

# Meeting not open to the public

**East  
Devon**

District Council

Date: 27 May 2015  
Contact number: 01395 517535  
E-mail: [aherbert@eastdevon.gov.uk](mailto:aherbert@eastdevon.gov.uk)  
Our Reference: AMH

East Devon District Council  
Knowle  
Sidmouth  
Devon  
EX10 8HL

DX 48705 Sidmouth

To: Councillors: Paul Diviani, Andrew Moulding, Ian Thomas,  
Tom Wright.

Tel: 01395 516551

Fax: 01395 517507

[www.eastdevon.gov.uk](http://www.eastdevon.gov.uk)

Officers: Mark Williams, Richard Cohen, Simon Davey,  
Karen Jenkins, Henry Gordon Lennox, Brian Wilkes,  
Steve Pratten

**Office Relocation Project Executive Group  
Wednesday, 27 May 2015 – 1500 - 1700 hrs. – Room 67**

## AGENDA

Responsible  
Officer

		Responsible Officer
1.	Apologies	RC
2.	Approval of previous Meeting Minutes (previously circulated)	RC
3.	Matters arising from the previous Meeting	
4.	Feedback from the previous; <ul style="list-style-type: none"><li>• Officer Working Group Meeting</li><li>• Cabinet Meeting</li><li>• Council Meeting</li></ul>	RC
5.	Request by Independent Councillors for an Extraordinary Council Meeting to discuss the Relocation Project and FOI matters.	RC
6.	Review of Project Governance Structure <ul style="list-style-type: none"><li>• Role of Executive Group going forward</li><li>• Consideration of additional Members joining the Executive Group</li><li>• Leaders Think Tank / Member engagement</li></ul>	

7.	<p>Consideration and review of proposed draft June Cabinet Report, including;</p> <ul style="list-style-type: none"> <li>• an update of Office Relocation Project Executive Group Terms of Reference</li> </ul>	RC / SP
8.	<p>Review and consideration of the declassification of confidential Project documentation</p>	RC
9.	<p>Consideration of impacts on;</p> <ul style="list-style-type: none"> <li>• Exmouth Town Hall – ETC, CAB, Registry Office. Managing change for ETH and its tenants</li> <li>• East Devon Business Centre – Tenants and HQ development impact</li> </ul>	RC
10.	<p>Office Relocation Project particulars:</p> <ul style="list-style-type: none"> <li>• Project cost to date</li> <li>• Project update,</li> <li>• Design Team procurement <ul style="list-style-type: none"> <li>○ Confirmation of Tenderers from SWCF</li> <li>○ SWCF Mini Competition Brief</li> </ul> </li> <li>• Knowle – update of Pegasus's Agreement of Contract.</li> <li>• Short term programme implications including identification of critical dates.</li> <li>• Risk Review – ( New + Red and Orange Risks Only)</li> </ul>	SP
11.	<p>Internal Project Manager / Facilitator.</p> <ul style="list-style-type: none"> <li>• Role and Responsibility.</li> </ul>	RC / KJ
12.	<p>Finance Workstream matters</p>	SD
13.	<p>HR / Internal &amp; external communications worksteam</p>	KJ
14.	<p>External / Equalities Consultations</p> <ul style="list-style-type: none"> <li>• Best value consultations</li> </ul>	KJ
15.	<p>ICT Workstreams</p>	KJ
16.	<p>Legal Workstream</p>	HGL
17.	<p>Any Other Business</p> <ul style="list-style-type: none"> <li>• Update re appointment of Relocation Manager</li> </ul>	RC
18.	<p>Date of Next Meeting</p> <ul style="list-style-type: none"> <li>• To be confirmed at the meeting</li> </ul>	

19.	<b>Enclosures:</b> <ul style="list-style-type: none"><li>• Meeting Notes from Meeting 16 April 2015</li><li>• Agenda for Extraordinary Council Meeting, 3 June 2015.</li><li>• Proposed Terms of Reference for Executive Board and Officer Working Group.</li><li>• Proposed Procurement Strategy and Procurement Routes</li><li>• Project Report No.15 Rev 0 – 30 April 2015</li><li>• Design Team Tender Selection Report Rev 0 – 20 Ma7 2015</li></ul>	
-----	---	--



# **EAST DEVON DISTRICT COUNCIL**

## **OFFICE RELOCATION PROJECT**

### **Procurement strategy and procurement routes**

#### **1. INTRODUCTION**

- 1.1. This procurement strategy and identification of possible procurement route for the employment of the Contractor has been prepared on the basis of Council's Decision on 25 March 2015 to relocate their Head Office from Knowle to the split site basis of a new office at Heathpark, Honiton and refurbished offices at Exmouth Town Hall.
- 1.2. Following Council's Decision, EDDC will now proceed with the Project including the procurement of their design team and subsequently the contractor.

