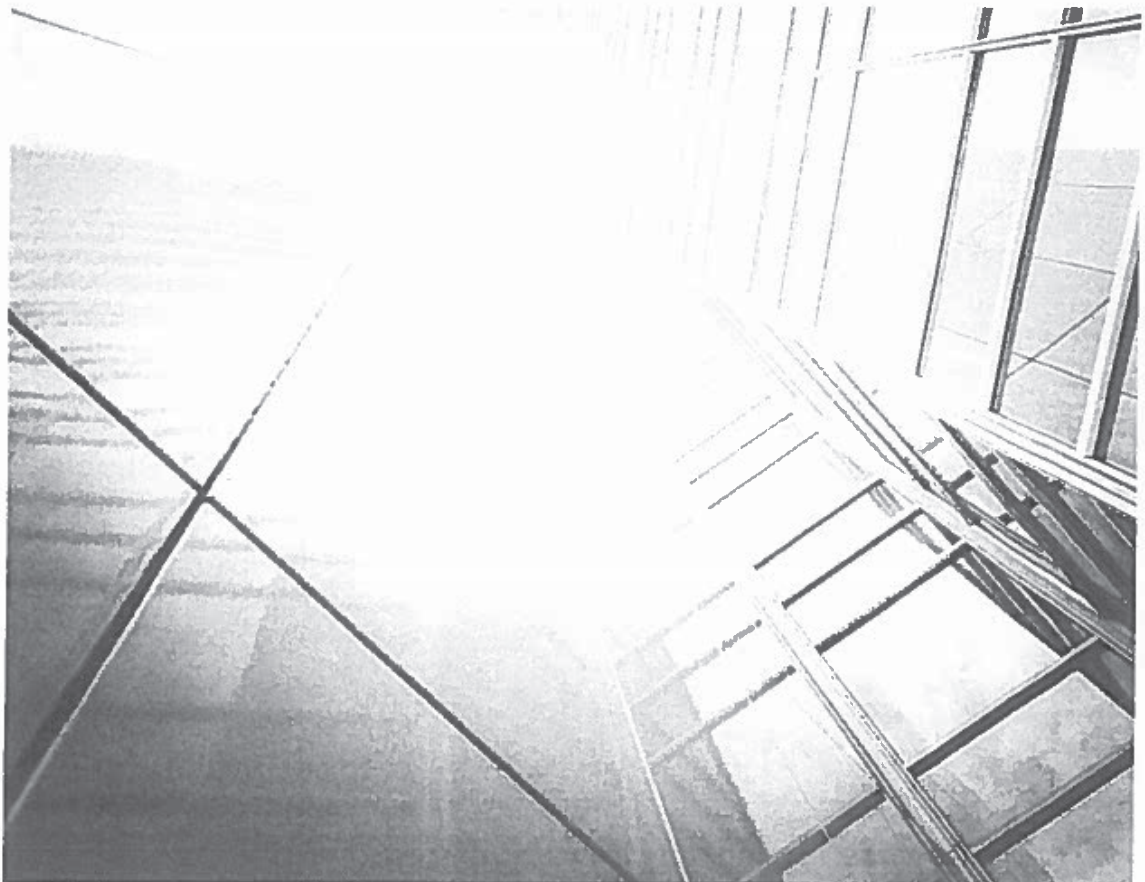


EAST DEVON DISTRICT COUNCIL OFFICE ACCOMMODATION PROJECT

Project Report No 18 Rev 1 | 31 July 2015

ISSUED UNDER PART B



Document Issue Sheet

<u>Issue Nr.</u>	<u>Document</u>	<u>File Path</u>	<u>Issue Date</u>	<u>Parties Sent to</u>	<u>Prepared By</u>	<u>Checked By</u>	<u>Reviewed By</u>
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APPENDICES

Appendix A	Cost Report Nr 4– Pre Contract Phase – Period 04 / 2015 (31 July 2015)
Appendix B	Programme AZ (V 1) – 2,776 m2 New Build Office at Heathpark and Refurbishment of Exmouth Town Hall

