

## Assets and Procurement Committee: Minutes

Date: 17 September 2024

Time: 10.00a.m. – 11.42a.m.

Venue: Red Kite Room, New Shire Hall, Alconbury Weald

Present: Councillors Ambrose Smith, Boden, Bywater, Connor, Ferguson, Goldsack, Hathorn (Chair), Kindersley, M King, S King, McDonald, Meschini, Nethsingha and Rae (Vice-Chair)

### 55. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Count, Dupré (Councillor M King substituted), Gough (Councillor S Kindersley substituted), and Councillor Beckett.

Councillors Kindersley and Connor declared non-statutory disclosable interests in relation to Item 4: Children in Care Residential Service- Property Usage as members of the County's Planning Committee.

### 56. Minutes of the meeting held 17 July 2024 and Action Log

The minutes of the meeting held 17 July were agreed as a correct record and signed by the Chair.

An updated Action Log had been circulated to the Committee and updates were noted at the meeting.

### 57. Petitions and Public Questions

There were no petitions or public questions.

### 58. Children in Care Residential Service – Property Usage

The Committee received a report on the use of two Cambridgeshire County Council owned properties at Soham as a Residential Service for Cambridgeshire County Council Children in Care (CIC). It suggested that this proposed option was more financially sustainable than property purchasing and renting as it would generate cost avoidance of up to £630k by providing Council-owned properties to a service provider. Both properties were vacant and would not be required for the farms on which they stood, though both would require planning change of use, and one would require a change to agricultural occupancy restrictions.

Their isolated, rural locations were preferred for children with higher support needs. With a refurbishment cost estimated at £1m, work to secure the environment would include added safety glass, underfloor heating, upgrading the energy performance, and securing the

outside area. Upon completion, the properties would then be let to service providers on commercial full repairing and insurance tenancies for up to 10 years, with rent equivalent to the farmhouse rent. The 2024/25 business plan made provision for the spend, and though the business case was revised down and approved by the Capital Board in March, it had not yet been updated in the Council's Capital programme. The Children and Young People Committee had considered a report on the Children in Care Residential Strategy in June 2024 and had approved the business case to procure an external service provider to deliver CIC residential services. Subject to approval, works were hoped to be ready for a service provider by Spring 2025.

Arising from the report:

- Members sought clarity on the location of the properties being considered. Clarification was given that these were Engine Farm Soham and Middle Mere Farm Soham, located near one another.
- A Member highlighted the requirement for the locations of children's homes to be assessed in compliance with The Children's Homes (England) Regulations 2015 for the purpose of ensuring children could thrive. Such assessment should address safeguarding concerns, accessibility to local services, risk of exploitation, proximity to other facilities, environmental hazards, neighbourhood suitability, and availability of services (such as leisure, faith, culture, and healthcare facilities). It was confirmed that at the onset of the project, approximately five properties were identified, however some were discontinued as the service sought more remote properties which were not overlooked. Upon narrowing the options, internal location risk assessments had been conducted on these proposed properties prior to tender to identify their suitability to provide young people with 'space to pace'. Though some risks were identified, there were none raised which could not be addressed. Upon going to tender, it was then the expectation of bidders to complete a location risk assessment which went through an evaluation process. It was also clarified that these properties were part of a pilot programme, and that other categories of properties would be considered in a second phase targeted for children with different needs.
- The needs of the children and young people who might use these properties was explained. Upon review of previous cases, it was identified that some young people required bigger outdoor space and to be surrounded by nature to help them recover from their experiences, including trauma. Though the properties could house five young people, the proposal had been modelled on an occupancy of no more than four at any given time. Upon progressing through the system, the young people would then have the opportunity to move into other shared accommodation on a case-by-case basis.
- A Member outlined the requirement for there to be a change in use for these properties through the planning process and with local residents. One property was identified as having an occupancy restriction which the Local Authority would apply to freeze for a number of years. Should change of use not be approved, it was confirmed that the initial plan would be resumed to seek suitable properties in the market. Consideration would also be given to the construction of new properties should this be proven a more viable option.
- A Member identified that the decision had been considered by the Children and Young People as well as Assets and Procurement Committees, however there seemed to be an absence of consideration from the County Farms Working Group as it pertained to the erosion of the rural estate. Officers clarified the properties were not required for

farm use as the land had been amalgamated to a larger farm, therefore the houses were surplus. Given the properties were council owned, it was felt beneficial to find appropriate council use for them.

