

County Offices
Newland
Lincoln
LN1 1YL

22 March 2024

Executive

A meeting of the Executive will be held on **Wednesday, 3 April 2024** in **Committee Room One, County Offices, Newland, Lincoln Lincs LN1 1YL** at **10.30 am** for the transaction of business set out on the attached Agenda.

Yours sincerely



Debbie Barnes OBE
Chief Executive

Membership of the Executive
(9 Members of the Council)

Councillor M J Hill OBE, Executive Councillor for Resources, Communications and Commissioning (Leader of the Council)

Councillor Mrs P A Bradwell OBE, Executive Councillor for Children's Services, Community Safety, Procurement and Migration (Deputy Leader)

Councillor Mrs W Bowkett, Executive Councillor for Adult Care and Public Health

Councillor R D Butroid, Executive Councillor for People Management, Legal and Corporate Property

Councillor L A Cawrey, Executive Councillor for Fire & Rescue and Cultural Services

Councillor C J Davie, Executive Councillor for Economic Development, Environment and Planning

Councillor R G Davies, Executive Councillor for Highways, Transport and IT

Councillor D McNally, Executive Councillor for Waste and Trading Standards

Councillor Mrs S Woolley, Executive Councillor for NHS Liaison, Integrated Care System, Registration and Coroners

**EXECUTIVE AGENDA
WEDNESDAY, 3 APRIL 2024**

Item	Title	Forward Plan Decision Reference	Pages
1	Apologies for Absence		
2	Declarations of Councillors' Interests		
3	Announcements by the Leader, Executive Councillors and Executive Directors		
4	Minutes of the Meeting of the Executive held on 5 March 2024		5 - 16

KEY DECISIONS - ITEMS TO BE RESOLVED BY THE EXECUTIVE

5	Future IT Service Delivery Model <i>(To receive a report by the Deputy Chief Executive & Executive Director – Resources which provides an overview of the updated IT Service Delivery Model and seeks approval for the corresponding changes in the sourcing approach, and seeks authorisation from the Executive to commence a procurement)</i>	I030272	17 - 38
6	The re-commissioning of the Libraries Service <i>(To receive a report by the Executive Director – Place which sets out a proposed course of action in respect of the re-procurement of the Council’s Library Service and seeks approval from the Executive to progress the re-procurement)</i>	I032246	39 - 48
7	Salt Procurement for Lincolnshire County Council 2024 - 2028 <i>(To receive a report by the Executive Director – Place which seeks approval from the Executive for the issuing of salt procurement for Lincolnshire County Council through the Eastern Shires Purchasing Organisation (ESPO) salt contract framework. This is a four year framework contract which will be replacing the last ESPO framework contract which ends on 20 April 2024)</i>	I032031	49 - 54

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Please Note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements

Contact details set out above.

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**EXECUTIVE
5 MARCH 2024**

PRESENT: COUNCILLOR M J HILL OBE (LEADER OF THE COUNCIL)

Councillors Mrs P A Bradwell OBE (Executive Councillor for Children's Services, Community Safety, Procurement and Migration) (Deputy Leader), Mrs W Bowkett (Executive Councillor for Adult Care and Public Health), R D Butroid (Executive Councillor for People Management, Legal and Corporate Property), L A Cawrey (Executive Councillor for Fire & Rescue and Cultural Services), C J Davie (Executive Councillor for Economic Development, Environment and Planning), R G Davies (Executive Councillor for Highways, Transport and IT), D McNally (Executive Councillor for Waste and Trading Standards) and Mrs S Woolley (Executive Councillor for NHS Liaison, Integrated Care System, Registration and Coroners)

Councillor A N Stokes (Chairman of the Overview and Scrutiny Management Board) attended the meeting as an observer

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Will Bell (Chief Legal Officer), Pam Clipson (Head of Finance, Adult Care and Community Wellbeing), Andrew Crookham (Executive Director Resources), Andy Fox (Public Health Consultant), Michelle Grady (Assistant Director – Finance), Andy Gutherson (Executive Director Place), Alina Hackney (Senior Strategic Commercial and Procurement Manager - People Services), Caroline Jackson (Head of Corporate Performance), Neil McBride (Head of Planning), Martin Samuels (Executive Director - Adult Care and Community Wellbeing), Heather Sandy (Executive Director of Children's Services), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer), Rachel West (Contract Manager) and Rachel Wilson (Democratic Services Officer)

62 APOLOGIES FOR ABSENCE

There were no apologies for absence

63 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of interest at this point in the meeting

64 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

There were no announcements by the Leader, Executive Councillors or Chief Officers.

65 MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON 6 FEBRUARY 2024

RESOLVED

That the minutes of the meeting held on 6 February 2024 be signed by the Chairman as a correct record.

66 NATIONAL GRID: GRIMSBY - WALPOLE 400KV ELECTRICITY TRANSMISSION LINE AND SUB-STATIONS - LINCOLNSHIRE COUNTY COUNCIL RESPONSE TO FIRST NON-STATUTORY CONSULTATION

Consideration was given to a report which set out the basis of the County Council's objection to the non-statutory consultation held between 18 January and 13 March 2024 by National Grid Energy Transmission (NGET) for the proposed Grimsby to Walpole new 400kV electricity overhead transmission line and associated substations.

Councillor C J Davie, Executive Councillor for Economic Development, Environment and Planning introduced the report and noted that National Grid had briefed the Executive after its meeting in January, where information in relation to the financial costs of the three options had been requested by the Executive. The Executive Councillor advised that this information had so far not been forthcoming from National Grid.

The Head of Planning presented the report and advised that the report provided an outline of the information which had been provided by National Grid, it also set out the procedure for the Development Consent Order (DCO) process. It was noted that this would be a long process, with the application due to be submitted in 2027. This was the first stage of the consultation, and there would be at least two more stages at which the Council would be able to provide comment.

During discussion by the Executive, the following was noted:

- The Head of Planning provided a more detailed explanation of the DCO process. It was explained that the developer would come forward with their proposals and would go through a number of different rounds of consultation. They had started with a non-statutory consultation, which was very high level and set the scene for what their proposals were and the preferred route. This stage would gather feedback so the developer could look at narrowing the route down for the next stage. It was expected that the next stage of consultation would take place towards the end of 2024/start of 2025, this would have a more definitive route and involve undertaking surveys of the natural environment, historic environment etc.. The statutory consultation would take place in 2025 where the developer would have more details about the needs of the proposal. It was expected that the application would be submitted in 2027 and there would be a six-month examination period where interested parties could register to take part. The period from application to decision was expected to take around 12 months, with a decision expected in 2028.

- It was commented that National Grid were consulting on their preferred option. It was recognised that there was a need to get the power from the wind farms in the North Sea to where it was needed. The query was whether National Grid had already ruled out the sub sea option due to cost.
- Officers advised that the second recommendation on this report was that the Council reviewed the strategic options and obtain further information. The developer had jumped to the conclusion that pylons were the most suitable solution. There was a high level of concern that other options had not been fully considered. The Executive Councillor for Economic Development, Environment and Planning was liaising with a number of MPs to put together a letter.
- It was commented that energy stability was something which should be supported and there was a need to transport power to the east coast. However, members found it concerning that for Scotland and other areas National Grid were proposing an undersea route which would then come onto land in North East Lincolnshire. It was noted that there would be no local benefits from this.
- There were concerns about how many additional substations to the ones proposed may be needed.
- The social and financial impacts on communities would be huge. These would be costs that the county council and district council would need to pick up.
- The consultation document listed energy items which would be needed, and it was queried whether it was known what they were or how large they would be, as this would not just be pylons, other developments and infrastructure would be needed. Officers advised that so far they were only aware of one or two of these other developments.
- There would be many parishes which would be directly and negatively affected by this proposal.
- It was queried why the cable could not go undersea all the way to Walpole.
- There were various points along the route that passed through county farms land and the tenant farmers were extremely concerned that they would lose some of their land and were looking for reassurance that this route would not pass through any county land.
- It was commented that a further issue was not just the loss of land directly underneath the pylon, but also the loss of usable land surrounding it as that land could not be used either.
- It was noted that National Grid were trying to avoid directly affecting any properties with the proposed route.
- It was queried what the current rules were regarding a safe distance from electricity pylons, and officers advised that this would come out from the report that the Council would commission.
- It was also suggested that they would interfere with mobile phone signals, as well as air traffic control. It was also queried how the MoD would be affected by this proposal. Officers advised that they would be discussing this with the Civil Aviation Authority. It was highlighted that some wind farm proposals had not progressed due to similar concerns to these.

- The Leader of the Council advised that the Council would be prepared to legally challenge the whole process if necessary.
- It was confirmed that the Council would be working in conjunction with other councils that would be affected by this proposal.
- It was commented that there had been previous successes with energy companies, for example, the proposal for Triton Knoll was originally for substations and pylons, but following consultation, the proposal was amended to underground cabling.
- It was commented that it was possible for substations to be located offshore, and the power could be routed out to sea to then join land at Tilbury in order to get the power to the south of England.
- Concerns were reiterated regarding the additional infrastructure that would be needed which could have significant negative effects on towns in the east of the county, as well as concerns that some of the best land in the county could be lost permanently.
- For clarity, it was noted that for 100kv pylons, a 100m safe zone was needed from them, which meant a 200m wide corridor through the countryside.
- It was highlighted that councils in Essex and Suffolk had commissioned similar independent reviews, and officers advised they would make contact to obtain further details and start the dialogue on this.
- All members of the Executive were strongly in support of both recommendations in the report, to object any onshore overhead line proposal, and to commission an independent review of the strategic options report, which it was suggested should be carried out as a matter of urgency.

RESOLVED

1. That based on the detail set out in the report, the Council submits a formal objection to any onshore overhead line proposal;
2. That the Executive recognise and supports Officers in commissioning an urgent independent review of the strategic options report included within the consultation document to enable the Council to challenge the reasoning for the strategic options approach that dismisses the subsea and underground cabling alternatives to the proposed onshore overhead line.
3. That the Council submits a formal response with covering letter and copies it to all MP's, Secretary of State for Energy, the Chairman of Ofgem, Leaders of all District Councils and any similarly affected councils.

67 RESIDENTIAL CARE AND RESIDENTIAL WITH NURSING CARE USUAL COSTS

The Executive Councillor for Adult Care and Public Health introduced a report which detailed the process for the setting of Usual Costs for both Residential Care and Residential with Nursing Care. It was highlighted that the setting of the Council's Usual Cost was central to its compliance with statutory obligations. In particular, the rate that the Council establishes as its Usual Cost would contribute significantly to the sustainability of the market and its ability

to provide sufficient places capable of meeting need. The rates were established following a comprehensive market assessment carried out in 2021. The rates underpinned the Council's Framework contract for the three year period to 31 March 2025 and incorporated an annual review to minimise the risk of the rates losing pace with the economy, especially with the increase in national living wage.

