

EAST DEVON DISTRICT COUNCIL OFFICE ACCOMMODATION PROJECT

Project Report No 17 Rev 0 | 30 June 2015

ISSUED UNDER PART B



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APPENDICES

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Appendix B	Programme AZ (V 0) – 2,776 m2 New Build Office at Heathpark and Refurbishment of Exmouth Town Hall
Appendix C	Approved Terms of Reference for Executive Group and Officer Working Party
Appendix D	CFSW Procurement Documents – Project Brief Rev 3 and CFSW Self-Assessment Rev 2.

1.0 Executive Summary

- 1.1 This formal Project Progress Report generally identifies Project issues and progress during the period 1 – 30 June 2015.
- 1.2 During the period the following key issues have occurred;
- an extraordinary Council Meeting was held on 3 June which required the Project to be suspended for a period of six months whilst Project details were reviewed and re-examined. The Motion failed with a recorded vote of 16 Members in favour and 38 against
 - The draft contract between EDDC and Pegasus Life Ltd has continued to travel between respective lawyers pending agreement.
 - Procurement of the Multi – Disciplinary Design Team. Revised Further Completion and a Tender Amendment documents have been issued and tenders are due to be returned from the four identified Lead Consultants on 13 July 2015.
 - The procurement process for the employment of the Contractor is also commencing. A request for an expression of interest will be issued during late July to the eleven CFSW Framework Contractors.
 - A Project update together with details of the revised Terms of Reference for the Executive Board and Officer Working Group together with details of project procurement strategies was presented to Cabinet on 17 June 2015.
 - Worksmart Workshops have been undertaken by the Strategic Lead – Organisational Development and Transformation with Members and Officers on a Department by Department basis.
- 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 30 June 2015 totals £ 639,097. This leaves a balance of £ 9,087,358, 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 V (Rev 0) dated 13 July, which confirms 46 Open Risks (previously 44), comprising of;
- 8 Red Risks (previously 8),
 - 32 Orange Risks (31)
 - 6 Blue Risks (5).
- 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 revised programme Rev AZ (Rev 0) dated 17 July 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 0) is annexed to this Report in Appendix B.
- 1.7 The Project Team has been continuing its review of relevant Project related documents, identifying either entire documents or elements within those documents that require redaction to ensure, inter alia, commercial confidentiality. An initial release of information occurred during May, with Project Progress Reports 1 – 4, 6 were issued on 2 June following instruction from the Tribunal. It is understood that further releases of non-confidential Project information up to the end of 2014 will be progressively issued during future months.



2.0 Particulars of Current Progress and Key Project Issues

- 2.1 As noted in Progress Report Nr 16, following the local elections on 7 May, a number of new Independent Members requested an Extraordinary Council Meeting be convened on 3 June 2015. The advised motions, in essence, required the Project to be suspended for a period of six months whilst the Project details were again reviewed and re-examined. In the event the motion failed with a recorded vote of 16 Members in favour and 38 against.
- 2.2 The Knowle Sale Contract Documentation have continued to travel between the parties. Pegasus and their solicitor, Clarke Willmott, have identified a number of clarification type issues during the later stages. This has had the effect of delaying the original anticipated exchange date of 23 June. The programme has been revised to include this delay – now anticipating 24 July. However, at the time of writing this report it is understood that exchange is imminent and an earlier date is likely to be achieved.
- 2.3 The procurement of the Multi-Disciplinary Design Team has continued during the period. Following the issue of the Mini Competition tender to the four identified Framework Lead Consultants have raised questions and queries and associated responses have been advised generally on an anonymous basis to all the tenderers to ensure awareness.
- 2.4 External legal advice has been provided in respect of this enquiry by Bevan Brittan in a timely and proactive manner. They have also provided, as supplementary information the Novation Agreement and Warranties. They have also identified and prepared the appropriate NEC 3A X and Z clauses.
- 2.5 As a consequence of the provision of additional information the Further Competition document has been revised twice and Tender Amendment has also been issued to the tendering Consultants.
- 2.6 On 30 June 2015 visits to EDBC and Exmouth Town occurred with all the tendering Lead Consultants in attendance. SWCF were consulted and encouraged the visits in this manner. Following the visits notes were circulated to all the tenderers advising on the questions and responses that had been provided. In addition, further requested information such as asbestos schedules and electrical service reports were included with the circulation.
- 2.7 Lead Consultant tenders are due to be received on 13 July, and a full Tender Report, including a recommendation based upon the agreed evaluation criteria will be published by the end of the month, pending the agreement of an interview date.

