 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).

*The meeting moved back into public session.*

Councillor Count formally requested a Recorded Vote, and the requisite five Members supported this request. The results of the Recorded Vote are included at Appendix 1 to these minutes.

It was resolved, by a majority, to:

- a) note the contents of the report.
- b) enter into an exclusivity agreement with Bidder A until 9th October 2024 with the intention of exchanging contracts by this date.
- c) delegate to the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Committee, to exchange contracts on the terms as substantially drafted in the draft confidential Heads of Terms (Appendix 1) and plan (Appendix 7) and maintaining this bid remains the best consideration;
- d) if contracts were not exchanged by 9th October 2024, unless there were reasonable grounds (as determined by the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Committee) to grant a short (no greater than 4 weeks) extension, then negotiations with Bidder A will end. If negotiations end with Bidder A the Committee would then be asked to agree the next steps, including the option of which of the other shortlisted bids in this report to enter into an exclusivity agreement with, if they remained willing, and the timescale to negotiate terms and exchange contracts with them.

### 53. Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the following item 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).

### 54. Cyber Security enhancements

The Committee considered a report on Cyber Security enhancements.

It was resolved unanimously to agree the recommendation set out in the report.

Chair

## Recorded Vote for item

Name	For	Against	Abstain
Cllr Beckett	X		
Cllr Boden		X	
Cllr Bywater			X
Cllr Count		X	
Cllr Dupré	X		
Cllr Ferguson	X		
Cllr Goldsack			X
Cllr Gough	X		
Cllr Hathorn	X		
Cllr Hunt		X	
Cllr McDonald	X		
Cllr Meschini	X		
Cllr Murphy	X		
Cllr Rae	X		

## Assets and Procurement Committee Minutes - Action log

This is the updated action log as at 5 August 2024 and captures the actions arising from the most recent Assets and Procurement Committee meetings and updates Members on the progress on compliance in delivering the necessary actions.

### Assets and Procurement Committee minutes of 18 October 2023

Minute	Item	Officer	Action	Comments	Status
9.	Procurement Governance and Performance Report	Clare Ellis	Waivers: 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) number of waivers as a percentage of contracts let in the period, and (ii) the value of contracts subject to waiver, grouped in bands.	The waiver information will be provided regularly with effect from the September Performance Report.  Planned for the September Committee.	In progress

### Assets and Procurement Committee minutes of 28 November 2023

Minute	Item	Officer	Action	Comments	Status
20.	This Land – publication of Shareholders Agreement	Michael Hudson	A Member asked officers to carefully consider the governance issues and potential conflict of responsibility that existed as a result of having a Councillor as a Director.	Officers are meeting at the end of January to review the governance arrangements and Committee will be updated in one of the next two upcoming meetings with options.  A review of the arrangements of This Land in 2022, followed by further Council and Board effectiveness reviews have identified this a	Ongoing

				<p>possible, but a report to the July Committee looks at the role of the Shareholder through this Committee and ensuring strong governance.</p> <p>Further training will be provided to members in Autumn 2024.</p>	
22.A	Major Energy Projects – Progress Update	Sheryl French	Request to provide the Business Plan, time/cost metrics and current position of energy projects for Members.	<p>An update will be provided to members in April. This is due to forecast electricity tariff changes (market changes) and project cost finalisations.</p> <p>Update was circulated to Members on 9 September.</p>	Complete
22.B	Major Energy Projects – Progress Update	Sheryl French	Actual income figures for Triangle Farm and St Ives to be provided once those schemes started generating.	<p>Triangle Farm/North Angle information circulated to Committee on 9 September. St Ives info to be circulated when available.</p> <p>Energisation of St Ives Smart Energy grid is scheduled for mid-November. The details of generation and income will be supplied when actuals are available in 2025.</p>	In progress
23.	Procurement Performance Report	Clare Ellis	Update on review of risk management of the Council's largest/highest risk contract to be provided in a future Committee report.	Planned for the September Committee.	Ongoing

## Assets and Procurement Committee 17th July 2024

48.	Procurement of postal services contract	Emma Duncan	To follow up advice given on officer delegations with Councillor Count.	Confirmed completed on 7 August by Emma Duncan.	Complete
50.	Corporate Performance Report	Michael Hudson	The Executive Director of Finance and Resources to investigate the inclusion of testing programmes in the annual Corporate Performance Report and report back to the committee via email.	Email sent to Committee by Chris Ramsbottom on behalf of Exec Director on 30 August.	Complete
		John MacMillan	There was a discussion on whether farm buildings were included as part of the rental costs, and officers agreed to provide further detail, and investigate if there was a more useful target.		
52.	Sale of Shire Hall, Cambridge	Tom Kelly	Briefing note to be provided (refer to confidential minute)		





## Children in Care Residential Service – Property Usage

To: Assets and Procurement Committee

Meeting Date: 17 September 2024

From: Executive Director of Resources

Electoral division(s): Soham North and Isleham and Soham South and Haddenham

Key decision: Yes

Forward Plan ref: 2024/075

Executive Summary: The Committee is asked to approve the use of two Cambridgeshire County Council owned properties for a Cambridgeshire County Council, Children in Care Residential Service.

Recommendation: The Committee is recommended to:

- a) Agree to the use of two council properties, from the Council's Rural Estate, by the Children in Care residential service for a period of up to 10 years.
- b) Delegate responsibility for awarding and executing construction contracts in 2024 to the Executive Director of Finance and Resources in consultation with the Chairs and Vice Chairs of the following Committees: Children and Young People, Assets and Procurement Committees, and Strategy, Resources and Performance.

Officer contact:  
Name: John Macmillan  
Post: Head of Assets  
Email: [john.macmillan@cambridgeshire.gov.uk](mailto:john.macmillan@cambridgeshire.gov.uk)

# 1. Creating a greener, fairer, and more caring Cambridgeshire

1.1 The recommendation from this report supports the following Strategic Framework ambitions:

- Ambition 1: Net Zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.
- Ambition 4: People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs.
- Ambition 7: Children and young people have opportunities to thrive.

## 2. Background

2.1 This report is linked to the Children in Care Residential Strategy committee paper, which was approved by the Children and Young People's Committee on 25 June 2024 (Item 5). [CYP 25 June 2024 Item 5](#)

2.2 The Children and Young People's Committee unanimously approved the business case and recommendation to externally commission the delivery of a Cambridgeshire Children in Care Residential Service, to agree the use of a call-off contract through the p-DPS to contract the external service delivery provider, and to delegate a recommendation to the Assets and Procurement Committee to use two council properties to accommodate the service, providing accommodation for children and staff caring for them.

2.3 The contract length has a maximum term of ten years, which exceeds the seven-year property lease length of a council asset before being approved by committee.

2.4 The two properties chosen for the Children in Care Residential Service are part of Cambridgeshire County Council's Rural Estate, and are close together in location, in Soham.

2.5 Both are currently unoccupied following farm amalgamation and now not required for the farm. They are six bedrooms and three bedrooms in size.

## 3. Financial impact to the council

3.1 The properties have historically been let as farmhouses and are both owned by the Council. Financially, for both properties to be used for the Children in Care Residential Service, rental income would still be taken from the provider for both properties, but the cost avoidance for children's external placements created from the service would far exceed any rental income via residential use for the properties.

3.2 Details of the anticipated cost avoidance can be found in para 3.6 of the June Children in Care Residential Strategy CYP committee paper, with an annual net cost avoidance estimated at £638,976. Further work on the proposal since June has identified that this figure could be significantly higher; these revised figures will therefore be included in the 2025-26 business plan once available.

3.3 The 2024-25 business plan was approved by Council on 13 February 2024 and included a

£1.7m capital budget for this scheme. A further revision to the business case, reflecting this new proposal, was reviewed by Capital Programme Board in March 2024, which revised the scheme cost down to £1m, however this has not yet been updated in the Council's capital programme.

## 4. Refurbishment requirements

- 4.1 Both properties require further works to ensure they are suitable for the high support needs of the children placed, and the staff supporting them. The scope of the works will be to refurbish and update, also upgrading energy performance in line with the Council's net zero ambitions, and to provide a safe and secure environment for children cared for in both properties.
- 4.2 The cost of the expected works for both properties are estimated to be in the region of up to £950k. The specification of work is higher than a conventional dwelling to ensure safety.
- 4.3 The refurbishment works will be procured by competitive tender in compliance with the County Council's Procurement regulations using the Pro Contract Minor Works Framework. The initial tender will be for a 4-week process and evaluation in accordance with County Council Procurement guidelines will follow.

## 5. Property responsibilities

- 5.1 The houses will be let on a commercial business tenancy to the externally commissioned provider, at a market rent for a maximum 10-year term. The rent paid by the provider will be equivalent to a farmhouse rent.
- 5.2 The tenancy will be on Full Repairing and Insuring terms, which means that the provider will be responsible for insurance and maintenance as well as running costs for both properties. Any damages to the property, would also be the responsibility of the provider. The refurbishment work will be covered by the builder for an initial defects period.

## 6. Planning Permission

- 6.1 Planning change of use will be required for both properties from Use Class C3 (agricultural dwelling) to C2 (care home) and a REG 3 application has been made. A REG 3 application means that it will be considered by the County Council's own Planning service.
- 6.2 One of the properties has an agricultural occupancy condition. The planning application seeks to temporarily lift the restriction for the period of up to 10 years.

## 7. Timescales

- 7.1 If Committee approves the alternative use of the two properties, the procurement for the refurbishment works, and the procurement for the externally commissioned service provider, will be put out to tender shortly afterwards.
- 7.2 The current timelines for the refurbishment work to the properties would be anticipated to be completed, subject to planning, by early Spring 2025, and the externally commissioned

service provider will begin running the service at the earliest opportunity after the award of the contract.

## 8. Alternative Options Considered

- 8.1 **Purchase properties that are not part of the Cambridgeshire County Council assets portfolio:** This project initially looked to purchase properties for the service through the private residential market. The size of the properties and outdoor space required within Cambridgeshire for the service to be suitable for the initial group of children, meant that initial reviews of purchase cost were double the cost of the anticipated refurbishment costs for the farm estate properties identified as suitable for the service.
- 8.2 **Use other Cambridgeshire County Council properties that are not on the farm estate:** The Council has other properties including several not on the Rural estate, which are currently let or recently vacant. These properties do not meet the requirements of space and location that the Children in Care Residential service would require for the initial group of children.
- 8.3 **Do nothing:** This is not sustainable given the current capacity position, the needs of our children and young people in care, the increasing use of unregistered settings for placing children in care, and the financial and budgetary impact of the current arrangements.