- A Member requested the use of local resources for the refurbishment work rather than sourcing workers from outside the immediate, local area.

It was resolved unanimously 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.

## 59. Enterprise Resource Planning System Cloud Hosting

Members considered a report regarding the strategic options for the short, medium and long-term use of the Enterprise Resource Planning (ERP) solution implemented across the shared service (Cambridgeshire County Council, Milton Keynes City Council, North Northamptonshire Council, and West Northamptonshire Council). The Committee considered the significance and importance of the system, also known as ERP Gold or Business World, in operations, governance and reporting, paying staff and suppliers, receiving income, and managing contributions for Social Care. In place since 2018, ERP Gold had been a reliable system hosted in the Cloud through a third-party supplier. The report detailed the change in commercial approach by the supplier where they wished to host the system directly.

The report identified three phases of the approach: the immediate phase (up to Spring 2026) which ensured the ongoing continuity of service negotiated by the lead contracting authority, West Northamptonshire; the medium-term phase (2026-2029) setting out the compliant procurement route identified to maintain access to the existing ERP system; and the long-term phase (2029 onward). The report summarised the financial position for Cambridgeshire forecasted to be close to on budget over the coming years.

In response to the report:

- Members expressed disappointment over the actions of the enterprise software supplier, suggesting it was unreasonable for it to end a significant product with only approximately 12 months' notice, as a move to a new product would result in significant strain and upheaval. It was suggested that any agreement to this proposal would be done reluctantly as it was felt the Council would be rewarding the supplier's failure to honour its previous contract.
- Queries were raised regarding the potential breach of contract by the supplier and whether recompense would be sought. It was assured that the lead authority, West Northamptonshire was responsible for the necessary negotiations and that partners would be entitled to a share of recompense should breach of contract be determined. Upon being queried, Officers could not confirm whether breach of contract would be

pursued pending the acceptance of this proposal.

- A Member queried whether other councils and organisations had experienced the same issue regarding the supplier not fulfilling its contract. Officers confirmed that the Council had liaised with other local authorities and organisations which were in the same position, and indeed all of the supplier's customers across Europe and the United States had been given the same direction from the supplier.
- Members expressed concern over security should data be moved onto a public cloud system. Officers clarified that whilst the local name for the product was ERP Gold, it was provided by a major supplier operating across the United Kingdom, Europe, as well as the United States. The product was already in the Cloud and provided by Microsoft Azure, one of the most robust, global cloud technologies. As a result, previous security measures had been in place, such as users having access only to data for which they had authorisation, and only the Council having access to hardware dedicated specifically to it rather than being available publicly. Officers reassured Members that the Council was undertaking its due diligence in the pre-procurement process to ensure the product was fit for purpose.
- Members sought to elucidate the carbon neutrality of cloud-based solutions, stating that they in fact required large quantities of water and electricity, and therefore were only carbon neutral because their carbon footprint was offset by actions such as planting forests.

Councillor Kindersley proposed a recommendation, seconded by Councillor Boden, to add "for the County Council's part" to be added to recommendation b) to reflect the fact that the responsibility for awarding the contract sat with the lead authority, in this case, West Northamptonshire. On being put to the vote, the amendment was carried unanimously.

It was resolved unanimously 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 the County Council's part, 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 might arise during the progression of this proposal and to agree to any revised or updated inter-authority agreements that result.