1.0 Executive Summary

- 1.1 This formal Project Progress Report generally identifies Project issues and progress during the period 1 – 31 July 2015.
- 1.2 During the period the following key issues have occurred;
- The Contract for the sale of Knowle has been exchanged with Pegasus Life Ltd following an extended period during which time the draft contract travelled between respective lawyers pending agreement.
 - Interviews with the Multi – Disciplinary Design Teams who tendered for the appointment have taken place allowing the Council's Project Team to meet the applicants and assisting with the selection process.
 - The procurement process for the employment of the Contractor has continued with the CFSW Mini Competition Stage 1 - Request for an Expression of Interest – being issued to all eleven Framework Contractors on 20 July and returned on 28 July 2015.
 - Worksmart Workshops have continued during the period including at Exmouth Town Hall for Members and Tenants.
- 1.3 The Project Budget continues to be carefully monitored and predicted spend remains within the Approved Budget parameter.
- 1.4 The overall Project Budget, as defined at the Council meeting on 25 March 2015, is £ 9,726,455. All relevant expenditure, including accruals, to 31 July 2015 totals £ 658,470. This leaves a balance of £ 9,067,985, which includes a Risk allowance of £ 928,218. A copy of the Interim Cost Report is annexed to this Report in Appendix A.
- 1.5 Risk Reviews have continued to be carried out. The current Risk Review is identified as Project Risk Register Analysis Rev W (Rev 0) dated 17 August 2015, which confirms 47 Open Risks (previously 46), comprising of;
- 6 Red Risks (previously 8),
 - 33 Orange Risks (32)
 - 7 Blue Risks (6).
- 1.6 A detailed review of the Project Programme has been undertaken and particulars revised and updated as required by issues arising during the period. The principal issue being the confirmation of the exchange of contract with Pegasus Life Ltd.

- 1.7 The revised programme Rev AZ (Rev 1) dated 18 August 2015 advises, inter alia, that EDDC should be fully relocated to Exmouth Town Hall and Heathpark, Honiton on 20 June and 25 September 2017 respectively. A copy of Project Programme Rev AZ (V 1) is annexed to this Report in Appendix B.
- 1.8 The Project Team continued to review relevant Project related documents up to December 2014. Identifying appropriate redaction to ensure, inter alia, confidentiality. The final tranche of this information for this period has now been released into the Public Domain via the Council's website.
- 1.9 Consideration will now be given to reviewing more recent documentation so that publication of items, subject to redaction due to commercial confidentiality, etc., can occur on a regular basis

2.0 Particulars of Current Progress and Key Project Issues

- 2.1 After a period of negotiation and correspondence, the Knowle Contract was exchanged on 15 July 2015. This is a primary Project milestone, and will now enable Pegasus to formally appoint their design team and other associated consultants.
- 2.2 It is anticipated that Pegasus's site visits will escalate as their Team commences and develops their design. A copy of the Developer's programme up to planning determination has been requested, and it is anticipated that a preliminary copy should be received during September 2015. The date of their scheme's Planning Determination has important implications for the Relocation Project, since this is one of the key requirements for Gateway Decision Nr 7 – and from that the commencement of the new build and refurbishment works.
- 2.3 Upon receipt of Pegasus's programme a detailed review of the current Project Programme will be undertaken and any effects and implications to the critical path identified.
- 2.4 Tenders for the role of the Multi- Disciplinary Design Team were received on 15 July 2015 Following a detailed review of the submissions it was confirmed that interviews with the candidates would be required – not only to allow the Project Team to meet the Applicants and potentially the individuals being put forward, but also to enable the clarification of particulars included in the tender proposals.
- 2.5 Interviews were arranged for 29 July 2015. Each Applicant was provided prior to the interview with details of a range of questions which were to be asked of all Candidates. They were also advised that ad hoc questions would also be asked during the interview.
- 2.6 Interviews were of an hour's duration, comprising of a short introduction by EDDC's Deputy CEO, a short presentation by the Applicant, followed by a question and answer session. Bullet point notes were recorded of the interviews.
- 2.7 The interviews alongside the evaluation criteria, gave the opportunity to seek clarification and enabled the final scores to be better considered and assessed.
- 2.8 Since the interviews, it has been necessary to seek further clarification from one of the Applicants to ensure that the completeness of their submission is understood. To ensure the correct procedures at all times are being followed liaison with CFSW has occurred before the Applicant was contacted. All communications with the Applicants including subsequent submissions has occurred through Pro Contract.

- 2.9 A tender report, identifying a recommended Applicant based upon the scored evaluation criteria, is being prepared, and this document will be issued to the Executive Board Members for their consideration and confirmation of the appointment. Copies of the Report will also be issued to Senior Officers who attend the Executive Project Board and Officer Working Group Meetings. It is anticipated that a summarised version will also be included in the next Progress Report.
- 2.10 Also during the period, procurement for the Project's Contractor has commenced with the preparation and issue of a CFSW Mini Competition Stage 1 - Request for an Expression of Interest.
- 2.11 The tender documents included a Project Brief, which was broadly based upon the previously prepared Consultants Brief but tailored as necessary for the Contractor. This document together with CFSW Self-Assessment / De – selection Matrix and CFSW Mini Competition Stage One supporting statement questions were issued electronically to the eleven Framework Contractors on 20 July with a return date of 28 July 2015.
- 2.12 Since the Self-Assessment Matrix provides the only opportunity, at this stage, to select the final list of tenderers the response to the CFSW Mini Competition Stage One supporting statement questions are critically important.
- 2.13 Four questions were issued for the Contractors to consider;
- Type of Construction Project
 - Providers Team capability
 - Value Management capability
 - Capacity / Timing
- 2.14 All eleven Framework Contractors returned their respective self-assessment / de-selection matrixes by the due date. Seven Contractors advised that they wished to apply for the Project, whilst four confirmed that they did not wish to be considered
- 2.15 An evaluation of the Contractors submissions was carried out by CFSW, who moderated their evaluations as appropriate. CFSW scores were provided to EDDC with a recommendation that identified five contractors who, in their opinion, appeared to be best suited to participate in the mini completion Part 2.
- 2.16 The Contractor's submissions along with CFSW's evaluation were issued to Members of the Executive Board Members, along with Officers who attend both that meeting and the Officers Working Party Meeting for review and comment.

