

Meeting not open to the public

**East
Devon**

District Council

Date: 4 June 2014
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Our Reference: AMH

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Karen Jenkins, Rachel Pocock, Steve Pratten

Office Accommodation Project Executive Group Wednesday 4 June 2014 – 3.00pm – Room 67 (Richard's office)

AGENDA

Page/s

1. Apologies
2. Approval of previous meeting notes
3. Matters arising
4. Relocation Managers Report
 - a. Project review
 - b. Project Costs to date
 - c. Project Programme, including key milestone dates
 - d. Risk review
 - e. Particulars of costs for delaying marketing and bidding for Knowle and Manstone Depot until 2017
 - f. Procurement
5. Skypark
 - a. Progress
6. Marketing of Knowle and Manstone
 - a. Commercial Land Agent, pending Cabinet decision
 - b. Draft Local Plan
 - c. TVG, RoW

7. Heathpark site sale discussion
 - a. Progress in achieving agreement with Terrace Hill
 - b. Anticipated programme
 - c. EDBC succession
 - d. Replacement for Knowle and Manstone Depots update

8. Other matters
 - a. Equalities and best value
 - b. Provision of services within the District away from Skypark
 - c. IT
 - d. Communications
 - I. Member presentation
 - II. Staff Liaison
 - III. East Devon Extra
 - IV. Stakeholders Meetings
 - e. Council procedures – finance, legal, procedural propriety

9. Future Cabinet and Council meetings
 - a. Deliverables required and expected.

10. Any other business

11. Date of next meeting:
 - 2 July 2014 – Room 1

Meeting not open to the public

**Notes of meeting the Office Accommodation Executive Group
Held on
Wednesday 4 June 2014**

Present:

Councillors: Paul Diviani, David Cox, Ray Bloxham, Cllr A Moulding

Officers: Richard Cohen, Steve Pratten, Simon Davey, Karen Jenkins, Rachel Pocock,
Henry Gordon Lennox

		Action
1.	Apologies: Mark Williams	
2.	Minutes of previous meeting: agreed.	
3.	Matters arising: Standard agenda items to be updated.	
4.	Relocation Managers Report: <ul style="list-style-type: none">• Project Review:<ul style="list-style-type: none">○ Procurement issue at Skypark ongoing.○ Heathpark is progressing well and it is hoped that contracts etc will be resolved this week/early next week still with the aim of a planning application being submitted around Oct/Nov. It has been reported that there are travellers on the site at present but estates/legal are dealing with this. Need to make sure that we keep the site clear.○ Waiting the outcome of the Cabinet decision re the appointment of Savills.• Project Costs to date: project costs to date are a spend of £416,866 from a budget of £501,687 leaving a balance of £84,821, including a contingency allowance of £14,126. Request going to Cabinet for an increase in budget to continue to take project through to the end of the current financial year..• Project Programme update:<ul style="list-style-type: none">○ SP has prepared a summary of the project programme which will be circulated by email to the Group. The document will summarise key decision dates and explain the gateway process.	

