

Procurement Compliance Report

To:	Assets and Procurement Committee
Meeting Date:	10 June 2025
From:	Executive Director of Finance and Resources
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	N/A
Executive Summary:	The Council agreed a new Contract Procedure Rule (CPR) breach process. A summary of the operation of this process between July 2024 and March 2025 is contained within this report.
Recommendation:	The Assets and Procurement Committee is recommended to note the content of this report.

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1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The CPRs cover all aspects of how procurement 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, the Procurement Act 2023 and Health Care Services (Provider Selection Regime) Regulations 2023, 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 recording them internally, reporting on them or ensuring that relevant remedial action was taken to ensure that those breaches did not recur. 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 is now included in 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 and Risk Management where the matter is complex or has wider implications. Findings are recorded for audit and accounting purposes. Breach reports are submitted to relevant Executive Directors, the Officer Procurement Governance Board, the Corporate Leadership Team and to this Committee.
- 2.5 This report summarises the breaches reported during the period July 2024 and March 2025 and the action taken as a result.

3. Main Issues

3.1 The table below summarises the breaches received between July 2024 and March 2025.

Ref. No.	Title of breach	Brief description	Value of breach	Breach of CPRs?	Breach of procurement law (PCR15)?	Actions Taken
2405	Domestic Abuse Outreach	Committee approval was given for a 2-year contract; however, the awarded contract was for 3+1 years	£400,000	Yes	No	The Monitoring Officer recommended that a breach report be submitted but that no further action was required.
2406, 2407, 2410, 2411, 2412	Various Schools Capital Projects	Committee approval for education capital projects was not sought this year due to an oversight within Children, Education and Families and the projects were already on site	£15.8m	Yes	No	A report was taken to Committee in September 2024 remedying the breach and a process has been established within Education to ensure that this does not reccur.
2408	Bus tickets: Comberton Village College	Home to school bus tickets were purchased from the school with no compliant process	£50,000	Yes	Yes	This was a sole supplier situation and in the future proactive waivers will be sought in compliance with the CPRs.
2409	Translation and Interpretation Services	In July 2023 a new contract was let to a new supplier, however teams continued to use the previous supplier for which there was no longer a contract.	£12,121	Yes	No	The previous supplier was instructed to delete Council users and the Contract Manager briefed all teams again on the requirement to only to use approved supplier.
2413	Traffic signals software	A non-compliant retrospective waiver identified a contract with no record of a recent compliant procurement.	£14,118	Yes	Yes	A procurement is being supported by the Procurement and Commercial Team to ensure future compliance.

2414	St Laurence School works	Whilst the works at the school received scrutiny at Capital Programme Board, the Procurement and Commercial Team were not engaged despite the value being over £100,000. This meant that the proper authorisation for the procurement was not sought.	£148,378	Yes	Yes	The works were already on site when the breach was identified so no remedy was available. However, processes have been agreed with the Education Capital Team to ensure that such a breach does not reoccur.
2415	Swavesey School works	Whilst the project was approved by Committee no authorisation was given to passport the funding to the school and therefore the Delegated Authorities Matrix was breached	£1.3m	Yes	No	The works were already on site when the breach was identified so no remedy was available. However, processes and flowcharts have been agreed with the Education Capital Team to ensure that it does not reoccur.
2416	Trauma informed training for people providing services to children and young people	The supplier has provided services to the Council since 2017 but there is no evidence of a formal procurement and spend since then has exceeded £100,000	£137,885	Yes	Yes	Internal Audit confirmed the breach and a procurement has now been undertaken for the requirement.
2417	Health related behaviour survey	A sole supplier waiver is usually used for the requirement as there is a very clear specialist supplier, however the waiver application not submitted.	£15,000	Yes	No	A waiver will be required for any spend required in 2025/26
2418	Vehicle leases	Lease arrangements have been in place since at least 2018 and there is no evidence of a compliant procurement	£2,500,000	Yes	Yes	A procurement is being planned and is on the Forward Plan for the relevant Committee.
2419	NHS Health Checks	With the introduction of the PSR, the procurement approach had to be changed and the original process had to be changed which led to a delay in the award of the	£10,000	Yes	Yes	Direct Award Process C has now been completed and a contract award made, this remedies the breach.