#### **2. PARTICULARS**

- 2.1. 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 Contractors works (that is the building / construction works but not including the Client Fit Out) on site (from mobilisation to Practical Completion) will be circa;
    - one year for the new build and
    - eight months for the refurbishment of Exmouth Town Hall.
  - The commencement date and duration of the works will reflect in the inflation costs within the final project expenditure. There is also a risk of issues occurring at Knowle during the time the Council remain in the building that could cause additional maintenance costs to be incurred. Further, it is noted that following discussions with Pegasus Life Ltd whom are purchasing Knowle that a Vacant Possession Date of December 2017 will be required.

# EAST DEVON DISTRICT COUNCIL

## OFFICE RELOCATION PROJECT

### Procurement strategy and procurement routes

- **Complexity** – The construction of the EDDC’s office building is relatively straightforward. The design will need to include consideration of the Council’s many needs and requirements as well as the flexibility for the building’s future use should a change of ownership occur. The possibility of integrating the new office with the East Devon Business Centre may cause complexities in design. For Exmouth Town Hall, it is understood that the building is structurally sound and, therefore, in essence the work will be associated primarily with fabric and finishes, although a desire to create more open space areas will require specific structural works to be carried out.
- **Quality** – The Council will require standards of workmanship and materials to be as specified, for which the Contractor will be entirely responsible for compliance. There will be a need to ensure the quality of the build is monitored on behalf of the Council, and in this respect this role may be either carried out in house, by a Clerk of Works or by the Designer who remains with the Council after the majority of the Team have been novated to the Contractor (see later).
- **Flexibility** – It is assumed that the Council will wish to control and sign off the overall detailed design. The Council acknowledges that variations to the agreed design are not desirable, but will wish to have the ability to issue variations should the need occur.
- **Certainty** – Again, it is assumed that EDDC will need certainty both in terms of cost and time prior to the commitment of entering into a contract. It is also acknowledged that transparent accountability and cost monitoring will be required at all times.
- **Competition** – Competitive tenders will be required. Tenders will also provide the Council with evidence of best financial value and other issues as identified within the agreed tender evaluation criteria.
- **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 and production 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.

# **EAST DEVON DISTRICT COUNCIL**

## **OFFICE RELOCATION PROJECT**

### **Procurement strategy and procurement routes**

#### **3. REVIEW OF PRIMARY METHODS OF CONTRACTOR PROCUREMENT**

- 3.1. Having endeavoured to identify the Council's objectives, we now need to consider the three primary methods of Contractor procurement – Traditional, Design and Build and Management.
- 3.2. 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 and in the future (Vacant Possession), this method of procurement is not recommended for this Project.
- 3.3. 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.
- 3.4. 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.
- 3.5. Considering further 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 Plan of Work Stage 4. The majority of the Client's Design Team could be novated across to the successful Contractor following RIBA Plan of Work Stage 4 - 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.
- 3.6. Whilst this procurement route will potentially attract an overall higher tender price, the Client has certainty of the financial 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.

# **EAST DEVON DISTRICT COUNCIL**

## **OFFICE RELOCATION PROJECT**

### **Procurement strategy and procurement routes**

- 3.7. 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 potentially reduced flexibility of the Clients control of design, although with the Design Team novation scenario this issue is significantly mitigated. It is also noted that the Client's ability to issue instructions during the construction phase will require careful consideration due to the potential high levels of punitive costs which the contractor can impose.
- 3.8. For the Council's Project, 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 as it potentially provides the best fit for the assumed Clients objectives above.

#### **4. Process**

- 4.1. If the D&B procurement route was accepted by Members as the preferred way forward how would the project proceed?
- 4.2. As noted earlier, it is understood that the Council wants to ensure control of the design of the office up to RIBA Plan of Work Stage 4 detailed technical design. To achieve this, EDDC are intending to procure their Multi-Disciplinary Design Team through the South West Consultancy Framework (SWCF). The Design Team will be advised during the tender process of the intention to eventually novated the majority of the Team across to the successful Contractor.
- 4.3. Once appointed the Design Team would be responsible for not only developing the design of the office / refurbishment but also the Client's Brief. Both deliverables would be developed through the relevant identified RIBA Plan of Work 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 Plan of Work Stage a detailed cost plan would be provided advising on the overall



# EAST DEVON DISTRICT COUNCIL

## OFFICE RELOCATION PROJECT

### Procurement strategy and procurement routes

potential cost of the Project. It will be important that the particulars of the Design Teams Consultancy Agreement enables the appointment to be suspended or determined at any particular Gateway, should the Council for whatever reason wish to delay or cancel the Project.