- Subject to progress regarding Skypark procurement, timetable currently anticipates an opening date of new office in April 2017. Issue over TVG and marketing of site could cause delays to timetable.
- Waiting to hear about the TVG decision from DCC. It is hoped that the recent decision re Barkas in the Supreme Court will be helpful when the Inspector makes his decision. There will be an objection process for the applicants to go through if the decision is not to award TVG status – this in turn will hold up the timescale. Factored into the timetable are financing costs to cover a 2yr delay if needed. The appeal process could take several months but should not affect the marketing exercise of Knowle as developers will be content to accept this reduced level of risk.
- **Risk Review:** register has been updated with 1 orange risk now upgraded to a red risk – this relates to the potential issue of securing planning for food retail at Heathpark. If food retailing is not acceptable to the LPA then the next best value of the site would be around £750,000. RB asked if this was the case then would we look again at a move to Honiton? SP explained that a recent meeting had been held to discuss a 'Plan B', a summary of which will be provided to the Group. If the need arises then we need to look at the original reasons for the decision to move to Skypark. Trigger points need to be in place which will lead to re-thinking decisions if planning is not obtained at Heathpark.
- **Procurement:**
 - SP provided a written paper for the Group showing various options on Project procurement i.e. need to identify the Clients Brief, for a Client's Design Team to develop this design for a planning application and for incorporation into the tender enquiry for the Contractor on a Design & Build basis. It is anticipated that the majority of the Client's Design Team will be novated to the successful Contractor so that the design can be further detailed and construction particulars provided. Timescale of appointment will be linked to the sale of existing land assets and acquisition of the new HQ site – all matters being decided upon at Cabinet and Council later in the year (subject to progress)... We will have a better knowledge at this point of the Knowle value although no capital receipt at this time. Break clauses are included at every gateway decision.
 - Following discussion, the Meeting agreed that the accepted procurement route would be on a Design and Build basis as described by SP. This route would proceed should the key turn proposal by St Modwen not be possible due to issues associated with EU Procurement.
 - SP confirmed that the programme currently allowed

	<p>for the Design Team to be procured either using OJEU or a Framework. In this latter respect Colin Slater is currently obtaining particulars.</p> <ul style="list-style-type: none"> ○ A decision regarding the design particulars will be made by this Executive Group who have the authority to make any process decisions. Any decisions on funding re design etc will be agreed by Cabinet. ○ Consideration underway for EDDC in relation to the site at Skypark and compliance with EU Procurement rules. On the basis that the budget is approved at tonight's Cabinet, the next step is for RP and others to meet with Eversheds to provide advice on way forward and report back to this group. 	RP
5.	Skypark: see item 4.	
6.	<p>Marketing of Knowle and Manstone:</p> <ul style="list-style-type: none"> • report going to Cabinet and once decision is made to employ Savills, the Consultant will be able to start preparing of the marketing bundle. The marketing of the properties will not start until the TVG decision is known. • Local plan all on target at the moment – SHMA findings expected in July – there might need to be some discussion with neighbouring authorities. Local Plan Inspection is still expected to reconvene in Oct/Nov. 	
7.	<p>Heathpark site sale discussion:</p> <ul style="list-style-type: none"> • we are waiting for the report regarding future workspace and EDBC succession to be completed • need to look at the future of New Street offices • follow up on discussions with Cosmic • look at Cranbrook and provision of business space • inclusion of business space in Masterplanning • need to speak with tenants at the business centre about move and etc • Knowle depots –Ongoing consideration of the proposals put forward by Streetscene – AH/SA/DB to look again and also check if any new sites have become available. 	AH/DB
8.	<p>Other Matters:</p> <ul style="list-style-type: none"> • Equalities/Best Value – KJ has produced a paper for SMT outlining what is needed, we need to be very specific by what we provide for customers and in what services we provide throughout the District. When the consultation exercise is due to start then a steer will be needed from this group. A further stakeholder meeting will need to be held at some point in the future. • Service provision will need to be provided in Exmouth and Honiton with a possible surgery being provided on set days in Sidmouth. Majority of the public these days look on our website for planning application information, refuse and recycling collection etc, the main service that will need to be 	<p>KJ</p> <p>KJ</p>