## 9. Conclusion and reasons for recommendations

- 9.1 The Cambridgeshire County Council Children in Care Residential Service requires initially two properties to run this service as a pilot. The use of the properties identified, already owned by the Council, offer the council a long-term rental income and feed into the wider council strategic ambitions. They offer the commissioned service provider a means to be in a long-term contractual arrangement without any initial property purchase, and they offer the children in care a home that is suitable for their needs and support requirements in Cambridgeshire within the county.

## 10. Significant Implications

### 10.1 Finance Implications

Financial implications have been set out in the CYP Committee report as to why to use two properties in Cambridgeshire. This report sets out the capital refurbishment costs and the impact on income in sections 3, 4 and 5.

### 10.2 Legal Implications

Pathfinder Legal have been consulted and advised on property planning implications and will prepare the leases. Recommendations from Pathfinder Legal are being taken forwards by Property. The Property team have experience of providing commercial leases in similar settings. The works to refurbish the properties will be procured in compliance with procurement law by competitive tender from the Council's Minor Works Framework.

### 10.3 Risk Implications

The financial risk will be mitigated by competitively procuring both the service provider and the renovation work.

There is a planning risk that the change of use/lifting of the AOR for a period may not be granted.

### 10.4 Equality and Diversity Implications

There are no negative implications for equality and diversity. The Children in Care Residential Service will provide positive outcomes for children and young people with care experience. A completed and approved Equality, Impact Assessment (EqIA) can be requested with the reference CCC608779755.

### 10.5 Climate Change and Environment Implications (Key decisions only)

- Implication 1: Energy efficient, low carbon buildings.
  - Status: Positive
  - Explanation: Any changes to the two council properties used for the service will take into consideration the council's net zero ambitions.
  
- Implication 2: Low carbon transport.
  - Status: Positive
  - Explanation: Transport use from social care will reduce due to children and young people being placed in Cambridgeshire.
  
- Implication 3: Green spaces, peatland, afforestation, habitats, and land management.
  - Status: Neutral
  - Explanation: There is not impact relating to this tender.
  
- Implication 4: Waste Management and Tackling Plastic Pollution.
  - Status: Neutral
  - Explanation: There is limited opportunity to make a significant difference.
  
- Implication 5: Water use, availability, and management:
  - Status: Neutral
  - Explanation: There is limited opportunity to make a significant difference.
  
- Implication 6: Air Pollution.
  - Status: Neutral
  - Explanation: There is limited opportunity to make a significant difference.
  
- Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.
  - Status: Neutral
  - Explanation: There is limited opportunity to make a significant difference.

## 7. Source Documents

7.1 None.

## Enterprise Resource Planning System Cloud Hosting

To: Assets and Procurement Committee

Meeting Date: 17 September 2024

From: Executive Director for Finance and Resources

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2024/074

**Executive Summary:** The purpose of this report is to convey essential information, analysis and recommendation for the immediate future direction of the Shared Service's Enterprise Resource Planning solution, considering the impact of the supplier's de-support announcement, and the strategic options for the short to medium term (now until 2029).

The Enterprise Resource Planning solution implemented across the Shared Service (Cambridgeshire County Council, Milton Keynes City Council, North Northamptonshire Council, West Northamptonshire Council), underpins each Council's ability to administer and manage Financials, HR and Payroll processes and associated statutory compliance.

The Committee is being asked to consider the options and recommendations presented, ensuring a continued safe and legal provision for Enterprise Resource Planning for the Council until at least 2029.

**Recommendation:** The Committee is recommended to:

- a) Approve recommended option to commence procurement of Enterprise Resource Planning System Cloud Hosting, through the Lead Authority Shared Service arrangements, with West Northamptonshire Council as the lead Contracting Authority.
- b) Delegate responsibility for awarding and executing a contract for the provision of Enterprise Resource Planning System starting April 2025 and extension periods to the Executive Director for Finance and Resources in consultation with the Chair and Vice Chair.
- c) Delegate authority to the Executive Director of Finance and Resources, in consultation with the Chair and Vice-Chair, to agree, for the County Council's part, to any minor variations that may arise

during the progression of this proposal and to agree to any revised or updated inter-authority agreements that result.

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# 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 This proposal aims to meet Ambition 1: Net zero carbon emissions for Cambridgeshire by 2045. Our communities and natural environment are supported to adapt and thrive as the climate changes of the Council's 2023-2028 Strategic Framework:
- *Plan for and manage climate risk, so we can cope with the impacts our changing climate brings*
  - *Reduce the councils' direct carbon emissions to net zero by 2030*
  - *Support partners, residents, businesses and communities to live and work more sustainably*
  - *Embed net-zero by design and climate resilience into our transport delivery and infrastructure asset maintenance*
- 1.2 The proposal will aim to reduce the councils' carbon emissions by using Microsoft Azure data centres in the United Kingdom. Microsoft has been carbon neutral since 2012 and is committed to being carbon negative by 2030, with the commitment by 2050 to remove all the carbon it has directly emitted since its founding in 1975.
- 1.3 The Council's Enterprise Resource Planning system is vital to the organisation's day-to-day operations. It enables us to pay our workforce and suppliers, workflow and govern our administration and decision making and to record, monitor and manage our resources. In these ways the delivery of all of our Ambitions rely on its effective and continuous operation.
- 1.4 This proposal aims to meet Ambition 1 - Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes of the Council's 2023-2028 Strategic Framework. It will do this by reducing the Council's carbon emissions by using Microsoft Azure Data centres in the United Kingdom. Microsoft has been carbon neutral since 2012 and is committed to being carbon negative by 2030, with the commitment by 2050 to remove all the carbon it's directly emitted since its founding in 1975.

## 2. Background

- 2.1 In 2015, ERP Gold (local branding of the councils' Enterprise Resource Planning software) was procured as the strategic solution for providing a single suite of Enterprise Resource Planning software to manage day-to-day business activities such as accounting, HR, Payroll, Accounts Payable, Accounts Receivable and Procurement.
- 2.2 The ERP Gold solution was implemented to support a 'public to public' Shared Services Partnership operation (LGSS) across Northamptonshire, Cambridgeshire and Milton Keynes councils with the objective of significantly reducing operating costs of common 'back office' corporate business systems and services through leveraging economies of scale and standardisation.
- 2.3 In late 2023, the councils' incumbent Enterprise Resource Planning supplier announced to all customers that the software will reach End of Support on 31 December 2024.

- 2.4 This report responds to the supplier announcement with an assessment of options and recommendations to secure a safe, legal, costed and fully funded Enterprise Resource Planning solution to meet the councils' needs until at least 2029.

### 3. Main Issues

#### Current position

- 3.1 In late 2023, the councils' incumbent Enterprise Resource Planning supplier announced to all customers the software will reach End of Support on 31 December 2024. This means that no support and maintenance would be available from January 2025 unless a new commercial agreement (contract) is in place, and the councils migrate to the supplier's own cloud hosting solution (the councils are currently in contract with a 3<sup>rd</sup> party cloud hosting provider). This is despite owning a 25-year perpetual licence, with a 2040 expiry date, and utilising the most current version of the software.

- 3.2 The risk and impact of no ERP support and maintenance:

- Statutory Compliance: High Risk/High Impact  
Non HMRC compliant system from April 2025 (annual HMRC driven payroll updates from the incumbent supplier are released every February). Without compliance, the councils are unable to run Payroll from April 2025 for over 15,000 employees.
- Security Updates/Hot Fixes: Medium Risk/High Impact  
No ERP system security updates, which may open the councils to security vulnerabilities/risk of cyber-attack.
- Bug fixes/Issue Resolution: Medium-Low Risk/Medium-Low Impact  
No ERP system bug fixes or able to receive issue support and/or resolution from the incumbent supplier with issues that councils find within the system.

#### 3.3 Current negotiation with incumbent supplier

Since the announcement, as lead authority, West Northamptonshire Council has been negotiating with the supplier who has conceded to provide the Shared Service Partnership with:

Since the announcement, the four Councils have adopted a unified position in negotiations with the supplier who have conceded to provide the Shared Service Partnership with:

- An extended period for ongoing support and maintenance, through to end of March 2026. Thereafter, support and maintenance will only continue if the Shared Services have signed a new commercial agreement and commenced migration to the supplier's Cloud solution.
- Preferential whole life contract rates from leveraging the councils' scale (negotiation is ongoing), under a new four-year agreement.

#### 3.4 Legal case

Shared Services have sought both internal (Lead Authority West Northamptonshire Council

Legal Team) and specialist external legal advice in respect of a potential breach of contract by the supplier, following their announcement. Due to the impact of announced timeframes, Shared Services also sought advice on compliance with UK market competition law.

The legal advice concluded, on the basis that support and maintenance will not expire until at least 31 March 2026, the current provider has not yet breached the contract. Only when the current provider does withdraw support to the services or software, may there be a case for breach of contract.

The contract provides adequate remedies where there is a breach.

The legal advisors also confirmed that compliance with UK market competitions law can only be decided by the Competitions Market Authority. Any case, any report or complaint to the Competitions Market Authority will take time to investigate (up to 18 months) and may not yield a favorable result.

### 3.5 Procurement

West Northamptonshire Council is the contracting authority under the Shared Services Partnership Agreement.

A compliant Government Framework has been identified as the procurement vehicle that would best fit with the timeframes with which the project has to work.

Use of this framework has been endorsed by West Northamptonshire Procurement as it allows for quick and seamless selection and sourcing of the contracts and is a typical route to market for these types of purchases (cloud hosted software). It provides a standard basis for IT procurement, e.g. in contractual terms and conditions and by increasing transparency.

This framework has been established by the UK Government’s Crown Commercial Services and enables public bodies to contract with suppliers which have been through nationally run competitive processes, without the need to go through their own full tender exercise.