		new contract. The intervening period of spend was therefore in breach				
2420	Family Fund - Household Support Fund (HSF)	When the HSF grant was extended at short notice by Government, no procurement took place.	£126,621	Yes	Yes	A waiver has since been approved to cover the spend, this remedies the breach
2421	Educational psychologists	Ongoing use of external educational psychologists to support SEND service pressures with no compliant procurement in place.	£871,374 (July 2023 to January 2025)	Yes	Yes	An action plan has been agreed with Education which involves using the pre-procured OPUS partnership to source any ongoing requirements.
2422	Community equipment	The Council pays the supplier directly for community equipment assessments and then ongoing maintenance. This cost is then recouped from the NHS. The NHS has a contract with the supplier, but the Council does not and therefore the payments are non-compliant.	£380,000	Yes	Yes	The payments ended on 31 st March 2025 and therefore the breach was remedied.
2423	Russell Street	When the Supporting People programme ended, this contract was not formally re-procured.	Up to £3.7m	Yes	Yes	Active contract management has taken place in the intervening period. A procurement for the service has already started. A review of other housing related services has been undertaken, and this is the only example that was not formally procured.
2424	Home to school transport route	A contract was procured to July 2024, but the contract signed was to July 2025. The route therefore continued beyond the end of the procured term	£10,296	Yes	No	A re procurement is already under way and a systems review has been concluded to ensure that the error does not re-occur.

2425	Home to school transport route	A contract was procured to July 2024 but the contract signed was to July 2025. The route therefore continued beyond the end of the procured term	£28,548	Yes	Yes	A re procurement is already under way and a systems review has been concluded to ensure that the error does not re-occur.
2426	NHS Integrated Care Board (ICB) and engagement contract	The Council provides funding to the ICB for a dedicated Drug and Alcohol Worker. However, instead of paying the ICB directly (which would then fall outside procurement law), the Council has been paying the provider directly,	£62,969	Yes	No	Future payments will be made directly to the ICB, this remedies the breach.
2510 ¹	Guided Busway	Internal Audit uncovered a number of breaches of the Council's Contract Procedure Rules and procurement law in relation to spend on the busway. A number of recommendations were made in order to remedy these breaches	£13,019,877 ²	Yes	Yes	Updates have been made to the CPRs to ensure clarity on what is exempt. The required ongoing spend has been placed onto a compliant basis. The Budget Holder Agreement form now explicitly signposts officers to the Contract Procedure Rules to ensure spend is in compliance with those rules.
2516 - 2519	The Education ICT Service - various	Through the operational Financial Transparency Process implemented in 2024 for spending controls, it became clear that spend within the Education ICT Service with several of its suppliers was not compliant with procurement law or the CPRs. Spend was not being aggregated and therefore threshold rules were not followed.	£7,814,000 since 2018	Yes	Yes	The Procurement and Commercial Team has an ongoing plan of work with The Education ICT Service to ensure future spend is both compliant and achieves value for money. This will involve the close monitoring of procurement practice and spend.

¹ This breach has been included in this report as agreed with Internal Audit, although it wasn't formally reported until April 2025 work has already been completed to mitigate and resolve the breaches.

² This is the total spend included in the Audit report, there are some elements of compliance in this spend but it is not possible to break down the spend into definite compliance and non compliance.

- 3.2 None of the breaches reported involved fraud, corruption or financial irregularities.
- 3.3 Whilst the number and value of breaches is perhaps greater than anticipated when the process was established, in all cases effective measures have been put in place to remedy the breach. The breaches do not, therefore, represent an ongoing risk to the Council. They do however represent a significant strengthening of governance and controls in identifying these issues and the opportunity for lessons learned to be implemented robustly by the Council.
- 3.4 In cases where the spend was not able to be immediately stopped without significant impact on the delivery of a service, a procurement (or other compliant process) is either planned, underway or has been awarded. Where the breach appears to be symptomatic of process gaps in the service concerned, those processes have been reviewed to ensure that further breaches do not occur.
- 3.5 Executive Director Management Commentary

3.5.1 Finance and Resources

The Finance and Resources Directorate reviews its contract spend and contract register monthly, and action is being taken to check and challenge all expenditure. The Directorate Management Team will continue to learn lessons, engage with the Procurement and Commercial Team which is also part of the Directorate, and to review all spend and contract data.