	<p>provided will be housing/housing benefit advice, council tax etc. Once feedback is collected following consultation exercise then will report back to this Group with findings. RB asked why no mention of any provision at Cranbrook? KJ said that the paper was looking at demand now but demand may be more in future and will need looking at again. We also need to careful how we approach this as not every town/parish wants a hub. RB to let KJ have his comments on the paper and once RC/RP are happy then consultation can start.</p> <ul style="list-style-type: none"> • ICT – project now in place. Open Web is going well but KJ has identified that more ICT resources will be needed. A report will be going to Cabinet requesting additional resources to cover 2yrs work. Touch down spaces for mobile workers still need to be identified and set up. Still looking at various mobile equipment. • Comms – need to be pro-active about the move and get some press releases out. • Exmouth Town Hall – meeting to be held following DCC decision to vacate premises. 	KJ
9	Future Cabinet and Council meetings: report to Cabinet in Autumn re final decision about move. Meetings of this Group to continue to take place through the summer etc.	
10.	AOB: None.	
	Next meeting to be held on: 2 nd July 2014 at 3.00pm in Room 1	

Enc.:

Possible Procurement Routes – Rev 1
 Review of Programme AK (A) 30 May 2014
 Risk Analysis Rev K (Rev 1)

EAST DEVON DISTRICT COUNCIL

OFFICE ACCOMMODATION PROJECT

Procurement strategy / possible procurement routes

1 Introduction

This procurement strategy and suggested possible procurement route has been formulated on the basis of EDDC purchasing a site at Skypark from St Modwen / DCC and these parties subsequently having no further involvement directly with the project other than associated with the provision of infrastructure, including services / utilities, to the site of the new office. Following the site purchase, EDDC would proceed with the project including the procurement of their design team and contractor.

2 Particulars

There is rarely a clear-cut choice for the best procurement option, particularly for a project of this nature. The procurement strategy needs to consider the best way of achieving the objectives of the Project including obtaining the best value of money after consideration of both risks and constraints. With this in mind the assumed (in the absence of a finalised Client's Brief) Client's objectives need to be considered, namely;

- **Speed of the Works** – It is anticipated that the overall period of the works on site will be circa one year. The speed of works will also reflect in the inflation allowances within the final costs. There is also a risk that issues could occur at Knowle that could immediately cause additional maintenance costs to be incurred.
- **Complexity** – The construction of the EDDC's office building is basically straightforward. It is the design of the office specifically for the Council's many needs and requirements that is perhaps the issue
- **Quality** – The Council will require standards of workmanship and materials to be as specified, for which the Contractor will be entirely responsible. There will be a need to ensure the quality of the build is monitored on behalf of the Council.
- **Flexibility** – It is assumed that the Council will wish to control the overall detailed design and have the ability to issue variations.
- **Certainty** – Again it is assumed that EDDC will need certainty both in terms of cost and time prior to the issue for the commitment to enter in a contract. It is also acknowledged that transparent accountability and cost monitoring will be required at all times.
- **Competition** – By virtue for the value for this Contract requiring an OJEU Notice, competitive tenders will be required. Tenders will also provide the Council with evidence of best financial value.

Procurement strategy / possible procurement routes

- Responsibility – It is assumed that the Council will require a clear cut division between early design and subsequent construction. This can be achieved by handing the final design over to the successful Contractor for his review in terms of buildability before the construction costs are finalised.
 - Risk – It is assumed that the Council will wish to transfer as much risk as possible onto the Contractor.
- 3 Having endeavoured to identify the Councils objectives, we now have to formulate a comparison between the three primary forms of procurement – Traditional, Design and Build and Management.
 - 4 In summary a Traditional procurement route will provide benefits in both cost and quality but at the expense of time. Mindful of the concerns in respect of inflation, and the time related issues incurred to date, this method of procurement is not recommended for this Project.
 - 5 Design and Build (D&B) will provide benefits in both cost and time, but potentially at the expense of quality unless proper controls are in place.
 - 6 Management contract benefits in time and quality but at the expense of cost. As a high level of cost certainty is required, this method of procurement is rejected for this Project.
 - 7 Further exploring D&B, normally with this procurement route the integrated project team is responsible for both the design and construction of the works. However, discussions with EDDC have suggested that an initially appointed Client Design Team is preferred to develop the design to the Council's specific requirements through to RIBA Stage E. The majority of the Client's Design Team could be novated across to the successful Contractor following Stage E, thus ensuring the Client has had control of design to a very high level, with subsequently refinements potentially being restricted to buildability and production issues.
 - 8 One of the significant advantages of D&B is that many if not all construction related risks (Client changes excepted) including design development risks are transferred to and priced by the Contractor. Whilst this procurement route will potentially attract an overall higher tender price, the Client has certainty of the level of liability. It should also be remembered that as the construction package will be tendered there will be a commercial "restriction" that will not allow Contractors to take advantage.
 - 9 The disadvantages with D&B are that the costs are overall higher due to the transfer of risk from the Client to the Contractor. There is also reduced flexibility of the Clients control of design and ability to issue instructions during the construction phase due to the potential high levels of punitive costs