### 3.6 Preferred option

Whilst several options have been considered, the outcome of the options appraisal assessment has determined the following as the preferred option:

**Enter into new commercial agreement for ERP Gold with the current provider via a compliant procurement route.**

High level analysis of this option:

#### **Short to Medium Term (now until 2029)**

<b>Option</b>	<b>Impact on Budgets</b>	<b>Impact of Change</b>	<b>Overall Risk</b>	<b>Score*</b>
Enter into new commercial agreement for ERP Gold with current provider via compliant procurement route	Minimal	Minimal	Minimal	15

### Medium to Long Term (2030 to 2034+)

Option	Impact on Budgets	Impact of Change	Overall Risk	Score*
Enter into new commercial agreement for ERP Gold with current provider via compliant procurement route	Minimal	Minimal	Major	25

Scoring: Minimal = 5. Moderate = 10. Major = 15. (the lower the score\* the better)

Details of the indicative timeline and costs of the preferred option is in *Appendix 1* of this report.

### High Level Key Risk Summary

Option	Short to Medium Term	Medium to Long Term
Enter into new commercial agreement for ERP Gold with current provider via compliant procurement route	<u>Minimal Risk</u> Same ERP supplier, same software and minimal impact on budgets	<u>Major Risk</u> Support and Maintenance not guaranteed beyond 2032

## 4. Alternative Options Considered

### 4.1 Alternative options considered:

- Procure 3<sup>rd</sup> party payroll support and retain ERP Gold solution
- Outsource payroll to a payroll managed service provider, and retain unsupported ERP Gold for financials
- Procure and implement a separate payroll software solution, and retain unsupported ERP Gold for financials
- Procure alternate integrated ERP solution

High level analysis of these options:

### Short to Medium Term (now until 2029)

Option	Impact on Budgets	Impact of Change	Overall Risk	Score*
Procure 3 <sup>rd</sup> party payroll support and retain ERP Gold solution	Minimal	Moderate	Major	30
Outsource payroll to a payroll managed service provider, and retain unsupported ERP Gold for financials	Major	Major	Major	45
Procure and implement separate payroll software solution, and retain unsupported ERP Gold for financials	Major	Major	Major	45
Procure alternate integrated ERP solution	Major	Major	Major	45

### Medium to Long Term (2030 to 2034+)

Option	Impact on Budgets	Impact of Change	Overall Risk	Score*
Procure 3 <sup>rd</sup> party payroll support and retain ERP Gold solution	Minimal	Moderate	Major	30
Outsource payroll to a payroll managed service provider, and retain unsupported ERP Gold for financials	Major	Major	Major	45
Procure and implement separate payroll software solution, and retain unsupported ERP Gold for financials	Major	Major	Major	45
Procure alternate integrated ERP solution	Major	Major	Moderate	40

Scoring: Minimal = 5. Moderate = 10. Major = 15. (the lower the score\* the better)

### High Level Indicative Timeline and Costs for Shared Services

Option	Time to procure & implement	£ Total for 4 Years (inc. implementation)
Procure 3 <sup>rd</sup> party payroll support and retain ERP Gold solution	10 months	circa 1.6m
Outsource payroll to a payroll managed service provider, and retain unsupported ERP Gold for financials	18 months	circa 5.6m
Procure and implement separate payroll software solution, and retain unsupported ERP Gold for financials	18 months	circa 4.9m
Procure alternate integrated ERP solution	36 months	circa 11m

### High Level Key Risk Summary

Option	Short to Medium Term	Medium to Long Term
Procure 3 <sup>rd</sup> party payroll support and retain ERP Gold solution	<p><u>Major Risk</u> Approach has not been attempted before within the UK and/or local authority payroll, therefore there is no guarantee of success</p> <p>Local authority payroll configuration is complex across the Shared Services, significantly</p>	<p><u>Major Risk</u> Approach has not been attempted before within the UK and/or local authority payroll, therefore there is no guarantee of success</p> <p>Local authority payroll configuration is complex across the Shared Services, significantly</p>

	increasing the risk profile.	increasing the risk profile.
Outsource payroll to a payroll managed service provider, and retain unsupported ERP Gold for financials	<u>Major Risk</u> Does not address unsupported financial system, procurement / implementation timeframe is close to time available, and high organisational change impact	<u>Major Risk</u> Does not address unsupported financial system, further investigation for alternative financial options required
Procure and implement separate payroll software solution, and retain unsupported ERP Gold for financials	<u>Major Risk</u> Does not address unsupported financial system, procurement / implementation timeframe is close to time available, and high organisational change impact	<u>Major Risk</u> Does not address unsupported financial system, further investigation for alternative options
Procure alternate integrated ERP solution	<u>Major Risk</u> Procurement / implementation exceeds time available, potential high impact on budgets and high organisational change impact	<u>Moderate Risk</u> Further investigation required on available products in the marketplace and their costs

## 5. Conclusion and reasons for recommendations

### 5.1 Short to Medium Term

After completing a high-level assessment of options available, the recommended outcome for the Short to Medium Term is to **enter into new commercial agreement for ERP Gold with current provider via a compliant route.**

This option:

- Provides a supported Enterprise Resource Planning system for at least the next four years, ensuring the councils remain compliant for Payroll, retaining overall support and maintenance from the software supplier.
- Is achievable within the timeframes, has minimal impact on budgets and organisational change, and presents minimal overall risk to the Shared Services.
- Will require the councils to migrate to the supplier's ERP cloud provision. This has been taken into account as part of the assessment, and does not present significant risk

## 5.2 Medium to Long Term

Looking further forward, the review has highlighted that a refinement of options should be considered for the Medium to Long Term as part of the Shared Services overall Enterprise Resource Planning Strategic Review.

The options to be considered/assessed in the future:

1. Outsource payroll and procure alternative financial solution
2. Procure and implement best of breed (separate) Payroll and Financial solutions
3. Procure and retain existing Enterprise Resource Planning solution
4. Procure and implement a new integrated Enterprise Resource Planning solution

To ensure the councils identify the best possible approach, as lead authority, West Northamptonshire Council recommends a full evaluation of the products available within the marketplace, which will be based on the four options stated above, ensuring the strategic requirements of the shared service are met.

## 6. Significant Implications

### 6.1 Finance Implications

Whilst West Northamptonshire Council is still in commercial discussions with the supplier, the estimated cost profile for Cambridgeshire County Council is presented below:

	<b>Does not include annual indexation costs</b>				
	<b>£ Y1 (25/26)</b>	<b>£ Y2 (26/27)</b>	<b>£ Y3 (27/28)</b>	<b>£ Y4 (28/29)</b>	<b>£ Total</b>
Estimated annual cost	285,261	279,119	279,119	279,119	1,122,618
Current budget provision	275,740	275,740	275,740	275,740	1,102,960

In 25/26, additional funding of £9k will be required, reducing to £3k per annum which will need to be incorporated in mid-term financial plan as a part of budget setting process. It is expected this can be absorbed within aligned lead authority back-office budgets.

### 6.2 Legal Implications

West Northamptonshire Council is the contracting authority under the Shared Services Partnership Agreement and will be procuring the Enterprise Resource Planning Solution on behalf of Cambridgeshire County Council, Milton Keynes City Council, North Northamptonshire Council and West Northamptonshire Council.

The Crown Commercial Service's Framework is compliant with The Public Contract Regulations 2015 as will be the Procurement Act 2023 (especially sections 45-49) commencing in October 2024 (replacing the PCR), so a supplier can be appointed to undertake the provision, implementation and support of the ERP solution as set out in this report. The appointment must comply with the Framework's processes, it must be fair and transparent, and an audit trail must be maintained. Under this Framework, it is possible to

call-off and apply a direct award if the framework evaluation criteria have been correctly applied as well as the transparency provisions of the PA23.

### 6.3 Risk Implications

Risk(s) associated with not undertaking the proposal:

Risk	Risk Rating
<p><b>Statutory Compliance:</b>                      Non HMRC compliant system from April 2026 (annual HMRC driven payroll updates from the incumbent supplier are released every February). Without compliance, the councils are unable to run Payroll from April 2026 for over 15,000 employees.</p>	High Risk/High Impact
<p><b>Security Updates/Hot Fixes:</b>                      No Enterprise Resource Planning system security updates, which may open us to security vulnerabilities/risk of cyber-attack.</p>	Medium Risk/High Impact
<p><b>Bug fixes/Issue Resolution:</b>                      No Enterprise Resource Planning system bug fixes or able to receive issue support and/or resolution from the incumbent supplier with issues that the councils find within the system.</p>	Risk/Medium-Low Impact

Risk(s) associated with the proposal:

There are no significant risks arising from the proposed recommendations in this report.

### 6.4 Equality and Diversity Implications

This proposal does not have any impacts on Equality and Diversity.

### 6.5 Climate Change and Environment Implications

In common with most big scale computer systems, the key climate impact is from the data centre where the system is hosted. The proposed Enterprise Resource Planning Solution supplier hosts the system in Microsoft Azure UK data centres in London and for Disaster Recovery in Cardiff.

Microsoft has been carbon neutral since 2012 and is committed to being carbon negative by 2030, with the commitment by 2050 to remove all the carbon it has directly emitted since its founding in 1975.

## 7. Source Documents

None.



## Corporate Performance Report

To: Assets and Procurement Committee

Meeting Date: 17 September 2024

From: Executive Director for Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not Applicable

Executive Summary: This report provides an update to the Committee on the performance monitoring information for the 2024/25 quarter one period, covering 1 April 2024 to 30 June 2024.

Recommendation: The Committee is asked to:

- a) Note performance information and act, as necessary.

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# 1. Creating a greener, fairer, and more caring Cambridgeshire

- 1.1 This report analyses the key performance indicators (KPIs) which link to Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised. Due to the complex nature of KPIs, some indicators may also impact other ambitions.