3.5.2 Adults, Health and Commissioning

The identified breaches have now been actioned and effective steps put in place to directly address the issue. There are a number of breaches in this report relating to both Adults and Children's social care commissioning. The reasons for the breaches vary considerably from the service uncovering historic breaches, that had previously gone unreported and putting in place compliant routes to market, through to breaches being caused by business process errors and poor practice within directorates continuing to spend against previous contracts.

In respect of the Public Health breaches, all have been through the breach process with all the necessary steps completed, with professional endorsement from the Head of Procurement and Commercial.

Adults, Health and Commissioning will work closely with Procurement and Commercial colleagues to review contract arrangements, and any future possible breaches can be discussed directly with the team in partnership. This will also enable consideration of any themes arising together.

3.5.3 Children, Education and Families

To address issues regarding contract management and non-compliance, the directorate has put in place a number of additional governance measures to establish a robust framework for improvement and accountability.

Training: all existing and newly recruited senior managers from Head of Service upwards are required to complete the relevant mandatory training regarding financial management and procurement. This is being tracked to ensure that anyone procuring a service or managing a contract has had the correct training to support them to do this,

Financial Transparency: The full suite of operational financial transparency reports are now a standing item on the weekly Leadership Team agenda. Information is reviewed on a line-by-line basis and where remedial action is required this is undertaken. Where the financial transparency work identifies issues related to individual members of staff, then appropriate remedial action will be taken with advice from Human Resources, including learning and development activity. There will be a graduated response in line with the Council's Performance Management Policy, which could ultimately conclude with capability or disciplinary action being required for individuals.

The report highlights a long-standing issue of non-compliance in the Education ICT service, which new management is now tackling. The service is now working closely with the Procurement and Commercial team to ensure that future contractual and procurement arrangements are fully compliant with CPRs and the law.

3.5.4 Strategy and Partnerships

A procurement breach was identified with the Domestic Abuse outreach contract, where the key decision approved at Committee reflected a different time period to the length of contract advertised and awarded. Within the Domestic Abuse service, which has recently returned fully to the County Council following a long period of being shared with a neighbouring unitary authority, action has been taken to ensure that all contractual documents are reviewed regularly throughout the contract term. This involves working closely with the Procurement and Commercial team. This contract is also being reprocured after its initial term, rather than implementing extensions, to rectify the breach.

Family Fund provides the platform by which the Council makes direct Household Support Fund (HSF) payments to individuals. Family Fund charge a monthly fee of £98 and £1 per transaction. All of these costs are covered by the HSF Government grant. The contract breach was identified in November 2024. From December 2020 – January 2023 there were 3 separate contracts with Family Fund, with the last contract ending on 15 January 2023. There was evidence of a waiver request being prepared at that time to cover an unexpected extension of the HSF, but there was no evidence of it being submitted or approved. The Council continued to use Family Fund during 2023 and 2024 at the same cost as when a contract was in place. A waiver has been correctly implemented since January 2025. Given the short notice extension announcements by Government, it has been difficult to forward plan these waiver requirements fully, consequently, the current waiver is in place until March 2026. The learning from this experience is to undertake the procurement process ahead of late announcements around funding, recognising this may not be required.

3.5.5 Place and Sustainability

The directorate has put additional measures in place to provide an appropriate control environment in relation to procurement compliance. The directorate reviews a contract register as part of its finance, performance and assurance meetings each month which tracks all current and proposed procurement activity and ensures that procurement is planned well in advance of existing contracts coming to the end of the current approvals. The directorate also has an effective forward planning arrangement in place so that committee decisions are planned in to enable decisions to be made in a timely way. All senior managers have also undertaken the required essential learning in relation to procurement.

With regard to the identified guided busway legal advice procurement, this relates to historic arrangements in relation to the supply of legal and technical advice provided to the Council. Appropriate systems were put in place in early 2024 so that all recent and current activity is compliant. Where required, management action to address the performance issues identified has been taken.

The other instance of non-compliance was highlighted through a request for a waiver and following further review of this request by senior management a compliant procurement process has requested to be put place for the management of traffic signals software.

4. Alternative Options Considered

- 4.1 The Head of Procurement and Commercial and team work 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 recurring. 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 Service Director: Legal and Assurance (Monitoring Officer) and Head of Internal Audit and Risk Management 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

N/A

6.5 Climate Change and Environment Implications (Key decisions only)

N/A

7. Source Documents

7.1 None