Procurement strategy / possible procurement routes

- 10 D&B has significant benefits and advantages over the Traditional procurement route, and on the basis that the number of Client Variations during the course of the post contract stage are strictly controlled / limited / managed, thereby allowing the primary advantage of risk transfer to prevail, this method of procurement is on balance recommended as the most appropriate for the Council's new office construction as it potentially provides the best fit for the assumed Clients objectives above.
- 11 So, if a D&B procurement route was accepted by Members as the preferred way forward what would be the particulars.
- 12 As noted earlier, it is understood that the Council would want to ensure control of the design of the office up to RIBA Stage E – detailed technical design. To achieve this, it would be necessary for EDDC to procure a Design Team, led by an Architect. Procurement could be carried out either via the EU procurement route or from a Framework (which had been subject to EU procurement) to which the Council subscribes. The Design Team would tender on the basis that it would be eventually novated across to the successful Contractor.
- 13 Once appointed the Design Team would be responsible for not only developing the design of the office but also the Client's Brief. Both deliverables would be developed through the several RIBA stages, with each being formally approved through Gateway Decisions by the Members Executive Project Board, or for the more significant stages possibly Cabinet / Council. In association with each RIBA Stage a detailed cost plan would be provided advising on the overall potential cost of the Project. It is important that the Designers Consultants document enabled the appointment to be suspended or determined at any particular Gateway, should the Council for whatever reason not wish to continue with the Project.
- 14 When RIBA Stage D had been achieved there would be a requirement to submit a planning application for the Office to the LPA. Once submitted there would be a thirteen week period before the application was considered.
- 15 During this period the Design Team would prepare and finalise the design to RIBA Stage E - detailed design. This information together with the finalised Clients Brief and specifications would be incorporated into the Contractors tender documentation.
- 16 As with the Design Team, the Contractor could be procured either through a EU procurement process or a framework (which had been prepared on the basis of the EU Procurement rules). A key requirement of the tender would be that the majority of the Client's Design Team would be employed on a novated basis by the Contractor once appointed. It is recommended that the Council should retain the services of the Architect to provide a monitoring role – there would need to be a "Chinese" wall between the other Architects in the Practice who would be working for the Contractor. Similarly, the roles of the CDM coordinator and QS would also be retained by the Client.

Procurement strategy / possible procurement routes

- 17 The tender period for the Contractor would be coordinated so that it concluded at least two weeks after the LPA's Planning Application decision – thus allowing any particular design changes or conditions to be advised to the tenderers during the tender period as a tender amendment. On this basis a competitive tender for the Contractor, based upon a planning approval, would be received.
- 18 Following the selection process the novated Design Team would be passed to the successful Contractor. The Design Team together with the Contractor's own specialists would then review the design and consider such aspects as buildability and site production. The design would progress through to RIBA Stages F/G/H – Production Information. As before, there would be liaison with the Council and Members of the Executive Project Board. Once the final design stage had been achieved the Contractor and Client's QS would agree the final Project costs, which would be based upon the rates etc. that had been identified in the Contractor's tender. The final Contract Sum would need to be formally considered and approved by the Council before the Contractor's Contract could be finalised.
- 19 In association with the Projects Procurement Route is the matter of deciding the Form of Contract that would be used to employ both the Client's Design Team and the Contractor. It is understood that EDDC intend to use external legal resources to assist with the preparation of these documents. Clearly there will be a need for Aecom to liaise with this party when the decision is being made, but as an interim recommendation, it is suggested that the NEC 3 suite of contracts are actively considered.