## 2. Background

- 2.1 The Performance Management Framework sets out that Policy and Service Committees should:
- Set outcomes and strategy in the areas they oversee.
  - Select and approve the addition and removal of Key Performance Indicators (KPIs) for the committee performance report.
  - Track progress quarterly.
  - Consider whether performance is at an acceptable level.
  - Seek to understand the reasons behind the level of performance.
  - Identify remedial action.
- 2.2 This report, delivered quarterly, continues to support the committee with its performance management role. It provides an update on the status of the selected Key Performance Indicators (KPIs) which track the performance of the services the committee oversees.
- 2.3 The report covers the period of quarter one 2024/25, up to the end of June 2024.
- 2.4 The most recent data for indicators for this committee can be found in the dashboard at Appendix 1. The dashboard includes the following information for each KPI:
- Current and previous performance and the projected linear trend.
  - Current and previous targets. Please note that not all KPIs have targets, this may be because they are being developed or the indicator is being monitored for context.
  - Red / Amber / Green / Blue (RAGB) status.
  - Direction for improvement to show whether an increase or decrease is good.
  - Change in performance which shows whether performance is improving (up) or deteriorating (down).
  - The performance of our statistical neighbours. This is only available, and therefore included, where there is a standard national definition of the indicator.
  - KPI description.
  - Commentary on the KPI.
- 2.5 The following RAGB criteria are being used:
- Red – current performance is 10% or more from target.
  - Amber – current performance is off target by less than 10%.
  - Green – current performance is on target or better by up to 5%.
  - Blue – current performance is better than target by 5% or more.
  - Baseline – indicates performance is currently being tracked to inform the target setting process.
  - Contextual – these KPIs track key activity being undertaken, to present a rounded view of information relevant to the service area, without a performance target.

- In development - KPI has been agreed, but data collection and target setting are in development.

### 3. Main Issues

3.1 Current performance of available indicators monitored by the Committee is as follows:

Status	Number of KPIs	Percentage of KPIs*
Red	3	28%
Amber	2	18%
Green	2	18%
Blue	3	28%
Baseline	0	0%
Contextual	1	10%
In Development	0	0%
Suspended	0	0%

\*Figures may not add to one hundred due to rounding.

3.2 The following indicator is an annual indicator, and the data will be updated in December 2024

- Indicator 171: Rent per acre obtained from the agricultural estate.

This indicator is currently being reviewed as it does not provide a stretch target and drive improvement, we are looking at alternative indicators which can be used to drive improvement whilst also enabling benchmarking at a regional and national level, until an alternative is found, indicator 171 will continue to be reported to this committee.

3.3 There are two red indicators for commentary this quarter.

Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date.

Performance has declined again in the last quarter with 58% of total waivers submitted being submitted late. 40% of those waivers submitted within 5 days of their start date were submitted under either the 'urgency' or 'process delays' categories, meaning that they were submitted correctly and might be expected to be 'late'.

The actual number of late waivers was 20 during the period, 17 of these were for values less than £30k. As a result of the deterioration of the performance against this KPI the Chief Executive has reintroduced his personal monthly review of performance in this area.

Following a recommendation from the internal Audit team, this indicator will be developed to provide the committee with additional data showing the number of adjusted waivers, where there was either: a genuine emergency or where the procurement team was directly involved in the waiver submission. This additional information will provide the committee with more detail and context with regards to the performance of this indicator.

Indicator 204: Annual forecast of the gross income from our commercial investment as a percentage of initial investment.

The income received across all commercial investments in 2023-24 was £19.2m with a net income of £12.7m after financing costs. Within this indicator, the Collective Investment Funds are forecasting to perform well again this year, with additional income of £371k estimated. However, the This Land budget is forecasting a pressure. The Strategy, Resources and Performance Committee received a detailed monitoring update on This Land in July 2024 alongside an advisor's report. There are site specific short-term cashflow timing delays currently which have increased uncertainty to the Council about timing of interest payments and level of risk, leading to a more prudent forecast. This committee is due to receive the annual business report from This Land in November, which will provide a detailed overview of the company's outlook and performance.

Triangle Solar Farm performed well in 2023-24 under the new contract and overachieved by £200k. The 2024-25 business plan has been updated to reflect this additional income. At this stage in the financial year, it is too early to predict if we will over/under achieve against the increased 2024-25 budget.

Evolution Business Park and Kingsbridge are currently fully occupied. The student accommodation bookings for the academic year 2024-25 is progressing well, having sold 95% of the rooms at this point. There is a need for continued investment in the property with updates to kitchens and other areas planned for this summer. Two units remain unlet at Cromwell Leisure Park; a revised marketing approach is underway and has attracted some new interest (one of the units has been empty since the investment was made).

Please note: the return percentages for the prior year quarters have been restated to include the additional investment in relation to Evolution Business Park (the additional income had been included, but not the investment). This has reduced the overall return very slightly for those quarters compared to what had been reported previously.

Detailed commentary and summary of each indicator can be found in Appendix 1.

3.4 In addition to the indicators that can be found within Appendix 1, included below are indicators related to property compliance and safety. Officers continue to work to develop these indicators, reviewing the measures we are collating to ensure that they are relevant and can be used to drive improvement and change where required and give a true outcome and provide comparison with others similar local authorities.

#### 3.4.1 Water Management

The water hygiene indicator monitors the completion of the Water Hygiene Risk Assessments across a total of 103 operational assets on an annual basis. Depending on workload and other work priorities the number of sites per quarter may alter however the key measure is that the 103 sites are carried out within 2024/25.

KPI	Target Number of sites	Outcome	Performance	RAG Rating
Water Hygiene – Q1 2024/25	25	23	Two outstanding to be arranged in	Amber

			Q2 due to access difficulties to site.	
Water Hygiene – Q2 2024/25	26			
Water Hygiene – Q3 2024/25	26			
Water Hygiene – Q4 2024/25	26			

The water temperature monitoring is coordinated by compliance team to check that the water temperature aligned to statutory regulations is within safe parameters. This is carried out to 103 operational sites each quarter.

KPI	Target Number of sites per Q	Outcome	Performance	RAG Rating
Water Temperature Monitoring – Q1 2024/25	103	101	Two outstanding due to restricted access to sites, however both sites are deemed very low risk sites.	Amber
Water Temperature Monitoring – Q2 2024/25	103			
Water Temperature Monitoring – Q3 2024/25	103			
Water Temperature Monitoring – Q4 2024/25	103			

### 3.4.2 Asbestos Management

The Asbestos Management Plan reviews are carried out annually to a total of 103 operational assets. This is programmed throughout the year equally within each quarter. The reviews have been prioritised and have all been completed within Q1 for 2024/25.

KPI	Target Number of sites	Outcome	Performance	RAG Rating
Asbestos Management – Q1 2024/25	103	103	Completed all sites within Q1	Green

Asbestos Management – Q2 2024/25	0			
Asbestos Management – Q3 2024/25	0			
Asbestos Management – Q4 2024/25	0			

### 3.4.3 Fire Safety

A Fire Risk Assessment is required at 188 operational sites, these require updating every three years and is managed on a rolling three-year programme. This year's programme has a target of 51 sites.

KPI	Target Number of sites	Outcome	Performance	RAG Rating
Fire Risk Assessments – Q1 2024/25	12	10	Access issues at 2 sites prevented assessments being carried out, these will be picked up within Q2.	Red
Fire Risk Assessments – Q2 2024/25	13			
Fire Risk Assessments – Q3 2024/25	13			
Fire Risk Assessments – Q4 2024/25	13			

This is the maintenance and servicing of fire extinguishers at 103 sites annually.

KPI	Target	Outcome	Performance	RAG Rating
Annual Fire Extinguisher Maintenance – Q1 2024/25	26	26	Completed	Green
Annual Fire Extinguisher Maintenance – Q2 2024/25	26			
Annual Fire	26			

Extinguisher Maintenance – Q3 2024/25				
Annual Fire Extinguisher Maintenance – Q4 2024/25	25			

### 3.4.4 Control of Contractors

This measures the checking of whether contractors adhere to the 5C’s control of contractor protocol (Co-operation, Coordination, Communication, Competent People, and Control of Risk) when visiting operational sites to carry out both reactive and planned maintenance. This covers 188 individual sites, and each site is programmed to have an annual check.

KPI	Target Number of sites checked.	Outcome	Performance	RAG Rating
Reviews & Audits of 5C’s System – Q1 2024/25	26	30	Overachieved within Q1 Completed.	Blue
Reviews & Audits of 5C’s System – Q2 2024/25	26			
Reviews & Audits of 5C’s System – Q3 2024/25	26			
Reviews & Audits of 5C’s System – Q4 2024/25	25			

## 4. Conclusion and recommendations

4.1 Of the indicators that have been updated this quarter, two have seen an improvement in performance:

- Indicator 205: Amount of social value achieved.
- Indicator 206: Percentage of annual spend on purchased goods or services that is with suppliers that are based locally.

3.1 shows the breakdown of RAG status for this committee’s indicator set. Of the indicators updated this quarter, one indicator saw a decline in performance from the quarter four paper, reported to the committee in July 2024:

- One indicator moved from **Green to Red**: Indicator 204: Annual forecast of the gross income from our commercial investment as a percentage of initial investment

## 5. Significant Implications

5.1 This report monitors quarterly performance. There are no significant implications within this report.

## 6. Source Documents

### 6.1 Appendix 1: Assets and Procurement Corporate Performance Report Q1 2024-25



Produced on: 06 September 2024



# Performance Report

## Quarter 1

### 2024/25 financial year

#### Assets and Procurement Committee

Governance & Performance  
Cambridgeshire County Council  
[governanceandperformance@cambridgeshire.gov.uk](mailto:governanceandperformance@cambridgeshire.gov.uk)

## Key

Data Item	Explanation
<b>Target / Pro Rata Target</b>	The target that has been set for the indicator, relevant for the reporting period
<b>Current Month / Current Period</b>	The latest performance figure relevant to the reporting period
<b>Previous Month / previous period</b>	The previously reported performance figure
<b>Direction for Improvement</b>	Indicates whether 'good' performance is a higher or a lower figure
<b>Change in Performance</b>	Indicates whether performance is 'improving' or 'declining' by comparing the latest performance figure with that of the previous reporting period
<b>Statistical Neighbours Mean</b>	Provided as a point of comparison, based on the most recently available data from identified statistical neighbours.
<b>England Mean</b>	Provided as a point of comparison, based on the most recent nationally available data
<b>RAG Rating</b>	<ul style="list-style-type: none"> <li>• <b>Red</b> – current performance is off target by more than 10%</li> <li>• <b>Amber</b> – current performance is off target by 10% or less</li> <li>• <b>Green</b> – current performance is on target by up to 5% over target</li> <li>• <b>Blue</b> – current performance exceeds target by more than 5%</li> <li>• <b>Baseline</b> – indicates performance is currently being tracked in order to inform the target setting process</li> <li>• <b>Contextual</b> – these measures track key activity being undertaken, to present a rounded view of information relevant to the service area, without a performance target.</li> <li>• <b>In Development</b> - measure has been agreed, but data collection and target setting are in development</li> </ul>
<b>Indicator Description</b>	Provides an overview of how a measure is calculated. Where possible, this is based on a nationally agreed definition to assist benchmarking with statistically comparable authorities
<b>Commentary</b>	Provides a narrative to explain the changes in performance within the reporting period
<b>Actions</b>	Actions undertaken to address under-performance. Populated for 'red' indicators only
<b>Useful Links</b>	Provides links to relevant documentation, such as nationally available data and definitions

Indicator 169: % of contract waivers submitted less than 5 days before their proposed start date

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
20.0%	↓	58.0%	28.6%	Declining

RAG Rating

Red

**Indicator Description**  
Public Contract Regulations (2015) require all contracts valued over £25,000 to be advertised and to follow a competitive process. External audit findings mean that there is a cross Council drive to promote and enable effective and compliant procurement practice.

