



## AGENDA

### CABINET MEETING

Date: Wednesday, 15 June 2016

Time: 7.00 pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT

Membership:

Councillors Bowles (Chairman), Mike Cosgrove, Duncan Dewar-Whalley, Alan Horton, Gerry Lewin (Vice-Chairman), Ken Pugh and David Simmons.

Quorum = 3

#### RECORDING NOTICE

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#### 1. Emergency Evacuation Procedure

The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for visitors and members of the public who will be unfamiliar with the building and procedures.

The Chairman will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.

The Chairman will inform the meeting that:

- (a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park; and
- (b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

2. Apologies for Absence

3. Minutes

To approve the Minutes of the Meeting held on 25 May 2016 (Minute Nos. 690 - 702) as a correct record.

4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

**Advice to Members:** If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Director of Corporate Services as Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

## **Part B Reports for Decision by Cabinet**

- |    |   |       |
|----|---|-------|
| 5. | Great Easthall Construction Packages Tender | 1 - 4 |
| 6. | Award of Insurance Contract                 | 5 - 8 |

**Issued on Wednesday, 1 June 2016**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of the Cabinet, please visit [www.swale.gov.uk](http://www.swale.gov.uk)

**Director of Corporate Services, Swale Borough Council,  
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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<b>Cabinet Meeting</b>		<b>Agenda Item: 5</b>
<b>Meeting Date</b>	15 June 2016	
<b>Report Title</b>	Award of Groundworks Contract for Great Easthall Community Centre.	
<b>Cabinet Member</b>	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance.	
<b>SMT Lead</b>	Kathryn Carr, Director of Regeneration	
<b>Head of Service</b>	Emma Wiggins, Head of Economy and Community Services	
<b>Lead Officer</b>	Charlotte Hudson, Economy and Community Services Manager	
<b>Key Decision</b>	No	
<b>Classification</b>	<b>Open</b>	
<b>Forward Plan</b>	<b>Reference number:</b>	
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To delegate authority to the Head of Economy and Community Services, in consultation with the Cabinet Member for Finance and Performance, to approve the appointment of the Groundworks Contractor for the Great Easthall Community Centre.</li> </ol>	

## 1 Purpose of Report and Executive Summary

- 1.1 This report provides Cabinet with an update on progress of the Great Easthall Community Centre project, and requests delegated authority to award the Groundworks contract to the preferred supplier.

## 2 Background

- 2.1 Great Easthall is a new build development within Sittingbourne. The development was subject to a S.106 agreement that provided £1.2 million and land for the construction of a community centre.
- 2.2 The S.106 was varied in 2014 to allow for the funding to be provided up front at a reduced amount of £1.02 million, on the proviso that the scheme was completed by March 2017.
- 2.3 Land has been allocated for the Community Centre, and its freehold transfer (from owners Medical Centre Developments) is currently being finalised by Legal Services under the terms of the S.106.

- 2.4 A professional team has been appointed and consists of a Project Manager, Architect (Principal Designer), Cost Consultant, Mechanical and Electrical Engineer, and Civil, Structural and Public Health Engineer. The team has progressed with the design of the community centre based on an overall construction budget of £810k. The current programme aims for completion in February 2017.
- 2.5 Due to construction price inflation and in order to maximise value for money, the project team agreed a construction management route for the procurement of the project. The Construction Manager was appointed by Cabinet in February 2016, and he has overall management of the site and preliminaries. The various sub-packages that constitute the build were planned to be procured separately, thus reducing the overhead and profits that a main contractor would achieve, so mitigating any construction price inflation to maintain the project within the budget parameters.
- 2.6 The procurement of the build was developed into 18 lots, and their procurement was conducted as an open tender, advertised through the Kent Business Portal and SBC Website. The tender was issued to all those organisations who had expressed an interest.
- 2.7 This report specifically relates to the Groundworks package. The remaining 17 lots are being evaluated, and all those under the threshold for Cabinet decisions will be appointed under delegated authority of the Head of Service in consultation with the Cabinet Member for Finance and Performance, with the remainder due to be brought forward to award at Cabinet in July.