## 60. Corporate Performance Report

The Committee considered an update on the performance monitoring information for the 2024/25 quarter one period, covering 1 April to 30 June 2024. Stated in the report were three red indicators, two amber indicators, two green indicators, and three blue indicators. The blue indicators identified issues which were greater than 5% better than expected

performance. One of the red indicators related to contract waivers. It was noted that while the volume of waivers increased, the value decreased (less than £30k). Officer training had impacted on the higher value contracts, though headway was still needed on the lower value contracts, and it was noted that the Chief Executive had asked for further inspection into this. Also noted was the slippage in gross income from commercial income, as well as the key performance indicators (KPIs) relating to performance of the corporate properties team.

Resulting from the presentation of the report:

- A Member sought reassurance that discussions about the rent per acre indicator would be reported to the County Farms Working Group and queried how often that group met. Officers reassured that the working group would be part of the process and that a meeting was due to take place, the date of which would be emailed to all Members, who were also reminded of the availability of upcoming Rural Farms training. **Action Required**
- Officers clarified that there were two libraries which could not be accessed for fire risk assessments in quarter 1, but that these were carried out within the first week of quarter 2. A Member expressed concern over missed fire risk assessments potentially leading to outstanding reviews, and it was explained that fire risk assessments remain valid on a rolling three-year programme.
- A Member expressed concern over the indicator about contract waivers, identifying the financial implications as evidenced by the value of such failures rather than merely the number of failures. It was acknowledged that awarding contracts in a timely manner was not always possible, but 58% of total waivers being submitted late was worrying. Concern over these failures spoke to the culture of the organisation, which the Member felt ought to be led by the Head of Paid Service and the Leader of the Council. It was identified that the Chief Executive had acted on this matter by establishing a procurement pipeline so more procurements could be achieved within required periods. Officers explained that the organisation had a range of training opportunities to develop processes around higher value contracts, and that the result of an internal audit emphasised logging teams and individuals who were repeat offenders to offer specific training. Officers acknowledged that it had been a difficult period with the implementation of the Procurement Act but felt that the recording of waivers was good practice, and that the honest monitoring of waivers was to be applauded, as these matters were also reported to this Committee and picked up by the Corporate Leadership Team. It was stated that scrutiny on this matter was welcome, and appreciation was shown to the change in direction of the culture.
- A Member queried why the preceding two quarters had seen a continuing decline in the timely awarding of contract waivers when work should have been done to improve this. Officers explained that much focus had been put on high value contracts, specifically those over £100k in the procurement pipeline, and not as much on lower value contracts. The usual length of a contract was three to seven years, therefore spikes could be seen over time depending on when they were awarded (post or pre-Covid) and when they came to renewal. They could also be affected by changes in officers with the decoupling from Peterborough.
- Officers confirmed that contract waivers were denied frequently, and that they were being questioned earlier in the process more regularly, explaining that denials could occur within the first five days before commencement of the contract. It was explained

that the increase in retrospective waiver denials was often an administrative matter picked up by the breach process.

- The scrutiny process of contracts was explained where waivers under £25k required approval only by the Executive Director, between £25k to £100k were approved by the Service Director of Finance and the Head of Procurement, and those over £100k were also approved by the Monitoring Officer.
- A Member raised that an agreement had been reached to double the Children and Young People Committee's sign-off allowance on contract values which could affect the risk of the contract waivers indicator to a higher value. Officers confirmed that this would not affect the contract waiver procedures, however it was agreed to provide a written response. **Action Required**

It was resolved unanimously to note performance information and act, as necessary.

## 61. Procurement Compliance Report

The Committee was presented with a report outlining the Council's new Contract Procurement Rule (CPR) breach process. Where Officers were not compliant with the contract procedure rules stated in the Council's constitution, they were reported as non-compliance and investigated as a breach by the Head of Procurement and Head of Internal Audit where applicable. The first three months of the new breach process were reported upon, including a summary of the breaches that occurred, mitigations implemented, and processes put in place to ensure those breaches would not reoccur.