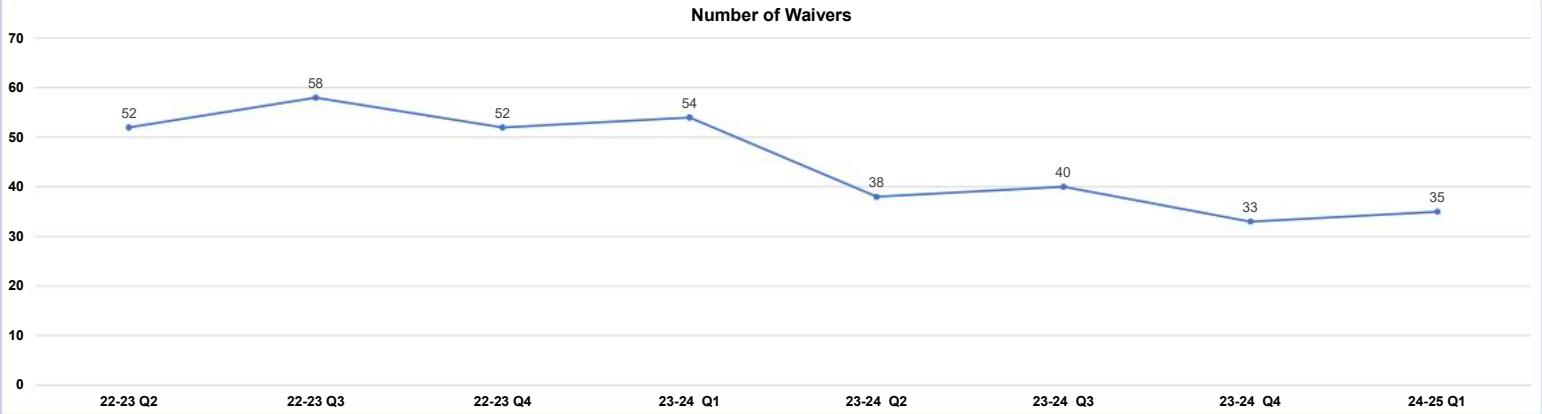
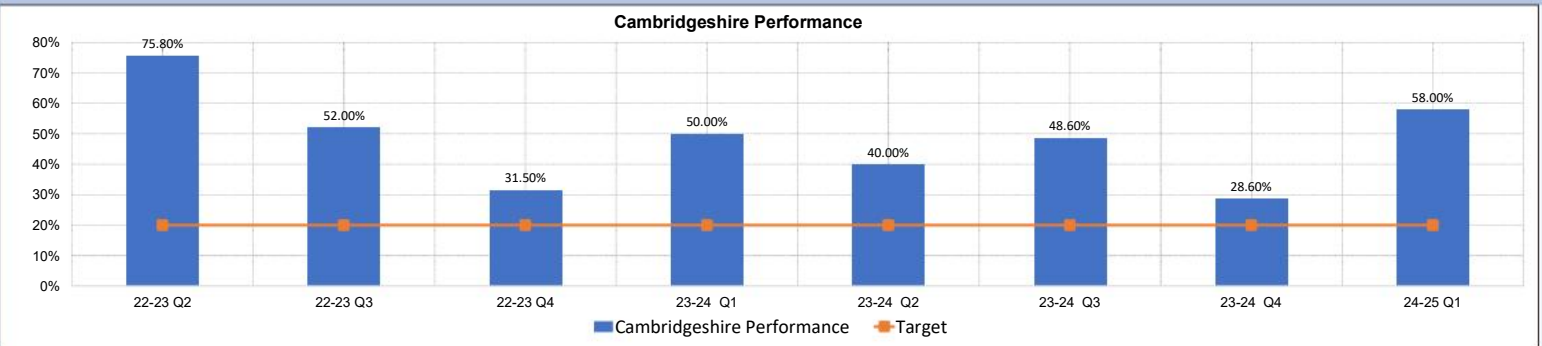
The Council's Contract Procedure Rules allow for exceptions/waivers to be applied for in specific circumstances where the contract is valued either below the relevant UK Procurement Threshold or below the Key Decision Threshold of £500,000. Waiver requests are submitted via the Council's online system and approval needs to be obtained from various officers dependent on the value of the waiver. There are occasions where, by their very nature, waivers will be requested with short timescales to the contract start date – for examples in cases of emergency or extreme urgency. However, it is important that apart from these circumstances, waiver submission leaves enough time for a procurement should a waiver request be denied.

Tracking this indicator allows the Council to identify the number, type and value of waivers being submitted in such a way as to prevent non-compliant procurement practice and so develop communications, training and other initiatives to reduce this risk to the Council.

The KPI takes the date the waiver was submitted and the date the contract is due to start and calculates the time difference between the two dates. It is designed to provide an understanding of whether waivers are submitted in sufficient time to allow for alternative action should the waiver request be denied.

The target of 20% takes into account that valid reasons for waivers include emergencies and urgent situations whilst also anticipating that the majority of waivers should be applied for sufficiently early in the procurement planning process to allow for alternative courses of action.

- Useful Links**
- [National TQM's Framework 2019 Guidance](#)
  - [Social Value Portal](#)



**Commentary**  
Performance has declined again in the last quarter with 58% of total waivers submitted being submitted late. 40% of those waivers submitted within 5 days of their start date were submitted under either the 'urgency' or 'process delays' categories, meaning that they were submitted correctly and might be expected to be 'late'.

**Actions**

Indicator 171: Rent per acre obtained from the agricultural estate

[Return to Index](#)

September 2024

Target	Current Year	Previous Year	Direction for Improvement	Change in Performance
£94	£155	£146	↑	Improving

RAG Rating

Blue

**Indicator Description**

Data source:  
DEFRA data records market rent for East of England Region. Base data is tenancy agreements with new rents recorded by the parties (Landlord & Tenant) on a signed and dated rent memorandum attached to the agreement and recorded.

This KPI records annual change in rental income measured against the previous year's recorded rent. Reported as a % change on previous year for the total rural portfolio as rent (£) per acre for the agricultural tenancies. The rent per acre figure enables some comparison with regional market rents in the agricultural sector which are published annually by DEFRA and other commentators. For a new letting Market Rent is defined by The Royal Institution of Chartered Surveyors (RICS) as 'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.' Rent Review (mid tenancy) of agricultural rent (per acre) is impacted by a number of complex factors - soil type, crop type, type of tenancy & external influences such as input costs and world commodity markets.

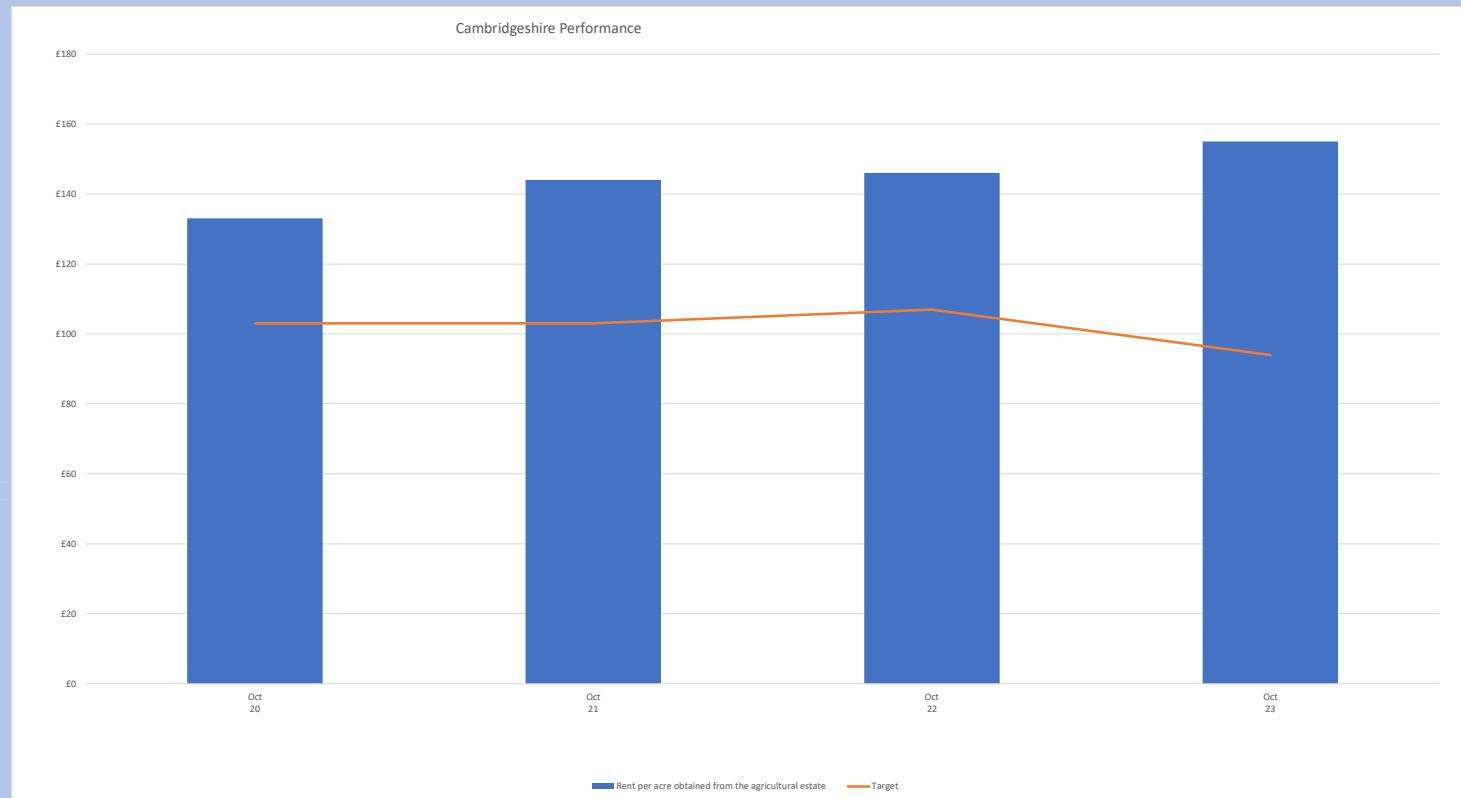
Comparator:  
Market Rents (£ per hectare/acre) for the East of England reported annually by DEFRA in January for the previous year. Most up to date figures are for 2023.

