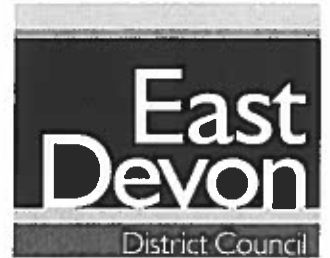


Report to: Cabinet
Date of Meeting: 17 June 2015
Public Document: Yes
Exemption: None



Review date for release: None

Agenda item: 12

Subject: Relocation Progress Report

Purpose of report: To advise Cabinet of the latest progress on relocation and next steps for the project. Specifically, to seek Cabinet agreement to the structure of project management and decision making going forward. There is a need to review these arrangements as the project moves from development to delivery.

Recommendation:

- 1. Note that, in line with decision of the Extra-ordinary Council meeting on 25 March 2015:**
 - a. The Council intends imminently to enter into contract with Pegasus Life Ltd for conditional sale of the Knowle site and;**
 - b. Via the South West Framework procurement process, selection of a design contractor for the new HQ building and modernised Exmouth Town Hall is underway;**
 - c. Consultation on Equalities and Best Value considerations are in process.**
- 2. Note that the Deputy Chief Executive has formally written to Sidmouth Town Council to start negotiations toward a transfer of ownership of the remaining parkland to the town including the lower car park. A first meeting with the Chair of Sidmouth Town Council and the Town Clerk has been held and negotiations will continue.**
- 3. Note that the Deputy Chief Executive has met with the Town Clerk of Exmouth to explore the implications of EDDC relocation to the town hall and of the modernisation of the building.**
- 4. Agree revised terms of reference for:**
 - a. The Office Accommodation Executive Group and;**
 - b. The Office Accommodation Officer Working Party.**

(See Appendix 1)
- 5. Recognise that the Executive Group and Officer Working Party are there to both implement the key decisions of Cabinet and Council and to take operational project decisions.**
- 6. Agree to adopt a Design and Build Model for the delivery of the project including a facility to novate the design team**

across to the contractor. We will use the same Design Team for both Honiton and Exmouth office projects, although the each Project may undertaken by a different Contractor

7. Agree to delegate to the Deputy Chief Executive in consultation with the Office Accommodation Executive Group the necessary authority to progress all operational matters and incur spend within agreed budget limits to ensure that the design, build and fit out phases of the project are achieved to the agreed programme.
8. Confirm that key milestone decisions will remain for consideration by Cabinet and Council.

Reason for recommendation:	To progress the Council's commitment to sell the Knowle site and relocate it's operations to offices in Honiton and Exmouth.
Officer:	Richard Cohen rcohen@eastdevon.gov.uk tel: 01395 571552 Deputy Chief Executive – Development, Regeneration and Partnership
Financial implications:	This report conforms to existing budget approvals agreed by Council
Legal implications:	The report is largely an update report, although it does seek approval on a couple of particular matters. Firstly, it seems prudent for day to day operational decision making to be delegated to the Deputy Chief Executive so as to prevent unnecessary delays to the project timeline. The delegated authority only extends so far as a decision is budgeted for. Secondly, and as the project has moved into a different phase, it is important to recognise and affirm the terms of reference for the Officer Working Group and Executive Group to ensure they have a clear remit going forward to deliver the project. Otherwise there are no other legal implications arising.
Equalities impact:	Low Impact A full equalities impact analysis including public consultation is underway. The Council will thoroughly explore the potential impacts and mitigations regarding equality and accessibility issues with a view to ensuring that our customers can contact us to both physically and remotely.
Risk:	Medium Risk The project involves a comprehensive and detailed risk register alongside structured management and decision making processes. The register is reviewed monthly. The audit of the project's management processes by South West Audit Partnership reported to Full Council in March 2015 that the project takes a professional approach to risk and risk management is embedded in project decision gateways, contract arrangements and contingency measures.
Links to background information:	<ul style="list-style-type: none">• Link to Cabinet report entitled '<u>Relocation Decisions</u>' , 11 March 2015, agenda item 12 <p>Attached Appendices</p> <ul style="list-style-type: none">• Appendix 1 - New terms of reference for The Office Accommodation Executive Group and Officer Working Party• Appendix 2 – Procurement Strategy and Procurement Routes

Link to Council Plan: Relocation meets a range of the Council's Plan priorities. It will provide future resilience and improved working for the Council and underpin continued service efficiencies and improvements to our residents, businesses and visitors.