The Executive Director – Adult Care and Community Wellbeing presented the report and advised that this was a major area of spend for the Council, and there was also a legal duty to ensure that the rates the Council paid took into account the costs of delivery. It was also noted that the rates the Council offered were not necessarily the ones that providers would accept. It was important to providers that they had as much as notice as possible regarding what the rates would be in the future, so that they could plan their businesses.

The Head of Financial Services outlined the financial impacts of the proposal which included an uplift of 7.3% to reflect general inflation and especially the increase in the National Living Wage. It was noted that the financial impact of this was included within the Council's Budget. Attention was also drawn to changes to the arrangements for responding to providers facing financial challenges, where the intention was to move away from a fixed Hardship Fund and replace this with a flexible Hardship Process. This would be open to commissioned providers to enable them to approach the Council where they were at risk of closure due to financial loss, and which would include an open book assessment to be completed between the Council and the provider. Any financial support provided would be time limited with a recovery plan agreed between both parties.

Clarification was sought in relation to the top up mechanism, and officers advised that people had a choice in where they wanted to live, and if someone chose a home that charged a price higher than the Council's rates, then they or a relative would need to cover the difference between that cost and the Council's rate. However, if the person was eligible for full funding, then the Council would have to offer a placement in a home at nil cost to the individual, even if this was above the Council's usual rate if no other suitable placement was available. Following a national campaign by the Local Government Ombudsman, the Council, like almost all local authorities, was shifting to a position where it paid the gross fee to the provider and recovered the top up from the third party. The Council had always been legally responsible for the total amount, but the switch to gross payment simplified matters for both the Council and the provider and gave protection to individuals against unreasonable increases in top up rates.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the Adults and Community Wellbeing Scrutiny Committee following its consideration of this report at its meeting on 28 February 2024 where the Committee strongly supported the recommendations to the Executive. It was reported that the Committee had congratulated the Team involved in the detailed work on the calculations of the proposed rates; and believed that the proposals overall represented a fair price for the services. The Hardship Process was also welcomed by the Committee, as a mechanism to support residential care homes in financial difficulty.

During discussion by the Executive, the following was noted:

- The difference between the Hardship Fund and Hardship Process was queried, and officers advised that the Hardship Fund had been a fixed amount of funding set aside to assist homes with paying the additional costs of fuel, insurance and energy. The Hardship Process would be for homes to approach the Council if they were going to struggle meeting their costs, the council would go through the income and expenditure of an individual home and provide assistance where necessary. Any financial support provided would be time limited with a recovery plan agreed which would encourage financial sustainability of the home.
- In relation to the Equality Impact Analysis, it was queried why 65+ was still used as an age band as life expectancy had increased significantly. Officers advised that there was a gender imbalance as life expectancy for women was longer than that for men. It was possible to further divide the date by age beyond 65 years, and indeed the large majority of older people living in care homes were over the age of 75, however, considering the shift to older people as being 65+ was a national figure.

RESOLVED

1. That the rates set out in Table 1 in paragraph 2.6 of the report be approved as the Council's Usual Costs for both new and existing Older People service users in respect of residential, nursing and high dependency care with effect from 1 April 2024 for the year 2024/25.
2. That the rates set out in Table 2 in paragraph 2.6 of the report be approved as the Council's Usual Costs for both new and existing Learning Disability service users in respect of Band 1, Band 2 and Band 3 with effect from 1 April 2024 for the year 2024/25.
3. That the rates set out in Table 1 in paragraph 2.6 of the report be approved as the Council's Usual Costs for both new and existing Mental Health service users in respect of standard and nursing care with effect from 1 April 2024 for the year 2024/25.
4. That the rates set out in Table 1 in paragraph 2.6 of the report be approved as the Council's Usual Costs for both new and existing Physical Disability service users with effect from 1 April 2024 for the year 2024/25.
5. That the rates set out in Table 1 in paragraph 2.6 of the report be approved as the Council's Usual Costs for service users needing 1:1 care with effect from 1 April 2024 for the year 2024/25.
6. That the replacement of the Hardship Fund that operated in 2023/24 with a Hardship Process with effect from 1 April 2024 for the year 2024/25 be approved.

7. That authority be delegated to the Executive Director Adult Care and Community Wellbeing, in consultation with the Executive Councillor for Adult Care and Public Health, to determine the detailed conditions governing the Hardship Process contained in Section 3 including the criteria for making payments.

68 INTEGRATED LIFESTYLE SERVICE CONTRACT EXTENSION

The Executive Councillor for Adult Care and Public Health introduced a report which sought authorisation for an exception to the Council's Contract Regulations to enable a 12-month extension to the existing Integrated Lifestyle Service contract, plus 3 elements of additional delivery, with the current provider until 30 June 2025. The total cost of the extension was £3,201,100.

The Consultant in Public Health presented the report and outlined the details of the services that were commissioned. It was noted that the service targeted four leading risk factors which were smoking, weight, physical activity and alcohol. There had been additional complementary elements of service delivery added to the core contract which were a Child & Family Weight Management Service, a Falls Prevention service and an Employee Challenge service for LCC staff and associated NHS partners.

The Executive was advised that this would be funded through the Public Health grant, with a contribution from the NHS. This was an important service for the NHS as it could assist in reducing demand on their services.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the Adults and Community Wellbeing Scrutiny Committee following its consideration of this report at its meeting on 28 February 2024. The Committee supported the five recommendations to the Executive. The Committee agreed to make several comments, which whilst not directly relevant to the proposal before the Executive, they were initial views on the development of the future contract which would be effective from 1 July 2025. These initial comments would be re-considered by the Committee in October 2024. Comments included welcoming of a pilot Child and Family Weight Management Service; support for the retention of the self-referral route in the new contract along with GP referrals; support for offering the service in 19 locations; that additional funding would be useful in the supporting the development of services; the importance of the Employee Challenge was acknowledged; and finally, the deep-dive overview of the service was welcomed.

During discussion of the report, the following comments by the Executive were noted:

- This was a good programme for families, individuals and young people.
- Members were fully supportive of the proposal, however it was important to recognise that this would not produce changes overnight. There was a need to reinforce positive behaviours around lifestyle etc.
- It was queried whether the percentage of adults classed as overweight was an estimate and it was confirmed that this was an average calculated from national data, but the data could be broken down further into district level information.

- In relation to numbers of reception age children who were classed as overweight or obese, it was highlighted that schools offered healthy meals as well as exercise. However, it was at home where the children may not have healthy meals or the opportunity to exercise. Officers advised that there were strict criteria for meals which could be served in schools, with free school meals available to all children in Key Stage 1, however, parents did not have to take up the offer of these school meals. There were also PE classes every week. Reassurance was given that schools were working hard on this. The aim of this contract was to explore how families could become involved in adopting healthy lifestyles at home, as well as at weekends and during holidays.
- It was queried whether the review could have been carried out sooner, and officers advised that this would not have been possible as the pilot programmes would not have been running for long enough and the ICB was also keen to invest in prevention programmes.

RESOLVED

1. That the extension of the Integrated Lifestyle Service contract for a period of 12 months from the 1 July 2024 to 30 June 2025, at a value of £2,717,490 be approved.
2. That the extension of the Child & Family Weight Management component for the same period, at a value of £265,610 be approved.
3. That the extension of the Strength & Balance (Falls Prevention) component at a value of £160,000 be approved.
4. That the extension of the Employee Challenge component for the same period, at a value of £58,000 be approved.
5. That authority be delegated to the Executive Director – Adult Care and Community Wellbeing, in consultation with the Executive Councillor for Adult Care and Public Health, to take all decisions necessary to give effect to the above extensions.

69 REVENUE BUDGET MONITORING REPORT 2023/24 (QUARTER 3)

The Executive Director – Resources introduced a report on *Revenue Budget Monitoring 2023/24 – Quarter 3* which provided an update on revenue spending compared with budgets for the financial year which started on 1 April 2023. The Executive Director advised that the government would be making its budget announcement the following day and any impacts to Council budgets would be reported back to a future meeting.

The Assistant Director – Finance presented the report and advised that the overall revenue position forecasted an underspend of £11.9m. this was an increase of £2.3m from the revised quarter two position and was attributed to increased income from Traffic Regulation Orders and the Energy from Waste facility.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the meeting of the Board on 29 February 2024 reported that the Board had unanimously supported the recommendations to the Executive. The Board raised a number of queries including total spending in relation to adult social care and the Better Care Fund, the increase in fostering placement costs, potential shift in pressure from Special Educational Needs and Disabilities (SEND) schools to mainstream schools, clarification on the underspend related to Traffic Regulation Orders, a potential overspend in home to school transport and also sought clarification in relation revenue funded capital investment.

RESOLVED

That the current position on the revenue budget be noted.

70 CAPITAL BUDGET MONITORING REPORT 2023/24 (QUARTER 3)

The Assistant Director – Finance presented a report entitled *Capital Budget Monitoring Report 2023/24 – Quarter 3* which provided an update on capital spending compared with budgets for the financial year which started on 1 April 2023. It was noted that a £25m underspend was forecasted, this was due to the assumption that the new developments capital contingency budget would remain unspent as well as a number of other initiatives such as the LED Replacement, Waste Transfer Station improvements and Cross Keys Bridge improvements. Budgets would need to be rephased to take account of this.

The Chairman of the Overview and Scrutiny Management Board was in attendance to present the comments of the Board following its consideration of the report at its meeting on 29 February 2024, where the recommendation to the Executive was unanimously supported. It was noted that the Board had discussed the Council's ability to absorb external shocks, such as changes in national interest rates or global events which affected commodities. Officers reassured the Board of contingency measures which were in place to handle unforeseen events which provided a level of confidence in the Council's ability to respond to and absorb such shocks.

In response to a query regarding current levels of inflation, it was confirmed that the situation was now stabilising and the Council could have a level of confidence that the contingency measures in place would be adequate to deal with any future shocks.

RESOLVED

That the position on the capital programme be noted.

71 CORPORATE PLAN SUCCESS FRAMEWORK 2023/24 - QUARTER 3

Consideration was given to a report introduced by the Lead of Corporate Performance which presented an overview of performance against the Corporate Plan as at 31 December 2023. Detailed information on performance could be viewed on the Council's website. It was

noted that there were 43 activities which could be reported in Quarter 3, and of those only three were amber rated, all others were green and progressing as planned.