Target:  
Annual rent (£ per acre) achieved tracks defra rent per acre for East of England (variance +/- 10%).

**Useful Links**

[National TOMs Framework 2019 Guidance](#)

[Social Value Portal](#)



**Commentary**

Agricultural legislation enables review of rents every 3 years with 12 months notice required. 14 rent reviews on holdings were carried out in 2023 and Cambridgeshire County Council has increased the passing rent by 6% in October 2023. There were fewer big increases this year as most rents are at market value. Re-lets to existing tenants and new lettings have helped increase the total rent figure however these tendered rents are similar to the outgoing tenants rent, which shows that the rental levels are at market value. The rents achieved are good in the current climate of decreased Basic Payment Subsidy payments and uncertainty in the industry due to the slow release of the Sustainable Farming Incentive which was intended to balance the loss of BPS. The DEFRA benchmark is recognised as not being challenging but alternative comparable benchmarks are not readily available.

**Actions**

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
6.0%	↑	5.08%	6.03%	Declining

RAG Rating

**Red**

**Indicator Description**

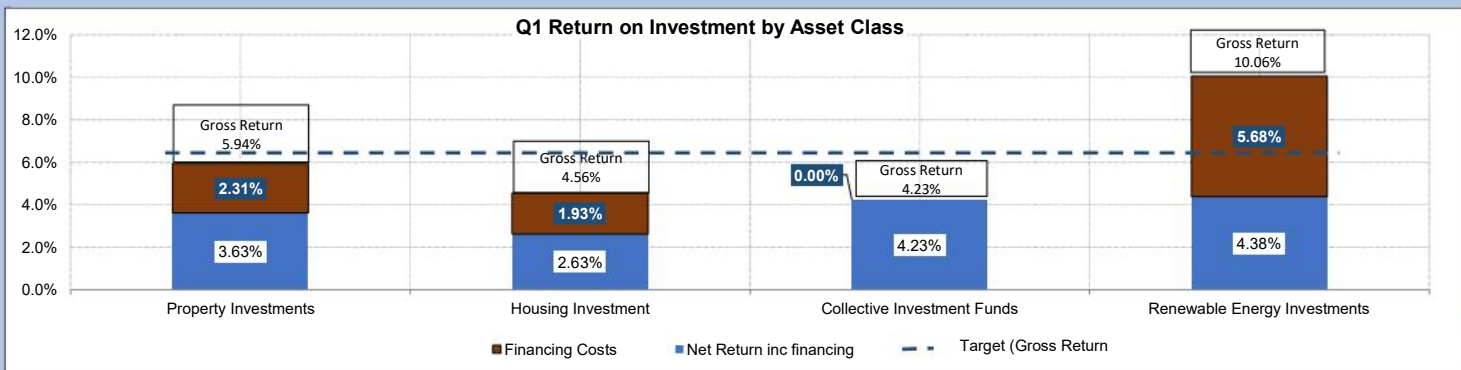
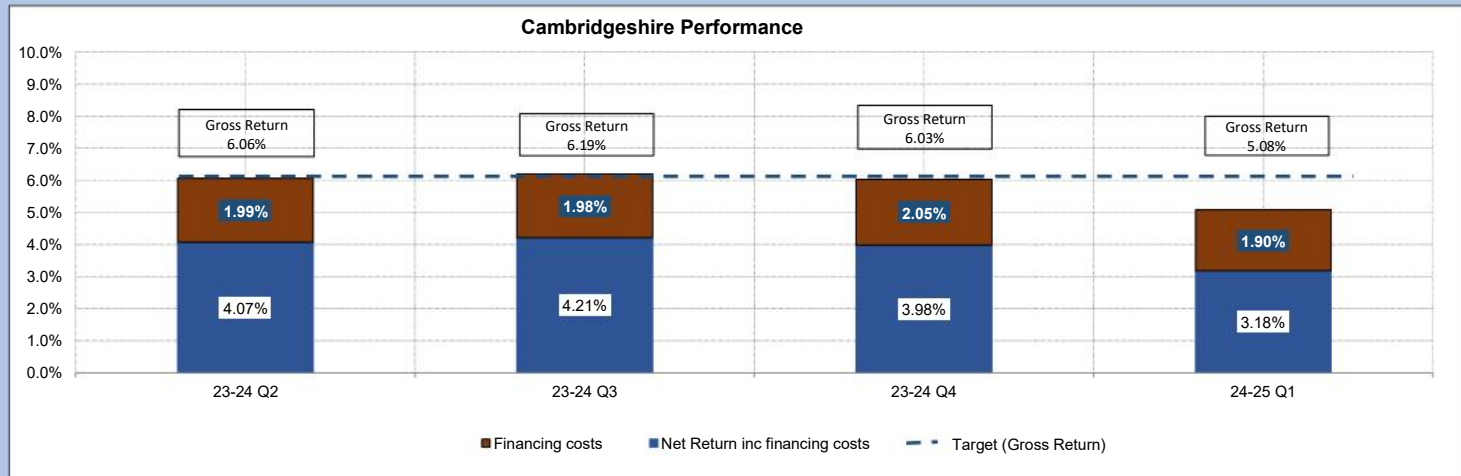
This indicator projects Cambridgeshire's expected gross income from the commercial investments that provide an income yield or interest receivable against a 6% target.

This indicator should be used to judge the performance of the council's commercial investment portfolio as a whole. It should not be used to predict any differences in actual income against budget. This is detailed within the Finance Monitoring Report.

The return figure includes investment that has already been made, as well as any additional investment expected within the financial year. The figures look at the full year effect, even where investments have not been held for the whole year.

The return is shown both gross (the total of the blue and orange blocks) and net (the blue blocks) of financing costs; the orange blocks therefore equate to the level of financing costs. The lower graph shows the return per asset class; different classes of asset are expected to deliver different levels of return.

This indicator reflects the income return from these assets, rather than the asset growth or total return (reflecting local government accounting regulations).



**Commentary**

The income received across all commercial investments in 2023-24 was £19.2m with a net income of £12.7m after financing costs. Within this indicator, the Collective Investment Funds are forecasting to perform well again this year, with additional income of £371k estimated. However, the This Land budget is forecasting a pressure. The Strategy, Resources and Performance Committee received a detailed monitoring update on This Land in July 2024 alongside an advisor's report. There are site specific short-term cashflow timing delays currently which have increased uncertainty to the Council about timing of interest payments and level of risk, leading to a more prudent forecast. This committee is due to receive the annual business report from This Land in November, which will provide a detailed overview of the company's outlook and performance.

Triangle Solar Farm performed well in 2023-24 under the new contract and overachieved by £200k. The 2024-25 BP has been updated to reflect this additional income. At this stage in the financial year it is too early to predict if we will over/under achieve against the increased 2024-25 budget.

Evolution Business park and Kingsbridge are currently full occupied. The student accommodation bookings for the academic year 2024-25 is progressing well, having sold 95% of the rooms at this point. There is a need for continued investment in the property with updates to kitchens and other areas planned for this summer. Two units remain unlet at Cromwell Leisure Park; a revised marketing approach is underway and has attracted some new interest (one of the units has been empty since the investment was made).

Please note: the return percentages for the prior year quarters have been restated to include the additional investment in relation to Evolution Business Park (the additional income had been included, but not the investment). This has reduced the overall return very slightly for those quarters compared to what had been reported previously.

**Actions**

Consider relative allocation between different collective investment funds and in view of the updated CIPFA prudential code and inflation risks.  
 Consider outcome of new tenant negotiations at Cromwell Leisure Park. Increase marketing for 2 vacant units.  
 Additional support is being considered for This Land, as per the report that went to SRP committee in July 2024,.

**Useful Links**

[National TOMs Framework 2019 Guidance](#)

[Social Value Portal](#)

Indicator 205: Amount of social value achieved

[Return to Index](#)