Report in full

Following Cabinet, a combined Audit and Governance/Overview and Scrutiny Committee and an Extra-ordinary Full Council meeting in March 2015 the Council, overwhelmingly agreed to take the necessary decisions to dispose of the Knowle site and relocate to a new build office in Honiton and modernised offices in Exmouth. This decision was taken with due regard to the findings of independent, professional audit exercises that concluded that the governance, modelling and assumptions of the relocation project were sound and compelling. This report links to the Mar 11 2015 Cabinet report which addresses these matters in more detail. That report was subsequently considered by Audit and Governance and Overview and Scrutiny committees jointly and its recommendations endorsed to Full Council for approval.

There has also been an Extra-Ordinary meeting of the Council held on 3 June 2015 to debate a motion seeking to delay the sale of the Knowle site for six months pending consideration of various issues. The motion was debated and rejected by the Council.

The contract is still being negotiated but it is anticipated that those negotiations will conclude imminently and there will be a contract agreed between the parties which will be circulated for signing prior to being completed. A verbal update will be provided to Cabinet to confirm the exact position with respect to contract formalities.

In terms of next steps for the relocation project the following actions will be pursued:

Terms of Reference

Now that the relocation project has moved from option analysis and planning to development and delivery it is time to adopt new terms of reference for the Executive Group and Officer Working Party that reflect the future requirements and are fit for the purpose of project delivery including design and build requirements. Cabinet and Council remain the location of major decisions for the project but there will be an increasing need for operational and prompt decision making alongside and between the Cabinet reporting and Council meeting cycles. See Appendix 1 for detail of revised Terms of Reference.

Delegations

To ensure that the project progresses to the agreed timetable it is essential that there is Cabinet agreement to the delegation of operational decisions and spend within agreed budgets given to the Deputy Chief Executive in consultation with the Office Accommodation Executive Group. Cabinet and Council retain the responsibility for future key decision making as they have been in the past. SWAP will also continue to advise the process and officers involved. The Deputy Chief Executive will report to Cabinet, Council and Committees as required and SWAP will include the relocation project process and management in their reporting into the Council structures including Scrutiny and Audit and Governance Committees.

Design Procurement

The Council has used the procurement procedures approved within the South West Framework as the basis for the selection of a contractor for the design and works of a new build at Honiton, Heathpark and modernisation of Exmouth Town Hall. The Executive Group has considered different options of procurement of which there are three main types:

1. **Traditional** - The client appoints consultants to design the project in detail, and then prepare tender documentation, including drawings, work schedules and bills of quantities. Contractors are then invited to submit tenders for the construction of the project, usually on a single-stage, competitive basis. The contractor is not responsible for the design, other than temporary works.
2. **Design and Build** - Design and build is a generic term describing a procurement route in which the main contractor is appointed to design and construct the works, as opposed to a traditional contract, where the client appoints consultants to design the development and then a contractor is appointed to construct the works. Design and build can appeal to clients as it gives a single point of responsibility for delivering the entire project.
3. **Management** - Management contracting is a procurement route in which the works are constructed by a number of different works contractors who are contracted to a management contractor. This can shorten the time taken to complete the project, but does mean that there will be price uncertainty until the design is complete and all contracts have been let.

A Traditional route can save on cost and deliver quality but carries risk in terms of timescale and separation of design and construction ownership. A Management Contract approach has advantages in terms of control of quality and timescale but incurs contract management costs on top of design, construction and fit out costs. Our selected option is No 2, the Design and Build approach.

Whilst this route provides benefits in both time and cost the placing of the project in the hands of a single contract can diminish client control and affect quality. The procurement approach proposed by the Relocation Manager is considered in further detail at Appendix 2. The approach EDDC would like to take and seeks Cabinet agreement to is to appoint a design team and then novate them across to a chosen contractor. The Contractor would also be selected during the design process on a pre – construction agreement basis and would thereby be able to work collaboratively with the Client Team informing on design, advising on material selection, construction methods, costs, site logistics and planning. This allows us to control design to a high degree prior to its application to the build out. Having our existing Project Manager in place will give the necessary level of control that is required to ensure that our design requirements are understood and delivered by the contractor.