- 2.8 The process of the Contractor procurement is also about to commence. As with the SWCF the CFSW requires framework Contractors to firstly register an expression of interest. The self-assessment document is due to be issued towards the end of July. A copy of the document together with the Project Brief have been issued to the Executive Board and Office Working Party for comment. Copies of both documents are annexed to this Report in Appendix D. Bevan Brittain have been appointed to provide external legal support.
- 2.9 A Project Progress update was tabled at the Cabinet Meeting of 17 June 2015. Following discussion, Cabinet noted, inter alia, the following;
- i. that the revised terms of reference be agreed for:
 - a. The Office Accommodation Executive Group and;
 - b. The Office Accommodation Officer Working Party.
 - ii. that it be noted 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;
 - iii. that a Design and Build Model be adopted for the delivery of the project including a facility to novate the design team across to the contractor. (The Council will use the same Design Team for both Honiton and Exmouth office projects, although each Project may be undertaken by a different Contractor.)
 - iv. that delegated authority be given to the Deputy Chief Executive in consultation with the Office Accommodation Executive Group 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;
- 2.10 The Cabinet Report and minutes arising from the Cabinet Meeting are available on the EDDC Website. A copy of the noted Terms of Reference for both the Executive Project Board and Officer Working Party is attached to this Report within Appendix C.
- 2.11 The Strategic Lead – Organisational Development and Transformation has facilitated a series of Worksmart Workshops with Members and Officers. Comments advised by participants have reaffirmed both keen interest and enthusiasm of staff for the Office relocation. A short summary of comments from each Workshop have been prepared and will be issued to the successful Design Team for their awareness.

- 2.12 It is anticipated that further Worksmart Workshops will be held during the Project period. Continuation will enable staff to be advised of proposals and decisions. Designs and samples will also be tabled, reviewed and comments sought.
- 2.13 Project correspondence, reports and other documentation dated up to the end of 2014, has continued to be reviewed to ascertain whether such can be made available to the Public either in its entirety or with redactions in order to preserve confidentiality.
- 2.14 Following the issue in May 2015 of the first tranche of this information covering the period to 2008 – 2012 and Project Progress Reports 1 – 4, 6, it is anticipated that further information will be released in coming months.
- 2.15 Documents since the end of 2015 and future documents will continue to be progressively reviewed to ascertain when it would be appropriate to release in either a full or redacted form.

3.0 Risk Management

- 3.1 Since commencement of the Project, the Relocation Manager (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 Members Project Executive Board and Office Accommodation Officers Working Party Meetings of 26 and 25 June respectively, and following the issue of the Multi-Disciplinary Design Team enquiry, 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 V (V 0) dated 13 July 2015 has been prepared and will be issued to the next aforementioned meetings for ongoing consideration and comment.
- 3.5 Currently there are 46 Open Risks (previously 44), comprising of;
- 3.5.1 8 Red Risks (8),
 - 3.5.2 32 Orange Risks (31)
 - 3.5.3 6 Blue Risks (5).
- 3.6 A total of two new risks were identified (highlighted in yellow in the margin on the Risk Register). This risks are;
- 3.6.1 
 - 3.6.2 
- 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 that copies of the Risk Register will not be included in the Project Progress Reports due to confidentiality and legibility issues.

4.0 Programme and Key Milestones

- 4.1 A detailed review of the Project Programme has been undertaken and particulars revised and updated following Councils decision on 25 March 2015.
- 4.2 The Programme has been updated in the period to reflect the delay in Pegasus Life Ltd exchanging the Contract for Knowle. This element in particular is a key element of the programme's critical path and the delay has had a direct knock on effect to following tasks. Any improvement of the anticipated exchange date (currently 24 July 2015) will be reflected in future iterations of the programme although the key driver for change will be the date of the respective DMC Meeting.
- 4.3 The updated Programme Rev AZ (V 0) dated 17 July 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 0) 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 programme also continues to identify the 7 key gateway decisions that EDDC need to consider.
- 4.5 Further programmes will be prepared and issued in due course as the Project progresses, evolves and certainty increases. It is likely that the next revision will be carried out when EDDC and Pegasus have exchanged contracts.
- 4.6 The following table confirms the key Project Programme dates based upon Programme Rev AZ (V 0)

Event	Date
Gateway Decision Nr 2 – Appointment of Multi – Disciplinary Design Team	14 August 2015
Gateway Decision Nr 3 – Approval of Brief and Concept Designs	30 October 2015
Gateway Decision Nr 4 - Initial Appointment of identified Contractor on a Pre-Construction Agreement basis.	29 September 2015

Gateway Decision Nr 5 – Approval of Details Design and Agreement to submit Planning Application(s)	18 December 2015
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 DL have 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 30 June 2015 totals £ 639,097. This leaves a balance of £ 9,087,358 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	£ 14,336	£ 392,249
Post Contract – Plan of Work Stages 5 – 7	£ 8,695,109	£ 0	£ 8,695,109
TOTAL	£ 9,726,455	£ 639,097	£ 9,087,358

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

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	£	414,555
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>38,089</u>
	Total	£	639,097

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.