- 2.17 As a consequence, the Relocation Manager (RM) reviewed the Contractors Submissions, which acknowledged the advised Members and Officers comments / observations. The submissions were scored in a moderated manner to provide results independent of those advised by CFSW.
- 2.18 Interestingly, although the scores and individual rankings differed, the same Contractors as confirmed by CFSW were identified as being recommended to receive the second stage tender.
- 2.19 A detailed tender report was prepared and issued for consideration by Members of the Executive Board. Accordingly, BAM, Interserve, ISG Construction Ltd, Kier Construction and Willmott Dixon were selected.
- 2.20 Second Stage Tenders are anticipated to be issued to these Companies by the end of August 2015. Whilst there has been a slight delay due to process, the successful Contractor will continue to commence prior to the Design Team commencing RIBA Plan of Work Stage 3.
- 2.21 Worksmart Workshops have continued with an initial session at Exmouth Town Hall taking place on 27 July with Members and Tenants in attendance. It is anticipated that further sessions will be held at Knowle, East Devon Business Centre and Exmouth Town Hall as the Project particulars develop.
- 2.22 Continuation will enable Members, Staff and Tenants to be advised of proposals and decisions. Designs and samples will also be tabled, reviewed and comments sought.
- 2.23 Officers have continued to review relevant Project related documents up to December 2014. Identifying appropriate redaction to ensure, inter alia, confidentiality. The final tranche of this information has now been released into the Public Domain via the Council's website.
- 2.24 Consideration will now be given to reviewing documentation after December 2014, so that publication of items, subject to redaction due to commercial confidentiality, etc., can occur on a regular basis

3.0 Risk Management

- 3.1 Since commencement of the Project, the RM has provided and been responsible for a live Project Risk Register document.
- 3.2 Project Risks are regularly reviewed and updated as necessary following weekly discussions between Mr Richard Cohen and the RM. In addition during the regular monthly meetings of the Members Executive Project Board and Relocation Officer Working Group, with SWAP in attendance, there are specific agenda items for risk. During these meetings Project Risks are considered and reviewed. Further, the RM also updates the Risk Register on an ad hoc basis when a new risk becomes apparent or an identified risk is no longer applicable.
- 3.3 Risks are identified under three categories;
 - 3.3.1 Red Risks - Medium to long-term effect and expensive to recover
 - 3.3.2 Orange Risks – Medium term effect, which may be expensive to recover.
 - 3.3.3 Blue Risks – Short to medium term effect
- 3.4 Following the Office Accommodation Officers Working Party Meeting of 23 July and subsequent to Pegasus Life Ltd exchange of contracts for Knowle and Multi-Disciplinary Design Team Interviews, the Relocation Manager has carried out a detailed review of the Risk Register taking into consideration advised comments and current progress. The resultant Project Risk Register Analysis Rev W (V 0) dated 17 August 2015 has been prepared and will be issued to the next aforementioned meetings for ongoing consideration and comment.
- 3.5 Currently there are 47 Open Risks (previously 46), comprising of;
 - 3.5.1 7 Red Risks (8),
 - 3.5.2 33 Orange Risks (32)
 - 3.5.3 7 Blue Risks (6).
- 3.6 One new risk has been identified (highlighted in yellow in the margin on the Risk Register).
- 3.7 No risks were closed in the period. A total of 54 risks have been closed to date.
- 3.8 Whilst copies of the Risk Register will be issued during the Members Project Executive Board and Office Accommodation Officers Working Party Meetings, it has been agreed for confidentiality reasons that copies of the Risk Register will not be included in the Project Progress Reports.