In terms of Key Performance Indicators (KPIs), 88% were either achieving or exceeding target, it was noted that of the nine indicators which were exceeding target, six were also exceeding in quarter 2, and three were new. It was noted that PI 15 – percentage of children in care living within a family environment was reprofiled earlier in the year to remove unaccompanied asylum seeking children from this data. It was also reported that in terms of number of businesses supported, an additional 800 businesses had been supported in Quarter 3.

Of the three measures which were not achieving target, two of these were also not achieving target in Quarter 2. Two of the measures were related to waste and recycling. It was noted that recycling at Household Waste Recycling Centres (HWRC) had dropped slightly in Quarter 3, and the slight reductions could be attributed to seasonal variations.

In terms of the contextual measures, it was highlighted that there were now 239 Section 19 investigations ongoing in quarter 3.

The Chairman of the Overview and Scrutiny Management Board was in attendance to present the comments of the Board following its consideration of this report at its meeting on 29 February 2024, where the recommendations to the Executive were unanimously supported. Comments raised by the Board included queries regarding the percentage of disabled adults employed; concerns about limited space in recycling centres, proposing a reuse centre similar to the Seagull Recycling Centre in Skegness; the inclusion of public sector volunteer managers; concerns regarding the delayed progress of extra care housing projects; queries were raised regarding the potential financial impact of the separate food waste collections and clarification was sought on potential financial burdens resulting from the Environment Act 2021.

During discussion by the Executive, the following was noted:

- It was confirmed that there were plans to open a reuse centre in Tattershall in the summer of 2024. It was noted that similar schemes were run in North East Lincolnshire, and any money made was donated to local charities.
- In relation to the delayed extra care housing projects, it was confirmed that the Welton project should be completed by the end of 2024. In relation to the site at Horncastle, work was still underway to find a suitable provider. The Chief Executive noted that there had been some issues, but they were site specific. This was an opportunity to take stock in terms of lessons learned and a review of the Strategic Needs Assessment was taking place to establish where the demand was.
- In relation to the Environment Act, it was suggested that it may be useful for the Executive to receive a briefing on any further developments and potential impacts.
- In relation to Visit Lincolnshire, it was noted that it was very pleasing that there had been a high number of visits to the website and conversions to bookings. It was noted that there was a commitment to develop green tourism in Lincolnshire.

- In terms of flood investigations, new staff were being recruited, and an ambitious target had been set to deal with all investigations by the end of August.

RESOLVED

That performance for Quarter 3 2023-24 as at 31 December 2023 be considered and noted.

The meeting closed at 12.15 pm

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Open Report on behalf of Andrew Crookham, Deputy Chief Executive and Executive Director - Resources

Report to:	Executive
Date:	03 April 2024
Subject:	Future IT Service Delivery Model
Decision Reference:	I030272
Key decision?	Yes

Summary:

The majority of our IT service delivery is currently provided by Serco. This contract is due to expire at the end of March 2026.

The Council's Executive approved an overall IT Service Delivery Model and sourcing approach on the 4th May 2022. Procurement activity was subsequently paused to give the Council time to assess options to rectify a number of risks and issues identified in the second half of 2022.

As a result of this assessment, changes have been made to the design of the original IT Service Delivery Model both in order to address the risks and issues that had been identified.

The purpose of this report is to provide an overview of this updated IT Service Delivery Model and the corresponding changes in the sourcing approach to enable the Council to make an informed decision about the best way forward for the future delivery of IT services. The report also seeks authorisation from the Executive to commence a procurement.

Recommendation(s):

That the Executive:

1. Approves the changes to the IT Service Delivery Model and sourcing approach as follows:
 - a. The procurement of a contract for the outsourcing of all operational IT services currently provided by the incumbent to a single external supplier.
 - b. The procurement of a contract for the outsourcing of Security Operations to an independent specialist external supplier.

- c. The procurement of a contract for the engagement of an external partner (“Flexible Delivery Partner”) to support the Council in delivering IT technical design and delivery.
2. Approves the carrying out of the necessary procurement processes to secure the services of the external suppliers and the Flexible Delivery Partner referred to in paragraph 1 above.
 3. Delegates to the Deputy Chief Executive and Executive Director - Resources, in consultation with the Executive Councillor for Highways, Transport and IT, the authority to take all necessary decisions and steps to progress the procurements referred to in recommendations 1a, 1b and 1c up to and including determination of the final form of the resultant contracts and award of those contracts.

Alternatives Considered:	
1.	Full outsource of all IT services to a single provider (prime provider model)
2.	Full insource of all IT services Further details on other options considered are covered in paragraphs 33 to 36 of this paper.

Reasons for Recommendation:

To address the issues that were identified during the second half of 2022, particularly around recruitment and the readiness of the Council to manage operational IT services.

To keep operational IT services outsourced to maintain internal IT’s focus on adding value through change supported by a flexible delivery partner.

To address the need for a specialist supplier in IT security services where depth of knowledge, skills and expertise are essential to respond to the growing cyber-threat.

To minimise the complexity of transitioning to a new IT Service Delivery Model and therefore the overall risk to the Council.

Background

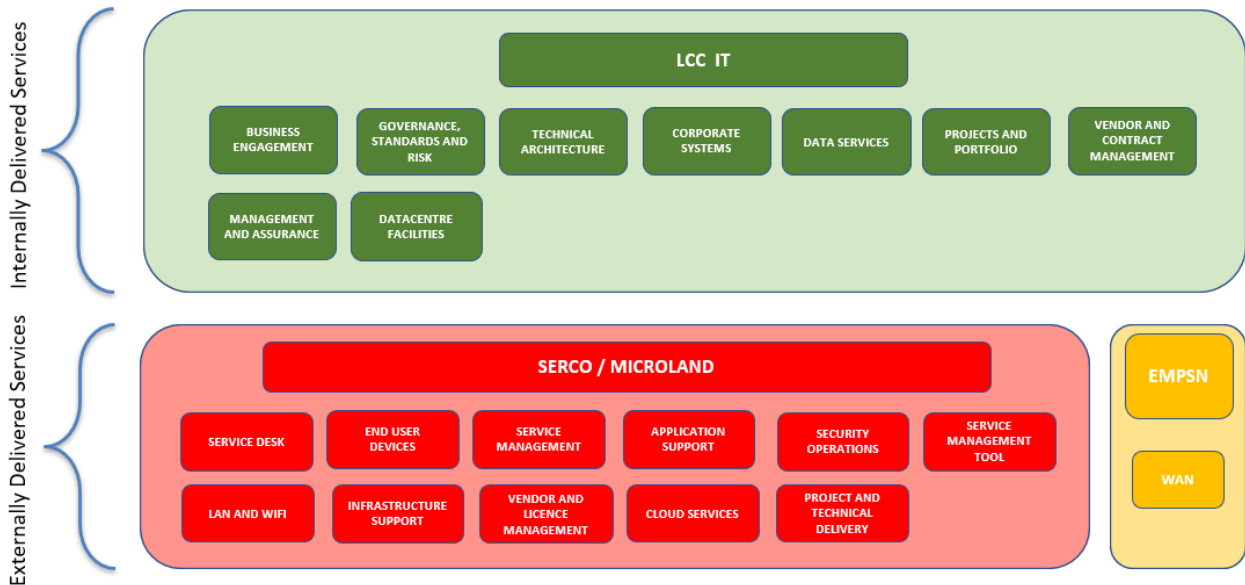
On the 4th May 2022 the Council’s Executive approved a future IT service delivery model and sourcing strategy to ensure continuity of IT services after the Serco contract end date. This model would have resulted in certain IT services moving in-house and the remaining services being outsourced to a number of external suppliers with the Council’s IT team managing and integrating the delivery of services.

1. Subsequent to this, a decision was made to pause procurement activities to allow time to assess a number of issues identified in the second half of 2022 and which are still evident. Issues identified included:
 - a. The ability for the Council to recruit and retain suitably skilled and experienced resources, particularly for certain technical and managerial roles which are key for the delivery of insourced services;
 - b. The ability and maturity of the Council to be able to effectively manage operational IT services and complex multi-vendor environments;
 - c. Inflationary pressures resulting in an increase in supplier prices and demand for higher salaries both of which presented greater risk to a multi-source delivery model, with many vendors to co-ordinate.
2. When the above issues were considered along with some of the complexities of transitioning to and delivering the previously agreed IT service delivery model, the view was that this presented too much overall risk to the Council and changes were necessary to the IT Service Delivery Model and sourcing approach. This is largely due to the current state of IT capability maturity, the significant backlog of deprecated systems, the difficulties of managing a wide range of suppliers, the changing picture of Cyber security and the need to respond to this.
3. There is a programme of work underway to improve the maturity of the IT organisation with the following developments to date:
 - i. A project prioritisation process has been implemented to manage the demand for business-led IT change
 - ii. A cyber-team has been established to focus on some of the immediate IT security risks
 - iii. Organisational changes are in-flight with the permanent Chief Information Officer and new Heads of Cyber Security, IT Project Delivery, and IT Strategy and Architecture due to the join the Council in April and May 2024.
4. Work will continue in this area, led by the new senior team, to ensure the IT team is ready to manage the future IT service delivery model.
5. In response to the risks outlined in paragraph 1, a number of IT sourcing principles have been developed:
 - a. Keep essential IT change and contract management skills in-house to work closely with business colleagues and to add value through IT change;
 - b. Keep operational IT services outsourced to maintain internal IT's focus on adding value through change;

- c. Use flexible resourcing partners with base minimum staffing, to supplement internal IT change teams.

PROPOSED CHANGES TO THE IT SERVICE DELIVERY MODEL

- 6. The current IT Service Delivery Model delivered by the Council and its primary IT suppliers is shown in the following infographic:



[Infographic 1 – Current IT Service Delivery Model]

- 7. We currently operate through an ‘IT prime provider’ model, with Serco providing the bulk of our IT service delivery. These services include:

- a. **End User Support Services** – these include the provision of laptops / desktops and smartphones to colleagues and secure access to the applications and services they need to do their jobs – from Excel to Business World, from the intranet to the internet. This service area also provides the tools for colleagues to communicate and collaborate with others such as email, Teams telephony and Sharepoint.

Colleagues can get support if they are experiencing IT issues and can order the IT products and services they need. Support can be accessed through the IT Service Desk but also through the Tech Bar for those colleagues based on or near the Lincoln campus and through the VIP support team for our Councillors and Senior Executives.