In response to the report:

- A Member expressed concern that three breaches in the first three months potentially identified a systemic problem. It was suggested that breaches carried the potential of significant implications, including the objection of interested parties leading to the involvement of the courts, which could cause the cancellation of contracts and court-issued fines commensurate with the desire to ensure the breach would not be repeated. Conversely, it was also stated that while serious, it would be worse if breaches were not reported at all leading to an inability to demonstrate the implementation of processes to identify breaches and how to deal with them. Officers clarified that three of the four reported breaches were legacy issues and commended the authority's transparency in reporting breaches, stating lessons learnt had driven the authority's position going forward.
- A Member queried whether further breaches were identified beyond the initial three months reported upon. Officers confirmed there were further breaches of contract procedure rules which would be reported upon in the next quarter's performance report.
- It was confirmed that there was a risk management system in the procurement and commercial team's risk register around non-compliance and challenge, and that this was owned by the Head of Procurement.
- A Member queried if there was any comparison with other councils on reporting of breaches. Officers agreed to ask peer networks who report on this for benchmarking purposes. However, it was noted that other councils could have different levels of

compliance and different reasons for breaches, therefore zero reports may not in fact be indicative of zero breaches. **Action Required**

- Officers confirmed that the authority was ready for the new Procurement Act. The Constitution and Ethics Committee would be presented with a revised set of procedure rules which were compliant with the Act. There was a full change management plan including communications to contract managers and commissioners, and training was currently being updated. It was acknowledged, however that the act would not come into force until 24 February 2025 at the earliest, including the government's 'find a tender' service, though the authority had been discussing this process with smaller businesses to prepare them for registering on the new portal.
- A Member identified missing portions on the narrative of adequate mitigations in the report, particularly pertaining to the matter of Royal Mail being paid to provide postal services. The Head of Procurement agreed to provide more detail on mitigations in future reports. **Action Required**

It was resolved unanimously to note the content of this report.

## 62. Contract Management Update

Members considered an update on the contract risk assessment process and, more widely, the work undertaken by the Procurement and Commercial Team to support contract managers in service areas, such as training and guidance through the Teams channel. The majority of risk assessments were undertaken when contracts were reprocured, with higher risk contracts having been undertaken proactively covering 92%. The report did not cover risk assessments which individual contract managers had in place for their own contracts. It summarised the classification and level of risk assessments undertaken, as well as issues uncovered as a result.

Following presentation of the report:

- A Member commended the transformation of the process which was on the path to significant improvement.
- In response to a Member query, the Officer explained that risks were assessed on a range from one to four, and upon reaching four, mitigations were put in place. A Member interpreted from this that the risk appetite was therefore three, as mitigations were not put in place until risk was assessed at level four.
- A Member queried the silver portfolio of contracts which was valued at £725m, with each contract valued at over £2m, yet the category was identified as low risk. The Officer explained that these contracts were routine, and though each was high value, integral mitigations in terms of risk management were in place. Officers agreed to provide further information at a future meeting. **Action required**
- A recommendation from the procurement and governance audit identified that the business continuity assessments for suppliers and contracts be reviewed, with the aim to ensure a set process to understand the authority's risks in terms of silver portfolio contracts.

It was resolved unanimously to note the contract management support being provided by the Procurement and Commercial Team.

### 63. Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

The Committee reviewed the Agenda Plan, noting the addition of one item to the next Committee meeting's agenda, Light Blue Fibre Annual Progress Report.

It was noted that two members had been appointed to the internal advisory group, County Farms Working Group, whilst two vacancies remained to be filled.

In reviewing the Agenda Plan, a Member queried the public relations process surrounding the confidential item, Cambridge Biomedical Campus. Officers confirmed that the item was of a commercial nature, that the Monitoring Officer would be consulted in terms of transparency, and that the authority would provide communications, as appropriate, regarding the ongoing development, however noting that external parties engaged in the site would follow their own public relations processes.

A Member sought an update on the disposal of Old Shire Hall. Officers confirmed the delegation to the Executive Director for Finance and Resources, in consultation with the Chair and Vice Chair, agreed at the previous Committee, subject to the exclusivity period of 9 October, that there was a four-week extension if deemed reasonable. It was agreed that Members would be updated following that period. **Action Required**

It was resolved to note the Agenda Plan and appointments to the internal advisory group.

Chair