Transfer of Remaining Knowle Parkland

The Deputy Chief Executive has written to Sidmouth Town Council seeking to begin negotiations on the transfer of the remaining parkland of the Knowle. An initial meeting has been held with the Chair of the Council and the Town Clerk. Our aim is to secure Heads of Terms at the earliest opportunity to give the Town Council specifically and Sidmouth in general the reassurance that the District Council is delivering on its desire to transfer the remaining parkland to the town. The park is a significant natural asset and its ownership by the Town Council with protective covenants in place and the guarantee of full public access is our objective.

A proposal by a group of our immediate neighbours to register the Knowle Park as an Asset of Community Value under a Community Right to Bid process has been rejected by the Council. We hope that the proposers, the Knowle Residents Association, will take on board the Council's desire to transfer retained parkland to the Town Council. Should a further application for the land to be an Asset of Community Value be successful then EDDC will regard it as necessary to reconsider its offer of the remaining parkland to Sidmouth Town Council and market the parkland for sale on the open market in an effort to seek best value having been compelled into such action by the registration of the site as an Asset of Community Value.

Exmouth Town Hall

Members have expressed a desire to explore whether the aspect of the relocation project involving modernisation and occupation of Exmouth Town Hall can be pursued in advance of completion of

new build headquarters in Honiton. Except for current tenants Exmouth Town Hall is now mainly empty following the departure of County Council services in Sep 2014. Furthermore, there is general agreement that the physical arrangement and management of the reception area is less than optimal. As well as operational benefits, this option has the merit of enabling Exmouth to be a test bed for phased approach to relocation. In so far as this approach would make most efficient use of Exmouth Town Hall this would result in capital expenditure being spent earlier than modelled and compared with the timing of the capital receipt for sale of the Knowle. The Council will need to consider in detail the cost implications compared to benefits of an accelerated option for Exmouth Town Hall, financing options will be considered including the possible use of our New Homes Bonus monies as the future of this income stream looks more certain.

Information Tribunal

We are providing additional information as requested and still await the directions of the Information Tribunal as to the publication of the particular reports under consideration. In the meantime the Council is delivering on its commitment to publish previous documentation relating to the relocation project. In the main we expect to be able to publish historical documents in full. Where we need to redact information this is for reasons of continuing sensitivity, principally for the protection of third party interests rather than the Council itself.

Rights of Way

The inquiry to hear the Council's appeal against the proposed registration of rights of way across parts of the Knowle site has been set down for the 15th September. The Council is currently preparing its case to present to the Inspector. The outcome of the appeal does not affect the ability of the project to move forward and, in the event it is successful, will only result in additional issues for Pegasus' to deal with as part of their planning application.

Equalities and Best Value

A consultation will be undertaken to ask residents and equality partners in relation to service provision requirements from Honiton and Exmouth

Worksmart and Staff Engagement

WorkSmart Workshops are being carried out with all service areas during May and June to discuss new ways of working and to gain staff feedback about how we will work in the new building and the types of spaces and working areas that we will need. This information will be provided to the design company.

Timetable

The table below details the forward timetable of events and actions toward relocation. The date for final move to new offices is October 2017. This excludes the potential for delay that may arise from Judicial Review proceedings or other objections. Such delays have been factored into consideration of possible additional costs. Key milestones within this time frame are:

Date	Event
June 2015	Exchange of Contract for sale of Knowle. Receipt of Deposit from Pegasus Life Ltd
July 2015	Gateway Decision Nr 2 - Appointment of Multi-Disciplinary Design Team
October 2015	Gateway Decision Nr 3 – Approval of Brief and Concept Designs
September 2015	Gateway Decision Nr 4 - Initial Appointment of identified Contractor on a Pre-Construction Agreement basis.
December 2015	Gateway Decision Nr 5 – Approval of Details Design and Agreement to submit Planning Application(s)
March 2016	Gateway Decision Nr 6 – Review of final design (including technical design) and agreement to proceed with request for identified Contractor proposed Contract Sum
May 2016	Detailed Planning Application(s) considered for EDDC Office at Heathpark and, if applicable, Exmouth Town Hall

June 2016	Anticipated date for Pegasus Life Ltd Planning Application for the Knowle to be considered.
July 2016	Gateway Decision Nr 7 – To note satisfaction of the financial requirements and restrictions of the Final Design, confirmation of Contractors Project Costs, advice regarding Planning Applications for EDDC at Heathpark / Exmouth Town Hall (if applicable) and for Pegasus Life Ltd at Knowle. Opportunity for Members to reconsider if financial requirements or other restrictions have not be achieved
August 2016	Refurbishment of Exmouth Town Hall commences. Construction of new Office at Heathpark commences
June 2017	EDDC relocates to refurbished Exmouth Town Hall
October 2017	EDDC relocates to New Office at Heathpark. Vacant Possession is achieved at Knowle and Pegasus complete sale including payment of balance of monies.

