

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		