### **Groundworks Tender**

- 2.8 The procurement of the Groundworks package did not attract any compliant tenders. Following this unsuccessful tender process, legal advice was sought, as a result of which open negotiations were entered into with the non-compliant tenderer and the Construction Manager to obtain these services directly from their supply chain as an alternative procurement route.
- 2.9 The Construction Manager has obtained three quotes from their supply chain and agreed to work under an open book management recharge system with a transparent overheads and profit uplift for the total sum.

### **3 Proposals**

- 3.1 To delegate authority to the Head of Economy and Community Services in consultation with Cabinet Member for Finance and Performance, to approve the appointment of the Groundworks Contractor for the Great Easthall Community Centre.

## 4 Alternative Options

- 4.1 One option is to re-tender the groundworks package and all sub-packages that had non-compliant tenders. However, this is not recommended as it is unlikely to yield a better return, and given the tight timescales for the project this would make the project unviable as it would be unlikely to be completed within the requirements of the S.106 agreement.
- 4.2 A second option is to re-tender for a main contractor. However, this is not recommended as it would require the termination of the Construction Manager Contract and a loss of fees paid to date on pre-construction works. In addition, and as with 4.1, there would be a significant delay to the project, moving the end date to July 2017, which would require a negotiation to vary the S.106 agreement.
- 4.3 A final option is that the contract is not awarded and the community centre is not built. However, this is not recommended as there is an identified need for the community centre, and funding for the project is in place which would have to be returned to the developers.

## 5 Consultation Undertaken or Proposed

- 5.1 Community consultation has been carried out with Great Easthall residents to inform the design process and requirements for the community centre.

## 6 Implications

Issue	Implications
Corporate Plan	The completion of the Great Easthall Community Centre assists in delivering the 'Community to be proud of' priority within the Corporate Plan.
Financial, Resource and Property	S.106 funds have been secured for the Capital project. A project manager is in place to oversee the project, and other professionals have been procured to carry out specialist functions.
Legal and Statutory	Legal and procurement advice has been sought and adhered to through the contract negotiation period. A standard JCT contract will be entered into with the Groundwork Contractor.
Crime and Disorder	Design of the building has taken into consideration the need to design out crime. Good management of the building will reduce the likelihood of damage to the property.
Sustainability	Within the budget constraints that apply, design of the building has

	<p>taken into consideration environmental and sustainability issues.</p> <p>The community centre will be managed by a Trust in the future, and a commuted sum will be provided from the S.106 funds towards future maintenance and running costs.</p>
Health and Wellbeing	The community centre will offer hireable space for a range of activities, a number of which will enhance the health and wellbeing of residents in the Borough.
Risk Management and Health and Safety	A CDM-Co-ordinator is being procured to carry out the client CDM-C duties, and the architect has been appointed as Principal Designer. The Construction Manager will be responsible for the health and safety on site.
Equality and Diversity	Design of the building ensures the building is compliant with the Disability and Discrimination Act.

## **7 Appendices**

7.1 None.

## **8 Background Papers**

8.1 None.



<b>Cabinet Meeting</b>	<b>Agenda Item: 6</b>
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<b>Meeting Date</b>	15 June 2016
<b>Report Title</b>	Award of Insurance Contract
<b>Cabinet Member</b>	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
<b>SMT Lead</b>	Nick Vickers, Head of Finance
<b>Head of Service</b>	Nick Vickers, Head of Finance
<b>Lead Officer</b>	Philip Wilson, Chief Accountant
<b>Key Decision</b>	Yes
<b>Classification</b>	Open
<b>Forward Plan</b>	Reference Number: 9

<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That in principle the Cabinet decides to place its insurance requirements with Zurich Municipal, being the most economically advantageous tender to the Council.</li> <li>2. That the period of the contract should run for 5 years from renewal date 31 July 2016 and with the additional option to extend for a further 2 years.</li> <li>3. That the Cabinet approve delegated authority to the Head of Finance in consultation with the Cabinet Member for Finance to enter into the contract with Zurich Municipal and to determine whether the contract should be extended by a further 2 years after the conclusion of the basic 5 year term.</li> </ol>
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## 1. Purpose of Report and Executive Summary

- 1.1 This report advises Cabinet with the results of the insurance tender evaluations and requests authority to award the contract to the preferred supplier.