Conclusion

Relocation has moved on in line with Council expectations. We have now stepped forward into a very different phase to the project. We will shortly no longer have the luxury of an open ended timetable or the opportunity to defer decisions or prevaricate. It is essential that timetables are adhered to, decisions are delegated and taken promptly and, once decided, not reconsidered or changed unless essential to do so.

The timeline for what will shortly become a complex project requiring a continuous decision making process is demanding. Delays created either within the Council or externally have the potential to cause unnecessary cost and delay. Similarly decisions made regarding the design, construction and fit out should not be revisited or changed: this will incur additional cost and time. The project plan and budget allows for the management of delay in terms of external factors such as the actions of objectors.

The move to new offices and the sale of the Knowle site is this Council's commitment and is in motion. There may be further attempts to challenge the Council in achieving its agreed aim despite the independently evidenced and compelling arguments in favour. The continued actions of objectors and the risks that they add to the project in their attempts to slow or stop the Council's agreed plans need to be recognised. It is inevitable that, should there be further attempts to delay or derail the Council's plans there will be further unnecessary costs incurred to the Council Tax payers of the whole of the District.

Following the direction of Full Council, the relocation process has moved on from option analysis and planning to development and delivery. Shortly, the entering into conditional contract with Pegasus Life Ltd will enable them to begin their planning process and opens the way for EDDC to contract the first part of a Design and Build programme. This means that we are now on an agreed timeline to deliver a new build HQ in Honiton and modernised offices in Exmouth.

EDDC OFFICE ACCOMMODATION PROJECT

Terms of Reference for the Office Accommodation Executive Group and Officer Working Party.

Office Accommodation Executive Group

The Group will project manage day to day decisions. Major decisions will continue to go through Cabinet. With those members of Cabinet on the group there will be the opportunity to use delegated powers/portfolio holders powers when urgent decisions need to be made possible between Cabinet meetings. All key milestones will go through Cabinet and then on to Council to be ratified.

Primary responsibilities by the Group are:

1. Group to take control over delivery of the project.
2. Oversee the programme management of the Project
3. Progress the decisions of Cabinet/Council
4. Provide direction to the Officer Working Party
5. Receive advice, feedback and guidance from the Officer Working Party via the Relocation Manager and officers on both groups
6. Review, be aware of and make operational decisions under delegated authority, including but not limited to;
 - a. Approval of Clients Briefing document prior to procurement of Council's Design Team(s)
 - b. Approval of the appointment of the Council's Design Team(s) following tendering process
 - c. Approval of incremental RIBA design stages through the design process
 - d. Approval for detailed design to proceed to and submission of Full Planning submission(s)
 - e. Consideration and decision in respect of any required value engineering, such being based upon detailed cost estimates being provided by the Relocation / Council's Design Team
 - f. Approval of samples, including, but not limited to wall, floor and ceiling finishes, doors, windows, ironmongery, signage, public realm installations and other associated FF&E both internally and externally.
 - g. To approve the decision to proceed with the Contractor procurement, including the form of contract, nature of the procurement such being based upon the advice from the Relocation Manager and EDDC Legal Services
 - h. To identify and defer matters that require decision of Cabinet / Council
 - i. Change Control requests sign off – during both pre and post contract stages This will include all variations and instructions prior to issue to the Design Team / Contractor, unless of an emergency nature, as appropriate including but not limited those with cost and / or programme implications.
7. Review all relevant confidential matters on a regular basis to identify documents which can be released to the Public.
8. Ensure that a fully documented audit trail has been established and is available.