- b. **IT Support Services** – the teams providing these services maintain all the applications, systems and connectivity which colleagues depend on when they log in. These cover services such as Wifi, network connectivity, email, M365, secure storage of files and documents, and monitoring and maintaining the IT infrastructure needed to ensure business applications are accessible and available.

This service area also manages and coordinates the various 3rd parties that are involved in supporting delivery of services and makes sure that the Council remains compliant with licencing and other regulatory requirements.

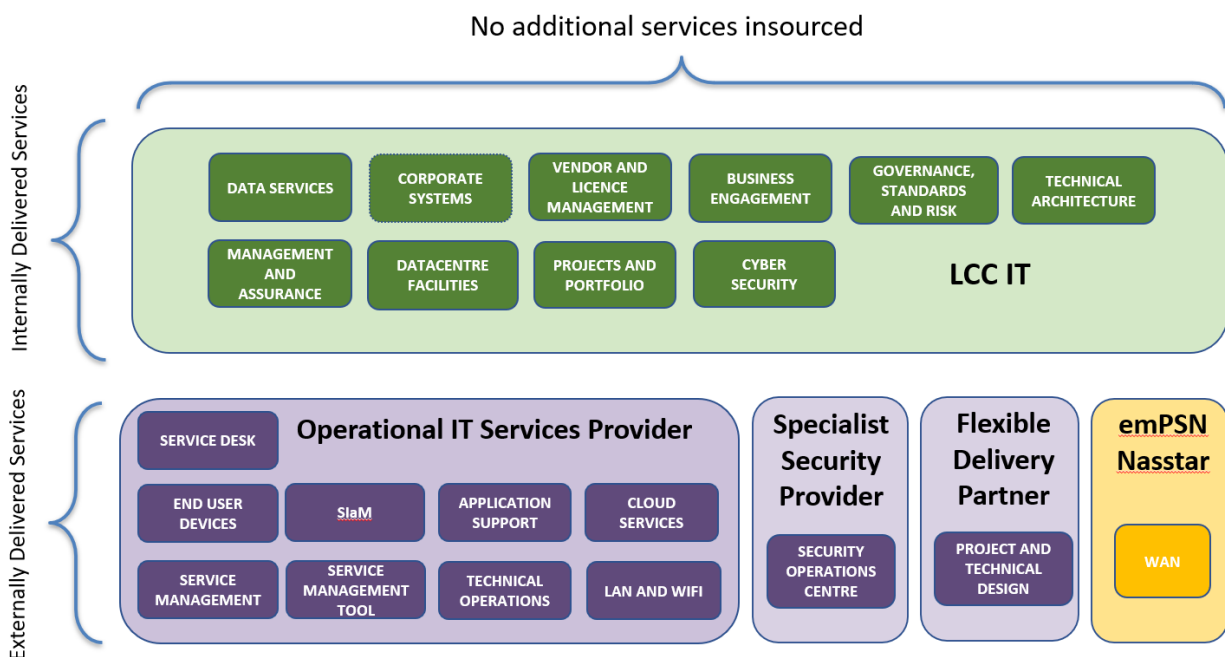
- c. **Project and Technical Delivery** – this service area provides the expertise to design and coordinate the programmes of work to implement IT changes. These can be to support business led initiatives or to ensure our IT environments remain up to date and supported.

8. The Council needs to ensure that all of these IT services continue to be provided through either in-house delivery, external suppliers or a combination of the two.

9. Drawing on feedback from the market, informal guidance from the Corporate Leadership Team and following consultation with the Executive Councillor for Highways, Transport and IT and the Leader of the Council, the recommendation is that the ongoing delivery of the IT services currently provided by the incumbent would still be best achieved through a multi-source delivery model, but to mitigate the issues highlighted in paragraph 1 the following changes are proposed:

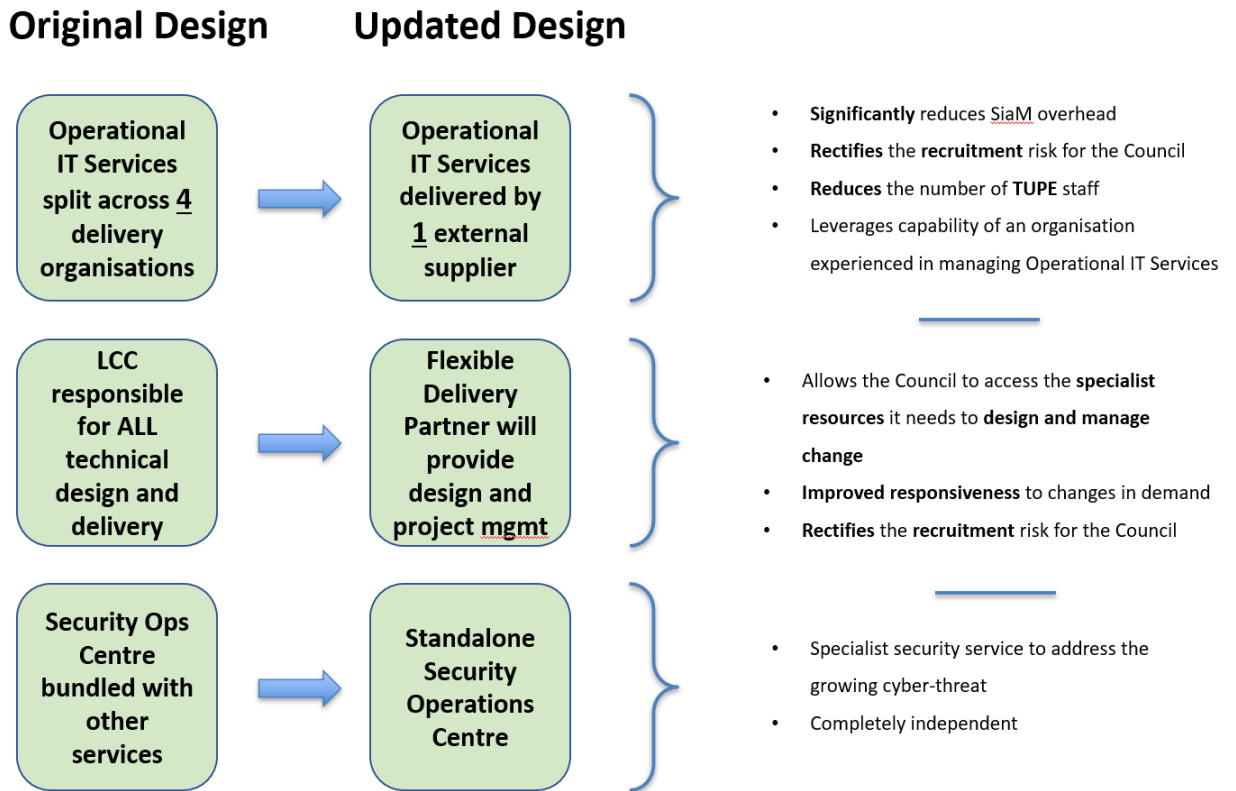
- a. No operational IT services will be insourced to the Council
- b. Operational IT services will be delivered by a single external supplier
- c. Technical design and project management will delivered by an external Flexible Delivery Partner, supplementing the existing Council IT project capability

Achieving this will involve a combination of suppliers who are experts in the provision of operational IT services or specialists in specific areas of IT service delivery. Market engagement has shown a high level of interest from credible suppliers who have public sector clients. The proposed IT Service Delivery Model (2026), proposed to be delivered by the Council is shown in the following infographic:



[Infographic 2 – Proposed IT Service Delivery Model (2026.)]

10. How this differs to the original model approved by the Executive in May 2022 is summarised in the following diagram:



11. In reference to the above diagram, the proposed changes are that:

- a. Operational IT services, including the VIP service for members, currently provided by the incumbent will be managed by a single external supplier with the Council’s IT team providing the necessary governance, assurance and supplier management. None of these existing operational IT services will now be insourced.
- b. IT Project Technical Delivery, which includes service and technical design, will be partly managed by the existing inhouse team as it is today, but the majority is expected to be delivered through an agreement with a specialist Flexible Delivery Partner (essentially a provider of Professional Services) to manage the changing volume of business demand. No additional project or design resources will be insourced. This reflects the current arrangement under which project resource is provided through Serco but will separate this from the operational delivery so that a provider specialist in this area can be engaged.
- c. A specialist partner will be engaged to provide a Security Operations Centre (SOC) to continually monitor the Council’s IT environment and provide expert threat

detection and management services to the Council's CIO and cyber security lead. This SOC will be a standalone service shared with other organisations making it affordable as well as effective. The Council's Head of Cyber Security will have oversight of the work of the Security Operations Centre to ensure that it meets the Council's security needs.

12. In addition, and in order to manage the overall risk profile, it is recommended that the Council no longer purchases its own Service Management Tool (e.g. ServiceNow) as was proposed in the original Executive Report of the 4th May 2022. The proposal instead is for the Council to utilise the Service Management Tool used by the supplier of Operational IT Services and this will be included as part of the specification when procurement activities commence.
13. The Wide Area Network (WAN) which provides data connectivity between the Council's 200 sites is supplied and maintained by emPSN / Nasstar. These agreements are already in place with contracts running through to October 2027 therefore the WAN is out of scope for this paper. However, a programme of work is being initiated to look at a new solution for providing corporate network connectivity by 2027 drawing on modern technologies and practices.

ADDITIONAL BENEFITS

14. The proposed changes to the IT Service Delivery model also provide the following additional benefits:
 - a. The consolidation of Operational IT Service delivery to a single supplier significantly reduces the Service Integration and Management (SiAM) overhead as there are fewer partners delivering operational services. In this updated model, the SiAM responsibilities can largely sit with the Operational IT Services provider with assurance provided by the Council's IT team.
 - b. A significant number of the 3rd party contracts owned by the incumbent are used to support the delivery of operational IT services. In the previous model approved in May 2022, the Council would have had to procure or novate a large number of these contracts in order to deliver the Technical Operations service in house.

However, the change in the IT service delivery model means this will no longer be necessary as the proposal is to outsource Technical Operations. The responsibility for this supply chain will now sit with the external Operational IT Services provider. This change significantly reduces the number of contracts that need to be novated to, or procured by the Council and will also reduce the ongoing contract management overhead.

- c. The number of staff that would transfer to the Council under TUPE regulations is considerably reduced as a result of the Council no longer taking on responsibility for Application Support, Technical Operations, VIP Support and SiAM, removing the need to retain specialised and difficult to recruit staff.