- 4.4. When RIBA Plan of Work Stage 3 had been achieved there would be a requirement to submit a planning application for the Office and, if applicable, Exmouth Town Hall to the LPA. Once submitted there would be a thirteen week period before the application was formally considered at the relevant DMC Meeting.
- 4.5. During this period the Design Team would prepare and finalise the design to RIBA Plan of Work Stage 4 - detailed design. This information together with the finalised Clients Brief and specifications would be incorporated into the Contractors tender documentation.
- 4.6. Whilst there is a range of potential options for the Contractor's procurement, there are in reality only two alternatives for the Council's Project due to the anticipate value. Either;
  - 4.6.1. EU procurement,
  - 4.6.2. or a Framework
- 4.7. The EU procurement route requires adherence of specific timeframes. There are significant programme implications following this route.
- 4.8. The Framework route would be quicker since the framework members would have already been selected on the basis of a tender which itself has used the EU Procurement route. It is understood that if chosen the Council would use the Construction Framework South West (CFSW).
- 4.9. At the time of Novation of the Design Team to the Contractor, the majority of the Design Team would employed by the Contractor, although a Principal Architect, Cost Consultant, CDM Coordinator and potentially senior representatives from the Structural and M&E Engineers would remain as part of the Clients Team.

# **EAST DEVON DISTRICT COUNCIL**

## **OFFICE RELOCATION PROJECT**

### **Procurement strategy and procurement routes**

- 4.10. This would require a “Chinese” wall between the original Client Team, particularly the Designers to ensure no conflicts of interest nor confidentiality issues occurred.
- 4.11. Whichever procurement was followed the Contractor’s tender period would be coordinated so that it concluded 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.
- 4.12. Following the initial selection process for the Contractor, the novated Design Team would be passed to the successful Contractor. The Design Team together with the Contractor’s own specialists will then review the design and consider such aspects as buildability and site production. There would be liaison between the Contractor and the Council including the Executive Project Board.
- 4.13. Once the final design stage had been achieved the Contractor and Client Cost Consultants would agree the final Project costs, which would be based upon the rates etc. that had been identified within the Contractor’s tender.
- 4.14. The final Contract Sum would need to be formally considered and approved by the Council before the Contractor’s Contract could be finalised, this being one of the key elements of Gateway Decision 7.

### **5. FORM OF CONTRACT**

- 5.1. In association with the respective procurement routes for the project is the matter of deciding the particular Form of Contract to be used to employ the Client’s Design Team and the Contractor.
- 5.2. There is a range of differing standard forms of contract which may be considered, with the finalisation of the choice being based upon the chosen procurement route. As noted above the D&B route would appear to best suit the Council’s objectives.
- 5.3. Therefore, in respect of the Council’s Relocation Project there are two main forms of contract that should be considered;

# EAST DEVON DISTRICT COUNCIL

## OFFICE RELOCATION PROJECT

### Procurement strategy and procurement routes

- 5.3.1. JCT Standard Forms of Building Contract – the more traditional, much used standard form which has been developed over a long period to respond to the needs of general contracting. Use can lead to an adversarial approach between the parties. Considerable case law is available relating to contract issues which have arisen. By necessity it is a complexed document, but it does enable a high level of Client involvement through the traditional role of the Architect and QS together with the provisions for variations and nomination of sub-contractors.
- 5.3.2. NEC 3. There is a suite of NEC 3 Forms of Contract available, including a professional services contract. The NEC 3 promotes a collaborative approach between parties and is widely used in government procurement. NEC 3 provides clarity, simplicity and flexibility of use. It is clearly written and generally avoids subjective terminology such as "reasonable" and "fair". NEC 3 requires each party to the contract to act in compliance with prescribed timeframes with identified ramifications if not achieved. Whilst this increases the amount of Contract Administration when compared to the JCT Forms of Contract, the project risks are reduced accordingly since issues including claims are identified at an early stage enabling mitigation where possible.

- 5.4. Mindful of the Councils Objectives, and in particular the requirement to minimise risk, it is recommended that the NEC 3 Form of Contract is recommended for both the Clients Professional Team and the Contractor.

## 6. RECOMMENDATIONS

- 6.1. That the Contractor is procured from the CFSW on the basis of a Design and Build appointment.
- 6.2. That the majority of the appointed Design Team be novated to the appointed Contractor, with the exception of the senior Architect / Designer, Cost Consultant and CDM Coordinator.
- 6.3. That the Forms of Contract for both the Design Team and Contractor be based upon the NEC 3.
- 6.4. That the Relocation Manager is identified as the Contract Administrator.

# **EAST DEVON DISTRICT COUNCIL**

## **OFFICE RELOCATION PROJECT**

### **Procurement strategy and procurement routes**