September 2024

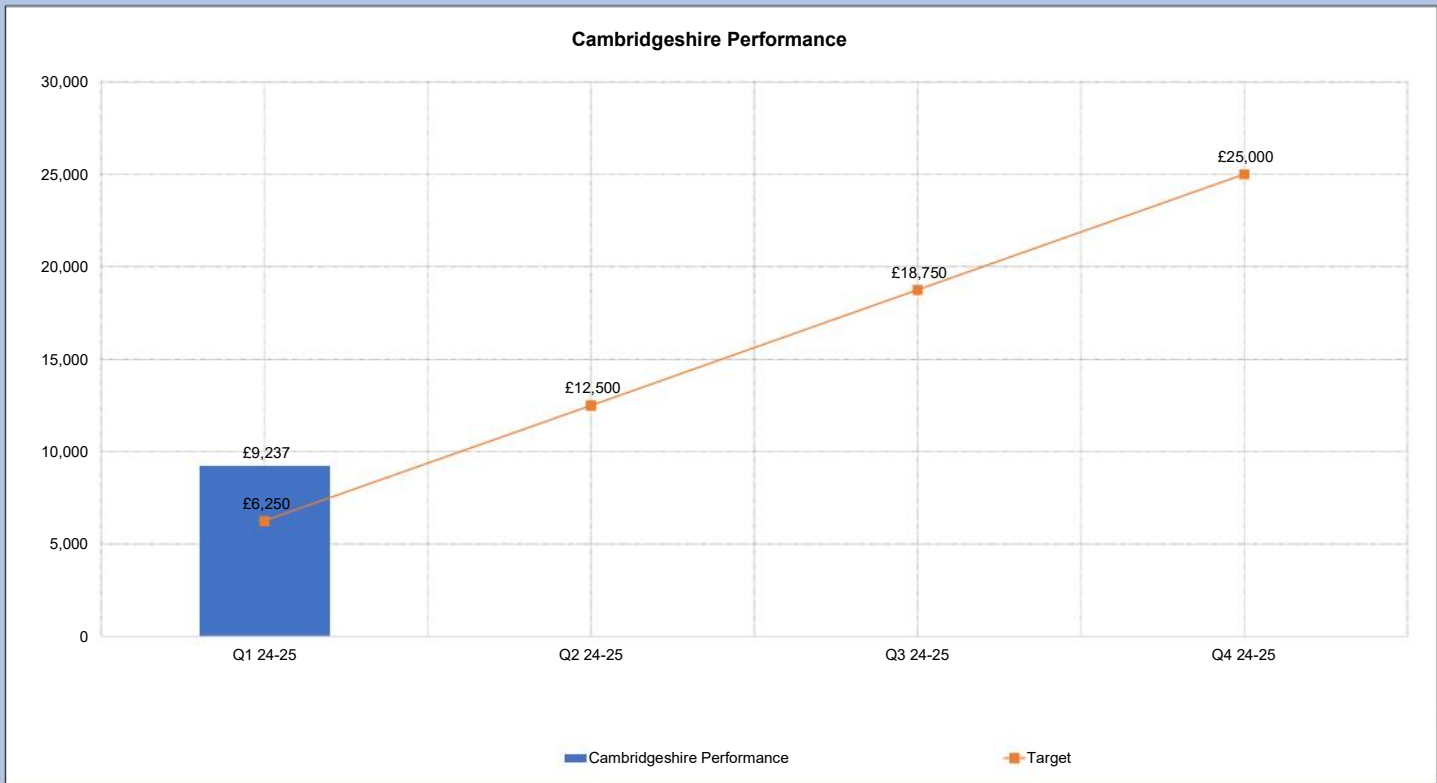
Target	Direction for Improvement	Current Quarter	Quarter 1 23-24	Change in Performance
£6,250	↑	£ 9,237.0	£ 7,227.0	Improving

RAG Rating

Blue

**Indicator Description**  
 Social value achieved via purchasing and contractual arrangements.  
 Data will be collated via the Social Value Portal and internal mechanisms.  
 Target of £20,000 to be delivered during 2023/24, with that target rising by £5,000 in each of 2024/25 and 2025/26.

**Useful Links**  
[National TOMs Framework 2019 Guidance](#)  
[Social Value Portal](#)



**Commentary**  
 Social value is now being delivered across a number of contracts.

**Actions**  
 No actions required at this time.

Target	Direction for Improvement	Current Quarter	Previous Quarter	Change in Performance
Contextual	↑	63.00%	58.00%	Improving

**RAG Rating**

Contextual
------------

**Indicator Description**

% of overall contract value awarded to businesses and third sector organisations in the following areas:

- CB Postcode Suppliers
- PE Postcode Suppliers
- Essex Postcodes (CM/CO)
- Hertfordshire Postcodes (AL/SG)
- Norfolk (NR)
- Suffolk(IP)
- Bedfordshire(LU/MK)

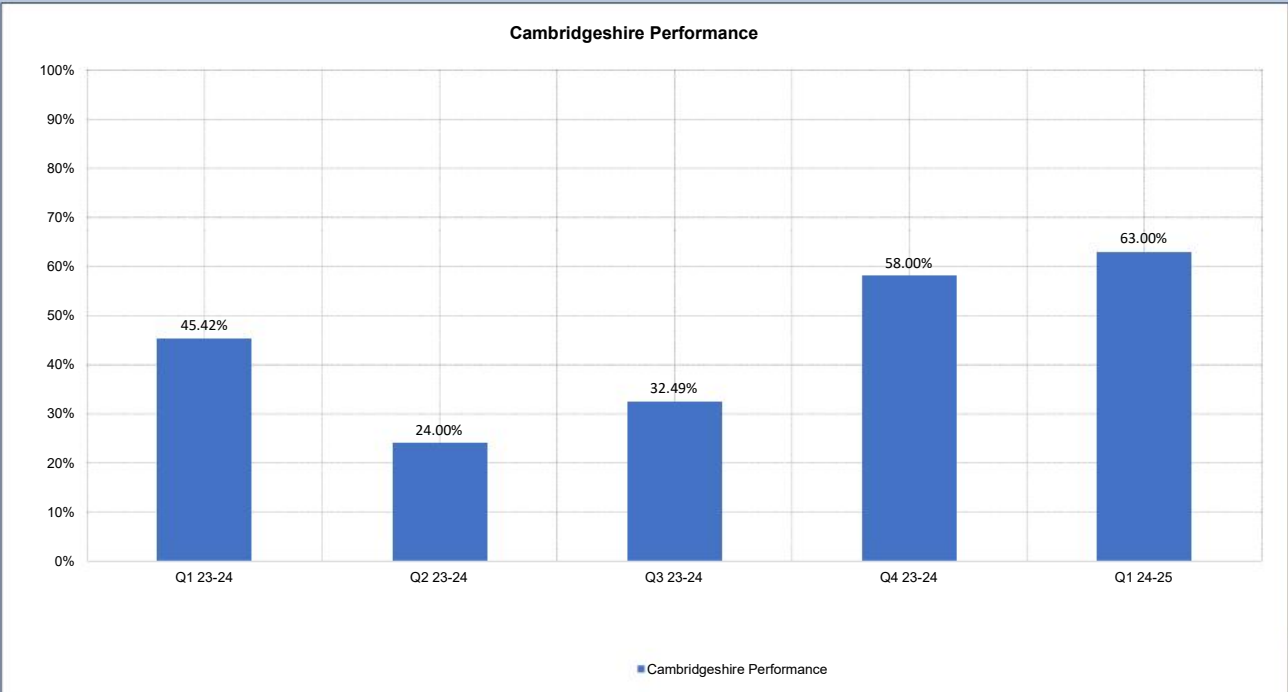
Please note: only contracts that are worth over £5,000 are tracked within this KPI.

The Council cannot directly influence local spending due to procurement rules but is active in market engagement. The Council has to judge each procurement fairly and equally, regardless of whether it is a local, regional or national organisation.

Given the restrictions of the above, this KPI is now a tracking measure to monitor how the Council is adhering to Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.

Data will be captured from the Contract Register using the supplier's registered address.

**Useful Links**



**Commentary**

The spend data will not include individual spend under £5,000 (as this does not have to be attributed to a contract) or spend via systems other than ERP. It should be noted that the Council cannot reserve or in any other way favour local SMEs during procurement processes, building local spend will therefore be driven by market engagement and the willingness and ability of local suppliers to bid for the Council's requirements.

The indicator does not now include % of local businesses hiring local people as it would not be possible for the Council to collect that information from suppliers.

**Actions**

The Council is currently providing a quarterly webinar for SMEs and local businesses on how to access the Council's opportunities and how to use our e tendering system. The first webinar was fully booked (25 places) and the 2nd had 15 attendees.





## Procurement Compliance Report

To: Assets and Procurement Committee

Meeting Date: 17 September 2024

From: Executive Director for Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not Applicable

Executive Summary: The Council agreed a new Contract Procedure Rule (CPR) breach process, the first six months of the operation of that process are contained in this report.

Committee is asked to consider this report.

Recommendation: Committee is asked to note the content of this report.

Officer contact:

Name: Clare Ellis

Post: Head of Procurement and Commercial

Email: [clare.ellis@cambridgeshire.gov.uk](mailto:clare.ellis@cambridgeshire.gov.uk)

# 1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The Contract Procedure Rules (CPRs) cover all aspects of how procurements and contracts are managed by the Council and therefore compliance with those CPRs will support the delivery of all 7 ambitions.

## 2. Background

2.1 The CPRs form part of the Council's constitution and govern the way in which the Council procures its third-party contracts. They also ensure that the relevant procurement legislation, currently the Public Contract Regulations (2015) are complied with.

2.2 The CPRs provide for exceptions or waivers which may be applied for in specific circumstances. If applied for correctly, waivers are a means by which compliance is gained in those circumstances and allow for the practical operation of the CPRs.

2.3 It became apparent, though, that breaches were occurring and there was no means of either recording these internally, reporting these breaches or ensuring that relevant action was taken to ensure that those breaches did not re-occur. Establishing a Breach Process was one of the actions identified in the Annual Governance Statement Action Plan. A breach process was therefore agreed by CLT and the Procurement Governance Board and included in an updated version of the CPRs.

2.4 The process outlines what constitutes a breach of the CPRs and that its primary aim is to help ensure compliance and accountability. The suspected breach should be reported to the Head of Procurement and Commercial who will investigate the matter, liaising with the Head of Internal Audit where the matter is complex or has wider implications. Findings are recorded for audit and accounting purposes. Breach reports are to be submitted quarterly to Directorate Management Teams, CLT and Committee.

2.5 This report summarises the breaches reported during the period February to June 2024 and the action taken as a result.

## 3. Main Issues

3.1 The table below summarises the breaches received between the start date of the process and the end of June 2024.

Reference Number	Title of breach	Brief description	Breach of CPRs?	Breach of procurement law (PCR15)?	Adequate Mitigations?
2401	Blue Badge IT system	Originally procured via LGSS, when the contract was separated, key dates were not recorded in the Contract Register	Yes	Yes	Yes

		and therefore adequate planning for the re-procurement was not able to take place before the required notice period. A waiver has been put in place and action will be taken by the 1 December 2024 to ensure there is no further non-compliance.			
2402	Education Capital Programme	An Internal Audit report found that the contracts required under the Design and Build Framework had not been signed by all contractors and by an appropriate Council representative. This was found to present significant reputational and financial risks. Contracts are now in the process of being signed and new work will not be awarded until contracts are signed. Where work is ongoing the service area has undertaken a review of the key risks and found that all DBS and health and safety contractual requirements are being complied with.	Yes	No	Yes
2403	Postal Services	Royal Mail has been paid to	Yes	Yes	Yes

		provide postal services with no formal contract in place or procurement process being followed.			
2404	Highways Asset Management System	This system is in the process of being re-procured, however the procurement process was not completed before the current contract expired. Therefore, the current contract has had to be extended beyond the original term in order to allow the procurement to be completed and the transition between contracts to be managed effectively. The award of contract following the current procurement will prevent any further non-compliance.	Yes	Yes	Yes

3.2 None of the breaches reported involved fraud, corruption or financial irregularities.

#### 4. Alternative Options Considered

4.1 The Head of Procurement and Commercial works closely with those declaring a breach to ensure that not only can the breach in question be resolved quickly and effectively, but also that wider measures are put in place to prevent similar breaches from occurring. Being open and transparent about breaches is considered the most effective way of minimising both their impact and their chances of re-occurring. No alternatives to this process are therefore being considered currently.