EAST DEVON DISTRICT COUNCIL

OFFICE ACCOMMODATION PROJECT

Summary of Overview Programme Rev AK (A), dated 30 May 2014

1. This Summary of Overview Programme Rev AK Rev A should be read in association with the Procurement strategy / possible procurement route review tabled at the Members Executive Project Board Meeting of 4 June 2014.
2. This updated programme is the result of Aecom's continual review of progress and matters causing programme implications during the period.
3. As there is some uncertainty at the time of writing this summary on how EDDC's new Office at Skypark will be procured due to issues associated with the requirements of EU Procurement, the following two alternatives have been identified;
 - Alternative 1 - EDDC negotiates with St Modwen / DCC for the sale of the site and then procure their own design team and contractor
OR
 - Alternative 2 - EU procurement is required to appoint a Developer for EDDC's Office at Skypark. The procurement of the design team and contractor for the building works will be jointly carried out by the Developer and EDDC. EDDC will procure their own Fit Out design team and fit out contractor.
4. Due to significant differences in approach, it is not possible to illustrate both of the Alternatives within a single programme. Consequently, this summary relates exclusively with Programme AK (A) – Alternative 1 - whereby the Council buy the site from St Modwen / DCC, and the Council then appoints their own Design Team to develop the scope, design and specification for the new building. The Design Team will also submit a Planning Application to the LPA for the new premises. Following the appointment of the Contractor the majority of the Client's Design Team will be novated across to the Contractor, so that the design can be further developed in respect of buildability and site production.
5. A key consideration integrated throughout the pre-construction phase of the programme has been the need to ensure the Council is protected from undue risk such as commitment to costs when, for whatever reason, there is a need to postpone or even cancel the Project. To achieve this mitigation a series of "gateways" have been identified. Further, the programme has been structured to ensure that there is certainty of land sale values (based upon conditional offers) so far as is reasonably possible before there is commitment to large scale expenditure. If a totally risk adverse approach were to be used, the Council would wait for the conditional offers to become unconditional after any Judicial Review hearings. Such an approach would have the effect of potentially considerably extending the programme and increasing costs not only for the management of the project but also for inflation associated with construction. The programme currently identifies six key gateway decisions. These are identified during the following review of the programme in red font.

Summary of Overview Programme Rev AK (A), dated 30 May 2014

6. Programme Rev AK (A) is available in two formats. A detailed A3 version comprising 10 pages. This provides details of the individual tasks and allows the critical path to be tracked. The second format is a summarised version of the detailed programme printed on a single A3 page. This summary version of the programme identifies the key milestones, although individual tasks and particulars of the critical path are excluded. It is appreciated that both formats may be difficult to read on a normal computer screen.
7. Consequently, the following short narrative identifies the Key Gateway Decisions, particulars and milestones confirmed within Programme AK (A);
 - a) **Gateway Decision Nr 1 – EDDC agreement to purchase the site at Skypark, to agree to the procurement of a design team for the new office, to agree the conditional sale of Knowle and Manstone Depot**
 - a) Overall period – 5 June – 12 November 2014
 - b) Site purchase negotiation dates – 16 June – 19 September 2014
 - c) Procurement of Design Team using EU procurement or Framework route – 23 June – 17 October 2014 (with sundry associated tasks to 14 January 2015)
 - d) Knowle marketing and bidding process, including preparation – 6 June – 17 October 2014
 - e) Gateway Decision Nr 1 – considered and decided at Extraordinary Cabinet & Council Meeting – 12 November 2014 – date to be confirmed
 - b) **Gateway Decision Nr 2 – EDDC Members Executive Project Board approval and confirmation of extent of scope and agreement to proceed to RIBA Stage D - design and Planning Application**
 - a) Overall period 25 November 2014 – 10 February 2015
 - b) Design process – 8 December 2014 – 3 February 2015
 - c) Gateway Decision Nr 2 – considered and approved by the Members Executive Project Board 10 February 2015
 - c) **Gateway Decision Nr 3 – Submission of Planning Application, Notice for Contractor Appointment and agreement for design to proceed to RIBA Stage E – detailed design**
 - a) Overall period 4 February – 15 April 2015
 - b) Design Process – 11 February – 7 April 2015
 - c) Gateway Decision Nr 3 – considered and approved by the Members Executive Project Board 15 April 2015
 - d) **New Office Planning Application**
 - a) Overall period 16 April – 26 August 2015 (excluding any JR implications)
 - b) Determination, date subject to confirmation – 26 August 2015