4.0 Programme and Key Milestones

- 4.1 The Programme has been updated in the period to reflect the delay in Pegasus Life Ltd exchanging the Contract for Knowle as well, though to a lesser extent, the period of time required seeking further matters of clarification from the tendering Multi-Disciplinary Design Teams and the preparation of the CFSW MC Stage 2 tender. These elements in particular are key elements of the programme's critical path.
- 4.2 Following the Exchange of Contract, Pegasus have been requested to provide a copy of their programme up to planning determination. It is understood that this should be available during September 2015. A further detailed review will be carried out of EDDC's Project Programme, when this programme is received to ascertain whether it affects the dates currently advised on the Council's programme, particularly in respect of Gateway 7 and beyond.
- 4.3 The updated Programme Rev AZ (V 1) dated 18 August 2015 includes particulars regarding both WorkSmart and Strata. The programme advises, inter alia, that EDDC should be fully relocated to Exmouth Town Hall and Heathpark, Honiton on 20 June and 25 September 2017 respectively. A copy of Project Programme Rev AZ (V 1) is annexed to this Report in Appendix B.
- 4.4 As with the previous programme updates, this revision of the programme includes a summary of Key Dates at the back of the document. The final sheet of the programme advises on the potential effect of delays due to possible Judicial Review / Secretary of State Call In. This particular advice would only be considered as indicative.
- 4.5 The programme also continues to identify the 7 key gateway decisions that EDDC need to consider.
- 4.6 Further programmes will be prepared and issued in due course as the Project progresses, evolves and certainty increases.
- 4.7 The following table confirms the key Project Programme dates based upon Programme Rev AZ (V 1)

Event	Date
Gateway Decision Nr 2 – Appointment of Multi – Disciplinary Design Team	28 August 2015

Gateway Decision Nr 3 – Approval of Brief and Concept Designs	13 November 2015
Gateway Decision Nr 4 - Initial Appointment of identified Contractor on a Pre-Construction Agreement basis.	16 October 2015
Gateway Decision Nr 5 – Approval of Details Design and Agreement to submit Planning Application(s)	11 January 2016
Gateway Decision Nr 6 – Review of final design (including technical design) and agreement to proceed with request for identified Contractor proposed Contract Sum	20 April 2016
Detailed Planning Application(s) considered for EDDC Office at Heathpark and, if applicable, Exmouth Town Hall	10 May 2016
Anticipated date for Pegasus Life Ltd Planning Application for the Knowle to be considered (pending confirmation of DMC)	12 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	Extraordinary Cabinet Meeting 27 July 2016, Extraordinary Council Meeting 3 August 2016
Refurbishment of Exmouth Town Hall commences (Mobilisation). Construction of new Office at Heathpark commences (Mobilisation)	4 August 2016

EDDC relocates to refurbished Exmouth Town Hall	20 June 2017
EDDC relocates to New Office at Heathpark. Vacant Possession is achieved at Knowle and Pegasus complete sale including payment of balance of monies.	25 September 2017

5.0 Project Cost Report

5.1 In the period, the RM has continued to review and manage the costs for the Project

5.2 The Council Decision on 25 March 2015, confirmed the overall Project Budget in the sum of £ 9,726,455. Formal Approvals that total this sum are as follows;

• Original budget prior to Aecom's appointment	£ 200,000
• Uplift approved by Cabinet 5 September 2012	£ 114,354
• Uplift approved by Cabinet 17 July 2013	£ 95,333
• Uplift approved by Cabinet 5 February 2014	£ 92,000
• Uplift approved by Cabinet 4 June 2014	£ 203,881
• Formal Approval by Council 25 March 2015 to Proceed with the Project, subject to Gateway Decisions	£ 9,020,887

5.3 All relevant expenditure, including accruals, to 31 July 2015 totals £ 658,470. This leaves a balance of £ 9,067,985 which includes a risk allowance of £ 928,218.

5.4 In comparison of the budget to actual expenditure the following is confirmed

	Budget	Expended to date	Balance remaining
Viability / Appraisal Stage * <i>(* Note below)</i>	£ 624,761	£ 624,761	£ 0
Pre Contract – RIBA Plan of Work Stages 1 – 4	£ 406,585	£ 33,709	£ 372,985
Post Contract – Plan of Work Stages 5 – 7	£ 8,695,109	£ 0	£ 8,695,109
TOTAL	£ 9,726,455	£ 658,470	£ 9,067,985

Note – The original approved budget for the viability / Appraisal stage was £ 705,568. As this stage has now been achieved, the Budget figure has been amended to reflect actual expenditure. The balance has been transferred to the subsequent stages of the Project.

5.5 A summary categorisation of the costs to date advises the following expenditure.

5.5.1	Knowle Outline Planning Application	£	112,565
5.5.2	PM, Surveying and Valuation Costs	£	430,729
5.5.3	Commercial and Valuation Costs	£	50,672
5.5.4	Audit and associated Costs	£	23,216
5.5.5	Legal assistance and advice. VAT advice	£	<u>41,289</u>

Total £ 658,470

Other categories will be added when respective costs are incurred.

5.6 A copy of the Interim Cost Report is annexed to this Report in Appendix A.