Membership

- Leader
- Deputy Leader
- Portfolio Holder – Finance
- Portfolio Holder – Corporate Business
- Chief Executive
- Deputy Chief Executive
- Strategic Lead Officers – Finance, Legal, Organisational Development
- Relocation Project Manager

Meeting

Monthly

Office Accommodation Officer Working Party

Primary responsibilities by the Group are:

1. Implement the decisions of Cabinet and Full Council and directions of the Executive Group in pursuit of those decisions.
2. Provide advice, feedback and guidance to the Executive group via the Deputy Chief Executive, Relocation Manager and officers represented on both groups.
3. Ensure there is corporate and officer engagement in the various strands of the project, including finance, human resources, legal considerations, risks, communications, site issues, design and fit out, service provision and transition.
4. Ensure staff are kept aware of project progress and provide feedback of opinions, comments, observations and similar in respect of design, samples and other elements of the project in sufficient time that the Executive Board may consider and provide direction without adversely affecting the project programme
5. Advise the Relocation Manager and consider, monitor and support project progress.
6. Help identify and assign tasks to deliver the project.
7. Assist with the Review all relevant confidential matters on a regular basis to identify documents which can be released to the Public.
8. Assist with the provision, establishment and availability of a fully documented audit trail.

Membership

- Deputy Chief Executive
- Strategic Lead Officers – Finance, Legal, Housing, Organisational Development
- Officers – Property and Estates Management, Procurement, Streetscene
- Relocation Project Manager
- Other officers as required

Meeting

Monthly

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 Long Stop Vacant Possession Date 18 will be required.

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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 will be considered during the design process, but may cause complexities in both design and during the construction process. 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 or by external appointment of a Clerk of Works. In addition the Designers who remain with the Council after the majority of the Team have been novated to the Contractor will also provide an inspection and monitoring role. (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..
- **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 Councils 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.
- 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, thereby ensuring only commercial levels of costs will be advised..

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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 Client's 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 Client's 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. In association with each RIBA Plan of Work Stage a detailed cost plan would be provided advising on the overall potential cost of the Project.

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OFFICE RELOCATION PROJECT

Procurement strategy and procurement routes

- 4.4. When RIBA Plan of Work Stage 3 (Developed Design) has been achieved there will 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 (Technical Design). This information together with the finalised Clients Brief and specifications would be incorporated into the Contractors formal 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. In order to ensure the Contractor is brought into the design process as quickly as possible, and following advice from CFSW, it is proposed that initial procurement for the Contractor using the procedures of the Framework is completed to enable their input into the design process at RIBA Work Stage 2.
- 4.10. Based upon agreed evaluation criteria the highest scoring candidate would be identified as the "preferred Contractor". This Contractor would be appointed on the basis of a "pre contract agreement". It is anticipated that EDDC would not incur any liability for any fees from the Contractor at this stage of the process, nor indeed until, subject to receipt of a satisfactory tender, the subsequent appointment prior to commencement of the construction process.

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OFFICE RELOCATION PROJECT

Procurement strategy and procurement routes

- 4.11. During this period the Contractor would work alongside the Project Team – which will include the Designers – providing input into such matters as buildability, value engineering, material selection and site logistics etc. He may even employ his own specialist sub-consultants, at his cost, to provide further advice.
- 4.12. Upon completion of RIBA Work Stage 4, the Contractor would be required to finalise his costs for the Construction works. These costs would be based upon pre agreed framework rates, as well as matters identified during the original tender process. Once finalised, the Contractor's cost would be passed to the Council to agree. If agreement was not possible, then discussion would be held with the second originally highest scoring candidate to enable his costs for the project to be prepared, submitted and advised. The basis of the agreement will be that advised costs would be within the agreed project budget
- 4.13. The agreed cost from the Contractor, as well as the confirmation that both EDDC projects and Pegasus had received respectively Planning Permission would then be noted as satisfying the earlier financial requirements and restrictions identified as part of Project Gateway Decision Nr 7.
- 4.14. If the identified financial requirements and restrictions matters associated with Gateway 7 are satisfactory, the Contractor would be formally appointed with the Design Team being novated to his employ. It is intended that the majority of the Design Team would be so 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 to continue providing advice.
- 4.15. This would require a "Chinese" wall between the original Client Team, particularly the Designers to ensure no conflicts of interest nor confidentiality issues occurred.

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OFFICE RELOCATION PROJECT

Procurement strategy and procurement routes

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 Clients 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;

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.

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Procurement strategy and procurement routes

- 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, CDM Coordinator, M&E and Structural Engineers
- 6.3. That a Clerk of Works be appointed for the Project either internally or through an external appointment.
- 6.4. That the Forms of Contract for both the Design Team and Contractor be based upon the NEC 3.
- 6.5. That the Relocation Manager is identified as the Contract Administrator.