## 2. Background

- 2.1 The Council last went out to tender for the renewal of insurances in 2009.
- 2.2 The contract was let to Zurich Municipal for a period of 5 years, and was then extended by a further 2 years using an option originally agreed by the Executive. Therefore, in order to conform to the Council's Contract Standing Orders, it was necessary to undertake a further tender before renewal in 2016.

- 2.3 The value of the contract required compliance with the European Union procurement rules and therefore a notice inviting expressions of interest was placed in the Official European Journal in March 2016.
- 2.4 It was decided to invite tenders for a period of 5 years, with an option to extend for a further 2 years. The 5+2 years approach was intended to achieve competitive pricing, maintain financial stability and consistency in quality provision, while protecting the Council against the exposure to a possible hardening in the insurance market at the end of basic contract term.
- 2.5 Taking up the option of extending the contract after 5 years will depend on an assessment of the insurance market in 2021. It is recommended that this decision is delegated to the Head of Finance and the Cabinet Member for Finance.
- 2.6 The tender was conducted as an open tender and advertised through the Kent Business Portal, Contracts Finder and Swale Council website. The tender was issued to all those organisations who had expressed an interest. Two tenders were received, both of which were compliant. The tenders were evaluated by the project team based upon 60% price and 40% quality.
- 2.7 The tender had requested quotes for two options – either with the excess currently used by the Council or for a minimum excess of £10,000 on property insurance. After reviewing the submissions by both tenderers, it was decided to award the contract based on the option of maintaining the Council’s current excess limits, as the higher deductible was a more costly option overall.
- 2.8 Both insurers submitted high quality responses which were evaluated by officers in the Finance Department with support from the Council’s Procurement Team and the KCC Insurance Section. The scoring was very close.
- 2.9 The tender price and quality scores are summarised in the table below:

<b>Organisation</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total Score</b>
Zurich Municipal	60	39	99
Company B	59	34	93

- 2.10 The existing 2015/16 premium is £350,880. The anticipated annual increase in cost is estimated to be in the region of £6,400. Whilst we would have liked to see a reduction in cost, this is a difficult market and other Kent councils have seen substantial increases in premium and self-funding levels. Both insurance companies are good, but Zurich Municipal is the insurer offering the most economically advantageous offer and is the “best fit” to satisfy the particular needs and requirements of the Council.
- 2.11 The panel therefore recommend that Cabinet decide to place its insurance requirements with Zurich Municipal.

### 3. Proposal

- 3.1 To approve the recommendation that the Council places its insurance requirements with Zurich Municipal.

### 4. Alternative Options

- 4.1 Statutory insurance requirements are quite limited so the Council could self-fund all losses. This is not advisable when “ground up” cover can be obtained at an affordable level.
- 4.2 The tendering process for this contract was an open process and fully compliant with the Council’s Contract Standing Orders, and therefore it is unlikely that another tendering process would result in a result different from the one presented in this report.

### 5. Consultation Undertaken or Proposed

- 5.1 No consultation was carried out for this report.

### 6. Implications

Issue	Implications
Corporate Plan	The selection of a tenderer to meet the Council’s insurance requirements assists the delivery of the “council to be proud of” priority within the Corporate Plan.
Financial, Resource and Property	The existing 2015/16 premium is £350,880. The anticipated annual increase in cost is estimated to be in the region of £6,400. The whole life value of the contract is £2.5m.
Legal and Statutory	The retendering process has to meet the European Union Public Contract Regulations.
Crime and Disorder	The Council has insured for damage caused by acts of vandalism due to the excessive costs, and employees are covered for personal attacks.
Sustainability	The quality scoring for this contract included a social value element and both tenderers provided positive responses to this.
Health and Wellbeing	None.
Risk Management and Health and Safety	There is a risk of challenge by any unsuccessful applicants to tender, and a very high risk of challenge if the Council does not go ahead with this tender.
Equality and Diversity	The quality scoring for this contract included a social value element and both tenderers provided positive responses to this.

## **7. Appendices**

7.1 There are no appendices.

## **8. Background Papers**

8.1 All background papers to this report are held in the Finance Department.