Summary of Overview Programme Rev AK (A), dated 30 May 2014

- e) **Gateway Decision Nr 4 – Approval of design to RIBA Stage E and agreement to proceed to RIBA Stages F & G**
 - a) Overall period 16 April – 29 May 2015
 - b) Design Process – 16 April – 14 May 2015
 - c) Gateway Decision Nr 4 – considered and approved by the Members Executive Project Board 29 May 2016

- f) **Gateway Decision Nr 5 – Agreement to appoint the Contractor subject to final agreement of cost**
 - a) Overall period – 16 April 2015 – 7 January 2016
 - b) Procurement process – to submission of tender report – 16 April – 13 October 2015
 - c) Gateway Decision Nr 5 – Appointment of Contractor - considered and decided at Cabinet 4 November 2015 and Council 16 December 2015 – both dates to be confirmed.

- g) **Gateway Decision Nr 6 – Approval of final design and associated Final Construction Costs. Agreement for the Contractor to proceed on site**
 - a) Overall period 18 November 2015 – 18 April 2016
 - b) Contractor & Novated design Teams review of design and amendments for buildability reasons – 26 November – 17 December 2015
 - c) Cost Plans, negotiation of outturn costs and final agreement – 26 November 2015 – 21 January 2016
 - d) LPA consider and determine planning applications for Knowle and Manstone – 9 February 2016 (potential for site offers to become unconditional at this stage subject to any JR proceedings).
 - e) Gateway Decision Nr 6 – Approval of Final Design and associated Final Construction Costs. Agreement for Contractor to proceed on site - considered and decided at Cabinet 17 February 2016 and Council 24 February 2016 – both dates to be confirmed

- h) **Construction Phase through to new office being opened**
 - a) Overall period 25 February 2016 – 18 April 2017
 - b) Contractor involvement – 25 February – 13 March 2017
 - c) Finalisation of Client fit out – 14 March – 27 March 2017
 - d) Phased decant from Knowle to New Office – 28 March – 17 April 2017
 - e) EDDC fully relocated to New Office – 18 April 2017

- i) **Potential dates for capital receipts from land sales**
 - a) Heathpark
 - i. No JR – 11 May 2015
 - ii. Application for JR, but application refused – 8 June 2015
 - iii. JR Application accepted, but High Court dismisses – allowing for a 24 month period from the date of planning determination – 3 March 2017

Summary of Overview Programme Rev AK (A), dated 30 May 2014

- b) Knowle & Manstone Depot
 - i. No JR – would have been 10 February 2016, but is very likely to be delayed until the Vacant possession date – 18 April 2017.
 - ii. Application for JR, but application refused – would have been 13 May 2016, but is very likely to be delayed until the Vacant possession date – 18 April 2017.
 - iii. JR Application accepted, but High Court dismisses – allowing for a 24 month period from the date of planning determination – 8 February 2018