MARKET ENGAGEMENT AND INDUSTRY TRENDS

15. A number of market engagement sessions took place during September 2023 and October 2023. The primary objectives of these meetings were:

- a. To advise the market on the future procurement opportunities;
- b. To confirm that there was sufficient interest from the market for bidding for the services;
- c. To obtain feedback from the market on the proposed IT Service Delivery Model;
- d. To inform the market on how best to engage with procurement processes;
- e. To allow the Council and the market to raise questions and seek clarifications where needed.

16. The following meetings took place:

- a. A virtual meeting with all interested suppliers held on the 20th September 2023 – representatives from 41 suppliers attended;
- b. Half-day in person events with suppliers interested in the Operational IT Services were held on the 26th September 2023 and 5th October 2023 – representatives from 21 suppliers attended;
- c. A virtual meeting with suppliers interested in being the Council's Flexible Delivery Partner was held on the 24th October 2023 – representatives from 27 suppliers attended.

17. The main conclusions from the market engagement were that:

- a. The Operational IT Services currently consumed by the Council today are recognised as standard services by suppliers in the market.
- b. There are opportunities to improve current processes and services to align with industry standards and supplier ways of working.
- c. Suppliers were particularly interested in the procurement route and commercials such as contract duration, quality / price ratio and indexation. For the Operational IT Services, a contract duration of 7 to 10 years with possible 2 year extensions was discussed. For the Flexible Delivery Partner and Security Operations Centre, the discussion with suppliers was around the use of frameworks to procure these services and the contract duration plus any extensions would be determined by the framework.
- d. With 21 suppliers attending the half-day events, this represented a good level of interest from the market for the opportunities presented. A number of these suppliers are well established names in the market and suppliers that the Council would welcome bids from, with several having experience in providing IT services to multiple Council's and other public sector bodies

18. The previous Executive report highlighted that there was a clear trend among local authorities of moving away from prime-provider contracts to multi-source models. The Council is still proposing to pursue a multi-source model but with fewer Operational IT Services delivered by the existing Council IT team due to the issues highlighted.
19. In that respect, the Council's approach is still in line with what many other local authorities have done or are in the process of doing, though it is recognised that each Council has its own set of objectives and challenges to address, so each IT service delivery model has its differences.
20. Representatives from the Council's IT team also met with Huw Stephens, CIO for HM Treasury, on the 29th September 2023 to discuss their IT delivery model. The main observations from that discussion are:
- a. HM Treasury IT has its own branding – Treasury Information Services (TRIS) – which includes all IT services irrespective of the delivery partner. The HM Treasury business identifies TRIS as the IT delivery service and makes no distinction between internal and external partners.
 - b. Due to the number of suppliers in their IT delivery model, HM Treasury have engaged a specialist SlaM provider. Their CIO's observation is that this is an expensive model and has not proven to deliver good value. It has been hard to leave the SlaM provider to do its job.
 - c. A pay-per-user model for the Service Desk has driven the right behaviours with their supplier. In their analyst paper - How to Structure Penalties and Incentives for Managed Services Outsourcing Contracts - Gartner also draws the same conclusion.¹
 - d. Their IT delivery model is a mature, multi-supplier model. IT services are 100% in the Cloud with no legacy IT. This has significantly reduced the time to procure new IT delivery partners.
21. With the breadth of IT services that the Council delivers today, its relatively large on-premise IT hosting footprint, and limited IT operational delivery experience, the conclusion from this discussion is that the IT service delivery model being proposed will deliver the most value for the Council. However, these points will be taken into consideration as the Council develops the detail in the IT Service Delivery Model and subsequent supplier specifications and procurement documentation.

PROCUREMENT TIMELINES

22. The estimated timings of the procurements for the services listed in recommendations 1 a, b and c are:

Service	Proposed procurement start date	Contract Award	Transition	Service Go Live
Operational IT Services	Apr 2024	Mar 2025	Apr 2025 – Mar 2026	Apr 2026
Security Operations	Feb 2024	May 2024	Jun 2024	Jun 2024
Flexible Delivery Partner (Assumes Competitive Procedure with Negotiation procurement route)	Jan 2025	Sep 2025	Oct 2025 – Dec 2025	Jan 2026

23. The procurement route to market will be finalised once detailed specifications have been drafted but current thinking, based on recent experience and feedback from the market, is that a Competitive Procedure with Negotiation will result in the best value outcome for the Operational IT Services. For the Security Operations and Flexible Delivery Partner engagements, the use of Crown Commercial Services frameworks appears a viable route but this is still being considered.

FINANCES – Ongoing annual funding requirements

24. A breakdown of funding requirements for the updated IT Service Delivery Model is as follows:

a. Operational IT Services Provider

The majority of the IT services currently provided by Serco will move to the Operational IT Services Provider. Based simply on the proposed budget for the purchase of Serco’s IT services for 2024/25 of £5.9m and existing third party supplier costs of £0.5m, the estimate for the Operational IT Services Provider is £6.4m plus indexation through to April 2026. Based on market engagement we are expecting the tender exercise to be competitive and for that to curb price increases.

b. Specialist Security Provider

The Specialist Security Provider will provide a security service (Security Operations Centre) over and above that which is provided today. A budget for this enhanced service of £205k forms part of the IT base budget proposal for 2024/25, however due to more immediate needs around ongoing cyber security improvements, this service will be procured in this financial year.

c. Flexible Delivery Partner

This agreement will deliver specialist project management, technical design and business analyst services as required for specific Council IT change initiatives. The scope of this agreement will be sufficiently broad to accommodate the diversity of the project portfolio both now and in the future. Services will be called off as and when required for a particular change project and will be funded by the project.

We will explore ways to ensure resources are retained and can build experience working on Council projects. This will include exploring with bidders whether inclusion in the contract of a minimum expenditure commitment would add value to the Council. For reference, the annual expenditure on professional services (primarily technical design and project management) for IT projects is in the range £800k to £1m.

It is expected that there will continue to be a pipeline of IT change similar to the levels experienced since 2021. This will be a combination of IT led change – ongoing lifecycle management and more strategic programmes of work - and also business led change as the Council looks to adopt technologies to operate more efficiently and to improve the experience for Lincolnshire residents. The level of demand will be reviewed at the point when procurement activities for the Flexible Delivery Partner commence.

d. Vendor and Licence Management – additional resources

As part of the proposed IT Service Delivery Model, the Council will take on full contract and vendor management responsibilities for a number of 3rd party contracts that are supported by Serco. To support this activity, it is anticipated that 1 additional Vendor Manager role will be required which is expected to be fulfilled through TUPE of staff from Serco.

The funding requirement for this is estimated to be £61k per annum.

25. Funding requirements for the main external engagements are summarised in the following table:

Service	Funding requirement for new supplier arrangements
Operational IT Services Provider	£6.4m plus indexation to 2026
Specialist Security Provider	£205k
Flexible Delivery Partner	[£800k to £1m] ¹
Vendor and Licence Mgmt resource	£61k

¹Annual expenditure on professional services (primarily technical design and project management) for IT projects is in the range £800k to £1m.

FINANCES – Funding requirements for Transition of services

26. There will be costs associated with implementing the new IT Service Delivery Model, most of which will relate to transitioning services to the new supplier arrangements, particularly the Operational IT Services provider. Funding will be required for these costs which will include:

a. Transition resources

- i. **Programme manager (1 FTE)** – the recommendation is to engage an external programme manager experienced in managing the transition of IT services to outsource suppliers. Council project managers will work under guidance from this resource.

An experienced, external programme manager resource will be able to identify:

- o the appropriate prioritisation of activities in a transition plan
- o areas of risk (and how to mitigate those risks) based on previous experience
- o the best strategy for ensuring effective supplier engagement

- ii. **Backfill for IT (2 FTE)** – the Council’s IT Technical Architects and Heads of Service are expected to play a prominent role during transition. Backfill will be required to ensure continuity of BAU activities.

Backfill support will allow BAU IT delivery and IT change to continue, whilst Heads of IT Service and Technical Architects are actively engaged in delivering the transition with the partners they will be working with in the future. Heads of IT Service will also be able to focus on continuing to mature the IT function.

b. Other supplier costs to support exit

Though contract exit is included within the scope of the existing contract with the incumbent, it is highly likely that additional assistance will be required to cover transition activities that may fall outside of this scope. Some funding is required to cover these costs and any other supplier related costs.

c. Legal services

There will be legal costs to draft the necessary contracts and to otherwise support the procurement. These are likely to be in the order of £50,000 if all of the work can be completed in house but up to £100,000 if external lawyers are required. Funding for these costs will need to be identified (either via year end underspends or the next budget setting process).

27. The scope of the operational IT services for which management and support would need to be transitioned in a scenario where the incumbent is unsuccessful, is outlined at a high level in paragraph 7 of this paper. These IT services underpin almost all aspects of Council services and are used to:
- a. Provide connectivity for the Lincoln campus and 200 remote sites including fire stations
 - b. Support 10,000 end user computing devices for colleagues whether laptops, desktops or smartphones
 - c. Share files with around 100 partner organisations
 - d. Support over 400 business applications
 - e. Manage and maintain all the IT infrastructure in our datacentres and Azure whether for data storage or for hosting applications on over 400 servers
28. The ownership of over 40 third party contracts used to support the delivery of operational IT services needs to be transferred to new arrangements.
29. To achieve this with minimal impact to the Council's business and so that security is not compromised requires a resource who is experienced in managing complex IT transition programmes of work. The Council does not have these skills in-house and they are best sourced from the external market.
30. The Technical Architects and IT Heads of Service will also be directly involved in transition efforts and backfill will be needed to ensure ongoing work around for example, security, business IT change and IT team maturity team uplift, is not compromised.
31. The costs of transitioning to the new IT Service Delivery Model once contracts have been awarded are estimated to be of the order of £867,500. Funding will be required for these transition costs plus expected legal costs during procurement and are outlined in the following table:

Transition Cost Area	Funding Requirement
Programme Manager and IT backfill resources (3 FTE total) 15 month engagement	£667,500
Other supplier costs To support exit and contract novation	£100,000
Legal Costs As part of the procurement process	£100,000
Total	£867,500

32. The above transition costs represent 1.4% of the total contract spend (based on a 10 year term at £6.4m per annum). These are early estimates of transition costs and assume a procurement scenario where the incumbent is unsuccessful. The costs will be refined as procurement activities and transition planning progress during 2024.

OTHER OPTIONS CONSIDERED

33. The Council also identified what other options were available and assessed whether they would better mitigate the risks highlighted in paragraph 1. These options are summarised as follows:

A single large strategic partnership ('prime provider' model)

34. A single large strategic partnership ('prime provider') contract i.e. the majority of IT services including security operations and delivery of change, provided by a single supplier. The Executive Report of the 4th May 2022 documented a number of reasons why this type of agreement would not be appropriate for the Council and these reasons remain valid.