#### 5. Conclusion and reasons for recommendations

5.1 The Head of Procurement and Commercial will continue to work closely with the Monitoring

Officer and Head of Internal Audit to ensure that breaches of CPRs and procurement law are dealt with in an appropriate way.

## 6. Significant Implications

### 6.1 Finance Implications

Reducing the number and scale of breaches will ensure that value for money is achieved through effective procurement and contract management activity.

### 6.2 Legal Implications

The implications of breaches of procurement law have been summarised in section 3 of this report.

### 6.3 Risk Implications

There are risks associated with procurement related breaches and once a breach is reported, the Head of Procurement and Commercial works closely with the service area in question to minimise the impact of these risks.

### 6.4 Equality and Diversity Implications

Not applicable

### 6.5 Climate Change and Environment Implications (Key decisions only)

Not applicable

## 7. Source Documents

### 7.1 None



## Contract Management Update

To: Assets and Procurement Committee

Meeting Date: 17 September 2024

From: Executive Director for Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not Applicable

Executive Summary: This report provides an update on the contract risk assessment process and more widely the work being undertaken by the Procurement and Commercial Team to support Contract Managers in service areas.

Committee is asked to consider this report.

Recommendation: Committee is asked to note the contract management support being provided by the Procurement and Commercial Team.

Officer contact:  
Name: Clare Ellis  
Post: Head of Procurement and Commercial  
Email: [clare.ellis@cambridgeshire.gov.uk](mailto:clare.ellis@cambridgeshire.gov.uk)

# 1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The Procurement and Commercial team's support for Contract Managers is available across all Directorates and therefore impacts on all 7 of the Council's ambitions. Making the contract management decisions will ensure that the Council's third party spend is focused on delivering these ambitions.

## 2. Background

2.1 Contract management is a function devolved to service areas. Once the procurement is completed, the Procurement and Commercial Team hand over responsibility for the delivery of the contract to the Responsible Officer. Contract Manager responsibilities range from day-to-day performance management of the contract, ensuring contracts are properly signed by both parties, to adding the contract to the Contract Register. The recently approved Commercial, Commissioning and Procurement Framework has a Contract Management Theme which sets out a number of actions that can be taken corporately to approve the consistency of contract management across the Council.

2.2 When the Procurement and Commercial teams were amalgamated in September 2022, it was recognised that the Team could play an increased role in providing support for Contract Managers across the Council. Various pieces of contract management guidance are now available, such as the Contract Management Toolkit, advice on price variations and supplier financial distress.

2.3 From September 2023, the Procurement and Commercial Team began to roll out contract risk assessments for the highest value contracts, i.e. those considered to hold the highest risk. At the same time, the Procurement Plan (mandatory for procurements valued over £100,000) included a requirement for Contract Risk Assessments to be completed.

2.4 The Contract Risks Assessments are based on a combination of spend and associated risk, producing a ranking of Platinum, Gold, Silver and Bronze. Contract Risk Assessments are a joint exercise between the Contract Manager and a member of the Commercial Team.

## 3. Main Issues

3.1 The Contract Management Toolkit provides contract managers with a standard approach to assessing risks in contracts by classifying those contracts as Platinum, Gold, Silver or Bronze. The table below details which type of contracts are in each category:

<b>Contract Classification</b>	<b>Characteristics/Approach</b>
Bronze	Low risk and low value. Usually transactional in nature, where loss of service is easily restored or replaced with minimal impact. A light touch approach to contract management is required in most cases. Examples of contracts include direct payment support service and construction of a grain store.
Silver	Can be high value but low risk, in an increasingly competitive market. Regular contract monitoring, especially in relation to performance, lowering of costs and driving



	value will be required. Examples of contracts include electricity support and MS Office software.
Gold	A challenging marketplace with few suppliers. High levels of supplier engagement is required. Regularly ensuring business continuity plans are up to date in the event of contract failure. Examples of contracts include the ERP contract and construction of school assets.
Platinum	Typically, this is a major contract. A highly skilled contract manager will be needed with clear governance arrangements in place, with effective monitoring and strong policies and processes. Examples include Milestone and Looked after Children Dynamic Purchasing System.

Generally speaking, Silver and Platinum contracts are valued over £2m.

- 3.2 The Contract Risks Assessments cover a range of risks including delivery, market, performance, reputational, and health and safety. Risks ratings differ depending on the nature of the contract. For example, health and safety risks are higher in Place and Sustainability categories and social care contracts. Market risk was highest in adult social care Platinum contracts indicating a lack of confidence in the depth of the market to replace providers should the need arise. The identification of particular risks associated with particular groups of contracts is an important step in allowing Contract Managers to put in place mitigations for those risks. This can include individual contracts as well as all contracts in a particular market.
- 3.3 The table below sets out the Contract Risk Assessment under each category of contract with some further comments.

<b>Classification</b>	<b>Risk Assessment Coverage/Comments</b>
Bronze	11 contracts with a total value of £7.5m. Coverage will increase because as more contracts are re-procured more risk assessments will be completed at the procurement stage.
Silver	15 contracts with a total value of £725m. Coverage will increase as more contracts are re-procured. Further risk assessments will be completed at the procurement stage.
Gold	8 contracts with a total value of £18m. Coverage will increase as more contracts are re-procured. Further risk assessments will be completed at the procurement stage.
Platinum	92% of contracts with spend over £5m have a current risk assessment. That is 38 contracts worth £3.5b. Platinum contracts represent 90% of the Council's third party spend.

- 3.4 The Contract Risk Assessments show that Platinum contracts are generally subject to appropriate governance and contract management. The Bronze and Silver risk assessments show that there are no active concerns in relation to the risk of supplier failure. Contract performance is generally classed as low risk. Silver contracts scored slightly higher than Bronze contracts in terms of delivery risk, as they tend to be in highly competitive markets where profit margins are tight.

- 3.5 An essential next step in developing contract management across the Council, will be training and support for Contract Managers. There is now a contract management Teams channel operational where 51 out of 71 members of that channel are Contract Managers. Others support the delivery of contracts at a more operational level. Examples of recent communications include an update on the Government Commercial Function's annual Contract Management conference and links to the Team's guidance and support.
- 3.7 The Team have continued to promote the free Contract Management Foundation Level training offered by the Government Commercial College and has also been able to negotiate 17 free places for Contract Managers on the Practitioner Level training (valued at £110,000). 5 of these places have been taken up by officers in Finance and Resources, 4 by Children, Education and Families, 5 by Adults, Health and Commissioning and 3 by Place and Sustainability.
- 3.8 The Procurement and Commercial Team has published a range of guidance for Contract Managers, including the Contract Management Toolkit, Supplier Distress Guidance and How to Manage Price Uplifts.
- 3.9 The Procurement Act 2023 regulates contract management for the first time, with publication of notices required during the contract management stage. For example, Contract Change Notices, when the authority makes the contract modification, and the Contract Performance Notice dealing with KPI annual assessment and poor performance. The current guidance will be updated to ensure that Contract Managers understand their new responsibilities and communications through the Teams channel will become even more important.

## 4. Alternative Options Considered

- 4.1 The Procurement and Commercial Team is committed to providing high level support to Contract Managers across the Council, whether through risks assessments, guidance or individual support if required and capacity allows. The Contract Management function is devolved to service areas and it is clear that those closest to service delivery are best placed to manage contracts and work with suppliers. Therefore, no alternative to the contract management support model have been considered.

## 5. Conclusion and reasons for recommendations

- 5.1 The Procurement and Commercial Team will continue to work closely with Contract Managers to ensure that they are offered the support they need to fulfil their role. As the Procurement Act goes live (expected to be from 28 October 2024), further support will be offered to ensure that the Council is compliant with the obligations under that Act.

## 6. Significant Implications

### 6.1 Finance Implications

High quality contract management is key to the Council securing value from its contracts and suppliers.

## 6.2 Legal Implications

Regulation of contract management is being prepared for.

## 6.3 Risk Implications

The development and roll out of contract management risk assessments will improve the mitigations available for risks associated with contract delivery.

## 6.4 Equality and Diversity Implications

Not applicable

## 6.5 Climate Change and Environment Implications (Key decisions only)

Not applicable

## 7. Source Documents

### 7.1 None



## Assets and Procurement Committee Agenda Plan

Published on 2 September 2024

### Notes

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.

\* indicates items expected to be recommended for determination by full Council.

+ indicates items expected to be confidential, which would exclude the press and public.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
17/09/24	Performance Report	J Wise	Not applicable	05/09/24	09/09/24
	Children in Care Residential Service	J Macmillan/ L Munt	2024/075		
	Enterprise resource planning system cloud hosting	T Kelly	2024/074		
	Procurement Compliance	C Ellis	Not applicable		
	Contract Management Update	C Ellis	Not applicable		
15/10/24	Performance Report	J Wise	Not applicable	03/10/24	07/10/24
	Cambridge Biomedical Campus+	J Macmillan	2024/023		
	Asset Improvement Programme	C Ramsbottom	2024/010		

Committee Date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Accommodation Improvement Programme	C Rose	TBC		
	Disposal of the former Mill Road Library	J Macmillan	2024/059		
	Employee Benefits Contracts	A Syson	2024/078		
19/11/24				07/11/24	11/11/24
22/01/25	Scrutiny of Draft Business Plan and Budget	M Hudson	Not applicable	10/01/25	14/01/25
	Cyber Security – Revenue Budget Proposal	J Patmore	2025/008		
07/03/25				25/02/25	27/02/25

Please contact Democratic Services [democraticservices@cambridgeshire.gov.uk](mailto:democraticservices@cambridgeshire.gov.uk) if you require this information in a more accessible format

Future items to be programmed:  
Eastnet procurement - 2025