

## Decisions taken by the Cabinet on Tuesday, 24 September 2019

Agenda Item No	Topic	Decision
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### Part A – Items considered in public

<p><b>A4</b></p>	<p>The Bevan Intermediate Care Unit (IMCU), Stott Lane Eccles</p>	<p style="text-align: center;"><b><u>Salford City Council - Record of Decision (CABINET)</u></b></p> <p>I, Paula Boshell, Statutory Deputy City Mayor, in consultation with the Cabinet and in exercise of the powers contained within the City Council constitution do hereby:</p> <ul style="list-style-type: none"> <li>• Notes the contents of this report and the progress being made to deliver the IMCU project.</li> <li>• Approve the allocation of up to £10.4Million (The original budget estimate) to deliver the IMCU, subject to the detailed supporting and financial information as set out within the report.</li> <li>• Approve officers proceeding with a procurement exercise to secure an appropriate contractor to deliver the IMCU.</li> <li>• Approve the provisionally agreed Heads of Terms for the lease of the Intermediate Care Unit to Salford Royal Foundation Trust (SRFT) the main element of which is that the costs of capital borrowing costs of up to £10.4Million, are recovered through the ICO pooled budget over a lease term of 25 years.</li> <li>• Note that if approved it is recommended that the Council procure a construction/cost management expert to oversee the construction of the IMCU and the approval of payments to the contractor. It is estimated this will cost in the order of £100,000 and will be a cost to the project and included within the lease repayment arrangements.</li> <li>• That progress with the delivery of the IMCU and all associated matters be the subject of regular update reports to City Issues meetings.</li> </ul> <p>The Reasons are:- Approval to the recommendations in this report will allow the project to be</p>
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		<p>progressed and a suitable construction partner to be procured, which will allow confirmation of a start on site and completion date for the IMCU. It will also assist in delivering Council priorities in the following areas- Adult Social Care, Integrated Care, Integrated Commissioning, Personalisation</p> <p>Options considered and rejected were -To not fund the proposed new intermediate care Unit or to maintain /enhance the existing facility at the Limes</p> <p>Assessment of Risk - Low The source of funding is - The capital cost of the preferred option was estimated at a maximum of £10.4m which would be met by Council borrowing funded through repayments by the Pooled Budget with the Council receiving annual repayments to cover the full cost of borrowing (i.e. loan repayments and interest) over the 25 year lease term. This will be cost neutral from a Council perspective in terms of borrowing.</p> <p>Legal Advice obtained - Tony Hatton, Principal Solicitor, tel. 219 6323</p> <p>When commissioning contracts for the procurement of goods, services or the execution of works, the Council must comply with the Public Contracts Regulations 2015 (PCR) and its own Contractual Standing Orders (CSO's), failing which a contract may be subject to legal challenge from an aggrieved provider. CSO's stipulate that where a suitable framework exists, this must be used unless there is an auditable reason not to do so.</p> <p>The report sets out the Council's intention to go out to tender in accordance with OJEU rules, and CSO's. In following the procedures, any potential challenge to the award of a contract to a provider from an aggrieved provider will be significantly reduced, assuming always that the tender exercise is an open and fair one.</p> <p>A compliant exercise to procure a construction/cost management expert to oversee the construction of the IMCU will also be undertaken.</p>

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		<p>Legal Services will be pleased to advise and assist in drafting the lease for the unit with SRFT upon receipt of instructions.</p> <p>It is noted that a further detailed report will be submitted to City Mayor for formal approval once a contractor has been appointed and completion dates confirmed.</p> <p>Financial Advice obtained – Chris Hesketh x 2668 It is intended that the construction of the IMCU carries no risk to the council. In order to achieve this objective, CCG and council officers will devise an agreement that:</p> <ul style="list-style-type: none"> <li>• Guarantees, with appropriate security, the reimbursement of the council’s borrowing costs, through the remaining life of the current pooled budget and beyond</li> <li>• Allocates the risk of any variance in running or lifecycle costs</li> <li>• Allocates the risk of damage/loss to the building (this risk will be negligible provided the arrangement fits in with existing insurance arrangements)</li> </ul> <p>The means of reimbursement of the council’s outlay will be determined in order to mitigate any risks to the council from owning the asset and to secure the most advantageous VAT position for the integrated fund. The reimbursement may be either:</p> <ul style="list-style-type: none"> <li>• Reductions in the council’s contribution to the integrated fund (hosted by CCG)</li> <li>• Payments from the integrated fund (hosted by CCG) to the council</li> <li>• Lease/rental payments from SRFT to the council – SRFT to be funded by the integrated fund</li> </ul> <p>In all cases, the reimbursement will be calculated to match and offset borrowing costs over the life of the loan.</p> <p>Advice on the VAT position is being sought from Ernst Young by SRFT and from PwC by the council. If appropriate, a determination will be sought from HMRC to confirm the VAT position.</p>

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		<p>As noted in the report, the allocation of £10.4m (the original budget estimate) is at full costs, including VAT. It is anticipated that successful resolution of the VAT issues will bring down the overall cost.</p> <p>Procurement Advice obtained - Deborah Derbyshire x 6244 The project is being procured through the utilisation of established Framework Agreements for both the consultancy and construction.</p> <p>The Consultant framework arranged by SBS was appointed by direct award through the framework as this has the option to procure direct with an approved provider.</p> <p>The Construction of the property will be procured using the Procure Northwest Framework and is by Mini Competition.</p> <p>The processes chosen are compliant with the Procurement Contracts Regulations and the City Councils Contractual Standing Orders.</p> <p>The following documents have been used to assist the decision process. Intermediate Care Unit Business Case and City Issues report dated 27<sup>th</sup> June 2018</p> <p>(if the documents disclose exempt or confidential information, they should not be listed, but the following wording shall be inserted : "(The relevant documents contain exempt or confidential information and are not available for public inspection)" :-</p> <p>Contact Officer: Judd Skelton /Peter Openshaw <span style="float: right;">Tel No x2234/3050</span></p>

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		<p>* This document records a key decision, but the matter was not included in the Council's Forward Plan and it has been dealt with under the emergency procedure. <input data-bbox="1973 427 2007 459" type="checkbox"/></p> <p>* The appropriate scrutiny committee to call-in the decision is the Health and Social Care Scrutiny Panel.</p> <p>Signed: <u>Paula Boshell</u> Dated: <u>10 October 2019</u> Statutory Deputy City Mayor</p> <p>-</p> <hr/> <p>FOR DEMOCRATIC SERVICES USE ONLY</p> <p>* This decision was published on 10 October 2019.</p> <p>* This decision will come in force at 4.00 p.m. on 17 October 2019 unless it is called-in in accordance with the Decision Making Process Rules.</p>