35. In addition, the following highlight further reasons why a future agreement with a prime provider would not best serve the Council:

- a. The Council will be better served by having a wider set of options for accessing design and IT change delivery services. The proposed model offers this through having a Council-owned project and technical change capability supplemented by a Flexible Delivery Partner. An option to access professional services could also be included as part of the Operational IT Services provider contract.

This will allow the Council to be more responsive to changing business priorities and demand, and will provide access to a broader range of specialist resources appropriate to the change being implemented than can be provided through a prime provider type agreement.

- b. The ever evolving cyber-threat landscape requires specialist security support. Segregation from the provider of IT services is necessary to ensure full accountability, transparency and to remove conflicts of interest. This would not be achieved by bundling all security services with a prime provider.

A full insource of services

36. A full insource of services would not mitigate the issues highlighted in paragraph 1. Bringing all IT services in house would significantly increase the transition complexity and recruitment difficulties and is unlikely to be achieved in the timescales. This approach would exacerbate the issues and is strongly not recommended.

RISKS

37. The table below outlines some of the risks that need to be considered as implementation of the updated IT service delivery model begins:

Area	Risk Description	Mitigation
Leadership	Newly appointed leaders - CIO, Chief Legal Officer and Assistant Director Commercial – may challenge the model and request further changes.	<p>Manage expectations during interview process (CIO).</p> <p>Outgoing leaders ensure new appointees are briefed with executive sponsor support.</p>
Procurement	Prospective bidders see Serco as a significant threat and may decide not to invest in the process and withdraw.	<p>Already stressed at pre-market engagement events that there is no pre-defined outcome.</p> <p>Explore options to ensure a level playing field.</p>
Resources	Key existing Serco staff move to other roles within Serco, or leave, either prior to or on contract end date.	<p>Engage early and effectively.</p> <p>The new provider through the contract accepts the resourcing risk and has access to other staff to call on.</p>
Transition	Risk of impacting BAU services during transition to new supplier arrangements.	<p>A lot of experience on the supplier side in managing transition.</p> <p>Phasing of services to reduce impact.</p> <p>Build an experienced transition team early (min. 18 months in advance) to prepare and plan.</p> <p>Council IT resources involved in the procurement, transition and subsequent BAU management.</p>
Exit	Lack of effective engagement from Serco during Exit (assuming a procurement scenario where Serco is unsuccessful)	<p>Ensure Serco are held to Exit commitments in the contract.</p> <p>Work with Serco on a jointly owned exit plan.</p> <p>Ensure Serco’s ongoing engagement</p>

		through formalised and funded projects up until the end of the contract to maintain project resources.
Finance	There is a risk that the cost of the solution for operational IT services is in excess of current planned budget.	<p>Further market engagement will explore how the way services are specified affects pricing.</p> <p>Running a transparent and information rich procurement will help remove bidder uncertainty and will encourage competition.</p>

2. Legal Issues:

In January 2013, the Public Services (Social Value) Act 2012 came into force. Under the Act the Council must before starting the process of procuring a contract for services consider two things. Firstly, how what is proposed to be procured might improve the economic social and environmental wellbeing of its area. Secondly, how in conducting the process of procurement it might act with a view to securing that improvement. The Council must only consider matters that are relevant to the services being procured and must consider the extent to which it is proportionate in all the circumstances to take those matters into account. In considering this issue the Council must be aware that it remains bound by the Public Contracts Regulations 2015 which itself through its requirement for transparency, fairness and non-discrimination places limits on what can be done to achieve these outcomes through a procurement.

Procuring an IT service delivery model will not in itself improve the economic social or environmental wellbeing of the area but as set out below the Council’s IT supports all of the Council’s activities that do directly contribute to such improvement.

Ways will be explored of securing social value through the way the operational services procurement is structured. This contract in particular has the size to enable providers to contribute to social value through, for example, apprentice and engagement programmes. At the same time the Competitive Procedure with Negotiation gives a process through which such benefits can be explored at greater depth and the scoring mechanism used in part at least to incentivise genuine engagement by bidders in exploring such issues.

Under section 1(7) of the Public Services (Social Value) Act 2012 the Council must consider whether to undertake any consultation as to the matters referred to above. The service and the value it delivers is well understood. Best practice recently adopted elsewhere has been reviewed. This and the market consultation carried out is considered to be sufficient to inform the procurement. It is unlikely that any wider consultation would be proportionate to the scope of the procurement.

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

There are not considered to be any Equality Act implications arising out of the choice of delivery model for future IT services. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of an IT platform that fully supports the Council in supporting its residents and communities in a way which meets the Equality Act requirements.

Specifications especially around end user computing will require accessibility requirements to be met for people who may be impacted in their ability to use IT because of a protected characteristic.

Joint Strategic Needs Assessment (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

There are not considered to be any direct JSNA or JHWS impacts of the decisions required by this Report. Indirectly, the Council's IT infrastructure underpins all the work of the Council and the way it interacts with its customers and communities. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of an IT platform that fully supports the aspirations of the Corporate Plan which directly contribute to the achievement of JHWS objectives.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

There are not considered to be any direct impacts of the decisions required by this Report on the section 17 considerations. Indirectly, the Council's IT infrastructure underpins the work of the Council in fulfilling its crime and disorder functions. The proposals put forward in this Report are considered to be the best way of ensuring the ongoing availability, performance and development of an IT platform that fully supports the Council and its partners in that work.

3. Conclusion

This report has considered all main insourcing and outsourcing options and the recommendation is that the ongoing delivery of the IT services would be best achieved through a multi-source model involving external partners but with no additional IT services moving in-house.

This updated IT service delivery model is recommended as the most effective design to enable the Council to address the risks relating to recruitment, IT maturity and transition complexity documented in this report. It will also allow the Council to respond to the rapidly changing technical and information security environment; to be agile in the way it responds to business needs and priorities; and to support its digital ambitions.

Market engagement has provided assurance that there is a good level of interest and market engagement events were attended by suppliers who would be a good fit for the Council. Feedback from representatives during the meetings was that the opportunities on offer are recognised as standard services by the market.

A single large strategic partnership with a prime provider with limited services managed in-house is not recommended. The market is limited, such suppliers are not necessarily specialists in all areas, and it is hard to see how they would add value rather than cost.

A full insource of services would not mitigate the issues highlighted in this report. Bringing all IT services in house would significantly increase the transition complexity and recruitment difficulties and is unlikely to be achieved in the timescales. This approach would exacerbate the issues and risk to the Council and is strongly not recommended.

4. Legal Comments:

The Council has the power to pursue the procurements proposed which must be carried out in accordance with the Council’s obligations under the Public Contracts Regulations 2015.

The decision is consistent with the Policy Framework and within the remit of the Executive.

5. Resource Comments:

There are two areas set out within the report which have potential resource implications: the ongoing cost of the new service delivery model (subject to the procurement exercise), and the cost of transitioning to the new model.

In respect of the ongoing cost, the Council has an existing budget provision across revenue and capital to fund the cost of the current activity, aligned with the current delivery model and as set out in the report. At this stage in the process, this provides a cost baseline and a current affordability envelope. The cost of the new model would ultimately be determined by the procurement exercise and may give rise to a different level of cost than the current baseline which would need to be considered at the appropriate point and via the appropriate process (i.e. the next budget setting process). It is a possibility that some items currently funded from capital may require switching to being revenue funded, which again would need to be considered further into the procurement process.

In respect of the transition costs, these would need to be identified and separately funded either via year-end underspends or the next budget setting process given their one-off nature.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

On 12 March 2024, the Overview and Scrutiny Management Board recorded its support for the three recommendations to the Executive.

As part of its consideration, clarification was received on three questions raised by members of the Board:

(1) Long Term Sustainability

The proposal is for a long term model, potentially with a contract time frame of five years, plus three extensions of up to two years, to a maximum of eleven years. The Board was assured of the importance of selecting partners who can work with the Council for a long term such as this. The proposed model would give the Council access to more providers than a procurement for a single-source provider.

The Board was also advised of the importance of 'right-sizing' the relationships so that the contract 'means something' for the provider; and of accessing organisations who will be able to innovate and respond to change to meet the Council's needs, and also to advise the Council on improvements, in turn improving frontline services.

(2) Resilience and Security

The Council has invested in combating state-sponsored and criminal threats to the Council's IT systems, which are always evolving. For example, the Council now has a head of cybersecurity, which provides more focus on this activity, with state-of-the-art tools to identify and tackle issues. In addition, the Council has invested in the updating of legacy systems, so their level of protection against threats has been improved.

(3) Plan 'B'

Managing the risk of a need for a plan 'B' would be achieved by continuing to undertake market engagement work, in order to get a range of responses from a broad range of suppliers; by undertaking appropriate due diligence on any company that the Council plans to work with, including their track record, financial sustainability, and references from existing clients.

Another element is to get the right balance in the services that the Council would include in the procurement, as well as understanding the Council's services. The Council would also need to be in a good position to move to another supplier, if after all else failed, that were to become necessary.

d) Risks and Impact Analysis

See the main body of this Report.

7. Background Papers

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Document title	Where the document can be viewed
Report to Executive 4 May 2022 titled "Options for the Future Delivery of IMT Services"	https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?ID=794

This report was written by Phil Johnson who can be contacted on 07920 710177 or phil.johnson@lincolnshire.gov.uk.

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Open Report on behalf of Andy Gutherson, Executive Director – Place

Report to:	Executive
Date:	03 April 2024
Subject:	The re-commissioning of the Libraries Service
Decision Reference:	I032246
Key decision?	Yes

Summary:

The contract with Greenwich Leisure Ltd (GLL) for the Libraries Service expires on 31st March 2026 with no further options for extension. This report sets out a proposed course of action in respect of the re-procurement of the Council’s Library Service and seeks the necessary approvals to progress the re-procurement.

Recommendation(s):

That the Executive:

1. Approves the re-procurement of the Council’s Library Service contract, via the Competitive Procedure with Negotiation (CPN) for commencement on 01 April 2026
2. Approves the retention of the current delivery model
3. Delegates to the Executive Director – Place in consultation with the Executive Councillor for Fire and Rescue and Cultural Services and the Leader of the Council authority to award and determine the final form of contract and approve entering into the same.

Alternatives Considered:

1. To insource the Library Service provision within Lincolnshire County Council. Whilst this route would ensure that the Council is able to fulfil its statutory obligations, outsourcing allows for the Council to take advantage of specialist skills, efficiencies, and economies of scale that the Council alone would miss out on. For example, providers with charity status receive a reduction in Business Rates as a result. They have economies of scale that they benefit from, due to delivering multiple library services across the country, benefitting from corporate marketing, communication, IT teams and resources. They have a wealth of additional, service specific knowledge that supports the service; we would not be

	<p>able to replicate this if we brought the service back in house.</p> <p>It is considered that this would be an inappropriate route to market due to the expectation that insourcing would be at a higher cost to the council and efficiencies unlikely to be achieved.</p>
2.	<p>A Shared Service Model was considered whereby Lincolnshire County Council joins another public sector body(bodies) to develop and deliver the Library Service. The benefit of a shared service is the possibility to improve efficiency and save costs via the pooling of resources and aggregating demand.</p> <p>However, it is considered that this would be an inappropriate route to market due to the requirement for a prolonged timeline to implement and the risk that this would present a substantial change to the current model resulting in challenge from the Department for Culture, Media and Sport (DCMS).</p>

Reasons for Recommendation:

The Council has a statutory obligation to provide a comprehensive and efficient library service for all persons who live, work or study in the county. The Council’s current contract with Greenwich Leisure Ltd (GLL) expires on 31 March 2026 with no further options to extend available. It commenced in 2016 via a Competitive Procedure with Negotiation (CPN) following two judicial reviews over the proposed service model and its delivery.

It is the Council’s intention to recommission the Service, on a like for like basis, using the CPN route. We have a successful model in Lincolnshire, with many other authorities contacting for advice, we have had good performance with no major issues and the model provides a comprehensive and efficient service. The course of action proposed is compliant with the Public Contract Regulations 2015.

1. Background

The Council has a statutory obligation to provide a comprehensive and efficient library service for all persons who live, work or study in the county. The Council’s current contract with Greenwich Leisure Ltd (GLL) expires on 31 March 2026 with no further options to extend available. It commenced in 2016 via a Competitive Procedure with Negotiation (CPN) following two judicial reviews over the proposed service model and its delivery.

The current service model (as described below) saved £1.8 million at the point of outsourcing, compared to the previous model of direct delivery by the Council and has been seen as a great success by customers, the DCMS and within the Council. The GLL 2022/23 annual user survey recorded the highest user rating of all GLL Partnerships. The survey included elements such as stock conditions, staff helpfulness, range of activities and customer experience; with scores ranging from 93% to 98% satisfaction. DCMS have signposted other authorities to Lincolnshire, to mirror our model in their future

commissioning. Baroness Sanderson, has included reference to our model in her recent review of libraries (on behalf of DCMS), to demonstrate a strong and successful model, referencing one of our locations as her favourite library.

The Council's Public Protection and Communities Scrutiny Committee review the library performance on an annual basis where the performance is positively received, as are the planned developments for the upcoming year. Visits continue to increase, reporting a year-on-year increase; quarter 3 of 2023/24 reported an overall 12.3% increase in visits when compared to the previous year's figures; with October in particular reaching over 90,000 visits across libraries. Stock issues have recovered from covid, with quarter 3 reporting a 19% increase when compared to the previous year. Digital stock issues represent approximately 25% of all issues and grow month on month. Fundamentally visitors are continuing to make the most of their local library and we are now focusing on supporting businesses and have an ever-changing community activity program based on demand.

Libraries are fundamentally a welcoming, safe space at the heart of our communities, free at the point of access and open to all. They provide a network of services that provide physical space, knowledgeable staff and are a trusted source of information. They provide access points to a plethora of information and connection not only to material but to people and communities. Whilst this is the fundamental ethos of the service, we also want to empower communities to achieve positive change for themselves, to participate fully and to help each other. It is believed maintaining the current model will achieve this.

Through collaboration with partners and local communities we have developed a network, sharing best practice, supporting increased participation in local politics and decision making, improving value for money (by supporting others to work together better) and improving integration, thereby increasing community wellbeing and enabling communities to 'do it for themselves'. Over the past two years libraries have become a space where local businesses can meet with their customers, they are single points of access for other services, and they are the focal point for many members of the public.

We want to build upon this further, enhancing the achievements of the current contract, whilst building upon the synergies with other services, to make the libraries within our region, the best they can be, reacting to the challenges the pandemic brought, securing it for future generations. Libraries provide significant reach into local communities and are a cost-effective way of ensuring that people are connected to services they need when they need them. We wish to strengthen the opportunities between directorates and the network of libraries to support the Councils' overarching ambitions, with a focus on bringing together all the knowledge and benefits of libraries together for small business; to support protect and grow them. We aspire to use knowledge from staff and resources to transform and enhance the service available to them.

It is the objective of this new contract to align to the Councils four ambitions whilst keeping abreast of new trends, connect libraries to their communities, and increasing library use by ensuring flexible use of the space to ensure they are responsive to the different needs and requirements and maximising a greater commercial potential.

Moreover, this recommissioned service, will meet the four universal offers, as described

by Libraries Connected (the sector's guidance organisation). The aim of which is to connect communities, improve wellbeing and promote equality through learning, literacy and cultural activity.

The 2023/24 library budget stands at £5,428,843.11. It is recommended that a like for like service is procured. Whilst it is envisaged minor changes will be made these are likely to produce minimal savings.

Due to the increasing rates of inflation, there are likely to be cost implications however there is sufficient time between now and the commencement of the new contract to understand the impact of this. The current contract has annual indexation included as standard; we will review whether this is the correct approach for any new contract in order to protect the council from potentially significant contract price increases. Competitive tendering of the new contract should provide the Council with best value and a competitive offer for its requirements, and we will explore opportunities for financial savings through market engagement.

The current provider delivers and manages the IT for the service on behalf of LCC, given the age of the equipment, it is reasonable to assume that additional funding would be required to ensure the equipment is refreshed and fit for purpose. We could explore with bidders whether new advances could create efficiencies and savings within the model and service in regard to the IT. We envisage to procure the IT on a like for like basis to protect affordability, and as a result of the success of the current outsourcing. There is the option to ask the bidders provide a method statement on how they would improve the service through technology and what the cost of this would be which the Council would be free to accept or not.

It is therefore proposed the fundamental elements of the current service delivery model and specification are retained and that the service including the supporting IT continues to be contracted out. The intention is to use the CPN procedure for the procurement again to provide an opportunity for dialogue with potential providers, to ensure the Council achieves the best possible commercial arrangements. Whilst a dialogue with the DCMS will be required, there should be no requirement for public consultation unless there is substantial change to the service offered to our communities.

Statutory provision

The elements classified as statutory, and which will need to remain include:

- 1. Universal Services:** including (without limitation):
 - (a) a website providing as a minimum an online public access catalogue, e-books, e-audio, e-magazines and a variety of other online resources, and
 - (b) liaison and co-operation with the Council or its external provider of the Customer Service Centre to ensure telephone access to a range of library services.

- 2. Core Libraries:**

There are currently 15 Core Libraries in the following locations: Boston, Bourne, Gainsborough, Grantham, Horncastle, Lincoln, Long Sutton, Louth, Mablethorpe, Market Rasen, Skegness, Sleaford, Spalding, Stamford and Woodhall Spa.

These locations were selected based on members of the public being able to access a core site within 30 minutes using public transport based on the Department of Transport journey time statistics. Initial analysis suggests the public can still access a site but within 40 minutes via car, public transport or the demand responsive transport Call Connect.

Further analysis and an impact analysis could be undertaken during this recommissioning. There have been no complaints to date over accessing the service, indicating that the locations and access to them remain appropriate.

3. Targeted provision: to include (without limitation):

- (a) the provision of Home Library Services to Eligible Users
- (b) services to people who are blind or partially sighted through Listening Lincs, ensuring equal access to services for all.
- (c) reading development activities in partnership with different organisations in the private and public sector with the aim of promoting an increase in the love of books and reading (including the Bookstart Services).

4. Subscriptions:

The delivery of other paid for services, e.g., such as those to reading, music and drama groups, and schools will also likely need to remain.

Any alterations to the service, including re-commissioning, need to be discussed with DCMS before they are implemented. DCMS require any changes to be based on evidence to show there would not be any detrimental impact on customers. Analysis of performance to date and behavioural changes following the covid pandemic are underway but it is not envisaged that these fundamental elements of the service will alter. The specification will be appraised in detail, during the re-commissioning process, identifying potential areas for review, such as book stock and potentially opening hours. It is noted that any changes in service delivery that could be deemed a reduction in service by the DCMS, if challenged by the public, could result in a further Judicial Review.

Non statutory provision:

The current contract and specification also includes non-statutory elements which will be appraised during the re-commissioning process. We acknowledge whilst these were not classified as statutory at the start of the GLL contract, the fact they will have been delivered for 10 years, could potentially set a precedence and obligation for their continuation. Legal advice will be sought and expectations from customers will be managed over any changes to these areas; this could include consultation depending upon the significance of the change.

1. Rural Service:

The rural service provides stock to those unable to attend a physical site. This is currently delivered by a substantially reduced mobile service, as defined within the current contract. The delivery mechanism will be discussed with providers in advance of and during the procurement process, and no assumption is made that this will be the same mechanism by which interested organisations propose to reach rural communities.

2. Community Hubs:

The current specification details that the library provider is to support up to 40 Community Hubs, via 4 Library Development Officers, provision of stock and IT and general operational advice. 34 hubs were established at the start of the current contract and all remain in operation. They are accepted within the sector and many authorities have adopted a community managed library element to their service. It has been a successful approach within the current contract, as it enables those further away from core sites to still benefit from a local library whilst further benefiting from their other activities and community cohesion. We will explore whether there is any benefit to making amendments to the Community Hub structure.

The benefits of the CPN are that it allows for dialogue with bidders within a competitive environment which allows for bids to be improved and greater value achieved. Such procurement procedures are time and resource-intensive however, for a contract of this value and importance a CPN is the most appropriate procurement route and there is sufficient time to conduct a CPN before commencement of the new contract is required.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

A separate Equality Impact Assessment has not been undertaken. However, the procurement supports the Council to enable front line services to be more responsive including services that support individuals who may have a protected characteristic such as people with a disability and younger and older people.

Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The procurement supports the Council to ensure front line services are able to maintain contact and provide support, therefore maximising independence and wellbeing which is consistent with the principles underpinning the JSNA and the JHWS.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The decision is not considered to have any implications for the section 17 matters.

3. Conclusion

The Council has a statutory obligation to provide a library service to the residence of Lincolnshire. The current service model works well and is seen as a strong and successful model by the DCMS and therefore the intention for the new contract is to retain the fundamental elements of the current service delivery model and build upon this by enhancing the achievements of the current contract. The CPN will allow for dialogue with bidders to ensure bids achieve greater value whilst being compliant with the Public Contract Regulations 2015.

4. Legal Comments:

The proposed re-procurement is within the Council's powers and in accordance with the Council's policy framework within the remit of the Executive to determine.

5. Resource Comments:

The paper highlights potential financial pressures effective from 2026-27 driven by inflationary increases and the condition of the IT infrastructure. The likelihood and scale of any costs will be monitored through the procurement process and managed through the Council's established budget setting process.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

At its meeting on 19 March 2024, the Public Protection and Communities Scrutiny Committee considered an exempt report on the re-commissioning of the Libraries Service and unanimously agreed to support the recommendations to the Executive.

During its discussion, the Committee explored the following topics:

Procurement

- Support was given to the existing libraries model which had worked well since its introduction in 2016. The Committee emphasised that the relationship with the existing provider was an important factor to consider alongside the costs for the new contract. It was confirmed that as part of the tendering process, the cost and the quality of the submission would both be factors taken into consideration, but there

was a need to be mindful that it was public money being spent. As a result, synergies across the Council were being explored with other departmental areas for building into the contract.

- If the costs of the bids came in much higher than the current contract price, it was confirmed that through discussions with each of the potential suppliers, the Council would be able to identify the reasons for any significantly higher bids and tailor any elements where it was beyond what the Council could do, and also look at the potential to jointly work with another service to bring down some of those costs. It was confirmed that there were elements and clauses within the contract that could be explored to ensure that the Council was not significantly over budget.
- Feedback on joint supplier relationships would be captured during discussions with providers and an analysis of the data has already been undertaken to enable the strategic examination of the model and approach prior to recommissioning.
- Confirmation was provided that the intention was to continue to give the £5167 revenue grant each year to community hubs to support them with the delivery of the library service and the additional community elements that they delivered to residents.

Library Buildings

- With regards to the maintenance of library buildings, it was confirmed that 13 of the 15 core libraries were assets of Lincolnshire County Council. It was very clear within the leases around what would become a tenant responsibility. The long timeframe had been built in to allow for new leases to be drawn up with the provider and ensure all these details were covered.

Book Donations

- In relation to book donations, it was confirmed that currently the core libraries ran by GLL allowed book donations and would hold book sales and the small income raised would go directly back into the library service. Some of the community hubs chose not to receive book donations as either there was not the physical space, or it was too resource intensive. The library development officers could explore alternative options with these hubs, such as book swaps which would be less resource intensive.

d) Risks and Impact Analysis

N/A

7. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Louise Egan, who can be contacted on louise.egan@lincolnshire.gov.uk.

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Open Report on behalf of Andy Gutherson, Executive Director - Place

Report to:	Executive
Date:	03 April 2024
Subject:	Procurement of Salt for Lincolnshire County Council
Decision Reference:	I032031
Key decision?	Yes

Summary:

To approve the issuing of salt procurement for Lincolnshire County Council through the Eastern Shires Purchasing Organisation (ESPO) salt contract framework. This is a four-year framework contract which will be replacing the last ESPO framework which ends on the 30 April 2024.

Recommendation(s):

- (1) The Executive approves the Council procuring gritting salt through the ESPO De-icing Salt and Associated Products/Services Framework contract framework (1st May 2024 to 30th April 2028); and
- (2) Delegates to the Executive Director for Place, in consultation with the Executive Councillor for Highways, Transport and IT, authority to award and determine the final form of contract/s and entering into such contract/s and other legal documentation as necessary to give effect to this decision.

Alternatives Considered :

Alternative options considered and not recommended include: Do not purchase road gritting salt / Lincolnshire County Council carries out a bespoke salt procurement contract or procures road gritting salt from an existing contractual arrangement.

Reasons for Recommendation:

The utilisation of the ESPO framework will ensure that Lincolnshire County Council procures salt stock in the most efficient and effective way.

1. Background

The Council's current contract for the gritting salt used by the Highway Service will expire on 30 April 2024 with no further options to extend.

The recommended option is to re-procure the contract utilising the ESPO De-Icing Salt and Associated Products/Services framework for a contract term of 4-years, which is the maximum term allowed under the framework. ESPO will be conducting an aggregated procurement and the Councils requirements will be included. ESPO have also allowed the Council to include quality requirements, which will ensure that the successful bidder will also meet those requirements.

The aggregated procurement will ensure that the Council benefits from economies of scale and will achieve a lower price per tonne than if the Council conducted our own further competition.

ESPO will conduct the further competition and award to a sole supplier who will place orders with the Council when needed. The contract will not grant exclusivity to the supplier and will not guarantee volumes or commit to minimum volumes. All orders placed will be at the cost submitted within the supplier's pricing schedule for either the summer or winter rate, depending on when the order is placed. The cost per tonne will include the delivery cost.

All of the main UK salt mines are included on the Lot. They are, Compass Minerals UK Ltd (our incumbent) along with ICL UK Sales Ltd and Salt Sales Co.

The type of salt procured by the Council is known as treated salt, which is a dry brown salt mixed with a molasse, as recommended by the Winter Services Research Group. This product has allowed the Council to reduce the amount of salt spread on the network during Winter because the salt sticks to the carriageway reducing salt loss due to wind and car movement. Instead of having to salt at 10, 15 or 20 grams with normal dry salt due to the weather, the Council can reduce its rate to 7,12 or 17 grams as specified in Well Managed Highways Infrastructure and National Winter Service Research Group guidance. This leads to a salt saving over the year and is highlighted in the cost implications section of this report.

The procurement also offers a reduced cost for purchasing salt during the summer months. Purchasing salt during the summer months is ideal for the Council as we restock all our depots during the summer. Only restocking where necessary over the Winter at our smaller depots or if there is heavy usage. Currently the cost of road grit is £2 per tonne more expensive in the winter months as opposed to summer.

The cost of salt procurement is expected to increase with inflation linked to pay and fuel costs for transportation. The cost is expected to be in the region of 5%. The forecast contract cost is £1.1m per annum (subject to usage). The price, per tonne, is fixed for the initial 12 months. After the initial 12 months the price can be increased through negotiation but any change in price must be agreed in writing by both parties. The price per tonne includes delivery and all associated costs.

The salt has to be purchased so that the Council can undertake its Statutory Winter duty.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

This procurement is considered neutral in its impact on protected characteristics groups.

Joint Strategic Needs Assessment (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The effect of the Salt Procurement Contract on the JSNA and JHWS has been considered and deemed to have a positive impact. Our salting provisions are considered to be a means by which to ensure safety and subsequent health and wellbeing.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The procurement outlined above is not considered to have an impact on Section 17 of the Crime and Disorder Act 1998 matters.

3. Conclusion

The purchase of salt is necessary so that the Highway Service has sufficient stocks to undertake its Statutory duty in relation to salting the road network. The procurement through the ESPO salt framework is the most efficient and cost-effective way to purchase this product.

4. Legal Comments:

The procurement detailed in this report is within the Council's powers and pursuant to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) is a matter for the Executive to consider and determine.

5. Resource Comments:

The budget for salt usage has reduced in prior years to reflect the service changes. The scale of cost reduction delivered as a result of these changes are highlighted in the report.

The budget reflects the 12months fixed price of the contract. The budget setting process will need to review the unit cost and act accordingly. In year monitoring of demand will highlight any risk to delivering within budget resulting from adverse weather trends.

6. Consultation

a) Has Local Member Been Consulted?

Not applicable

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This report has not been considered by a Scrutiny Committee

d) Risks and Impact Analysis

The Council moved over to treated salt from a prewet system in 2018/19. With testing and reducing of the old white salt stock, it was not until 2019/20 season that the Council moved over to treated salted. In the 2019/20 season the Council tested the salt and ran at the old 10, 15 and 20 gram rates. This showed excellent results and gave us confidence to move over to the National Winter Service Research Group proposed guidance rates in the 2020/21 season. The use of 7, 12 and 17 gram rates was fully used in that season and has continued to the present.

There are a number of benefits from using this salt;

1. Reduced rate means reduce expenditure on salt
2. Taking advantage of the summer discount rate adds a further saving
3. No need to replace old pre wet equipment or continue to maintain this equipment (saving around £900k in equipment costs and around £150k in yearly maintenance)
4. No need to procure prewet gritters with extra equipment for this operation. This represents a one-off saving of £15k on each vehicle cost (we currently have 47 vehicles) and being able to increase gritter salt capacity by 1 further cubic ton.
5. Reduced salt on the road causing less damage to the network from the material
6. Reduced salt on the network, reducing the environmental impact.

There are a number of cost savings beneficial to the Council from this type salt in addition to the savings identified above;

1. Reduced usage of salt over the last three seasons has seen the following savings
 - Year 1 (season 20/21) the Council used 26856ts of salt on the rate from the guidance. If we had used the old spreading rates we would have used 30,349t (a reduction of 3493t). Cost saving £190k approx.
 - Year 2 (Season 21/22) the Council used 14805t of salt on the rate from the guidance. If we had used the old spreading rates we would have used 17,681t (a reduction of 2876t). Cost saving £165k approx.
 - Year 3 (Season 22/23) the Council used 18,584t of salt on the rate from the

guidance. If we had used the old spreading rates we would have used 22,318t (a reduction of 3734t). Cost saving £220k approx.

2. Advantage of reduced cost rates for summer purchase. The Council purchased 11,591 tons over the summer season (May to September 2023) at a £4 saving per cubic tonne from the winter cost rate reducing the cost of the salt by £46,464. So far 2,800 tons have been purchased over the Winter to fill smaller capacity barns.
3. There is a £900k saving over the life of the 47 gritters as there is a cost reduction with not having the prewet equipment on board.

The budget set for salt usage is currently £1,070,000 per season based on average use. It was reduced in recognition of the service changes that were being made. The reduction in costs highlighted above demonstrate that the reductions have been delivered and are not in addition.

There are only two UK suppliers of treated salt, but it should be noted that the supply of road gritting salt is a narrow market with only 3 UK suppliers in total, with the one not producing treated salt being located in Northern Ireland. There are a limited number of salt importers to the UK as well, but these do not supply the treated salt product at the moment and are considerably more expensive due to shipping costs.

7. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Well Managed Highways Infrastructure	https://www.ciht.org.uk/ukrlg-home/code-of-practice/
National Winter Research Group	Practical Guidance Documents - NWSRG

This report was written by Darrell Redford, Network Resilience Manager, who can be contacted on Darrell.redford@lincolnshire.gov.uk