



EAST DEVON DISTRICT COUNCIL OFFICE ACCOMMODATION PROJECT

Project Report No 15 Rev 0 | 30 April 2015

ISSUED UNDER PART B



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1.0 Executive Summary

- 1.1 This formal Project Progress Report generally identifies Project issues and progress during the period 1 – 30 April 2015.
- 1.2 During the period the following key issues have occurred;
- The Heads of Terms with Pegasus Life Ltd for the sale of Knowle have been agreed. The draft contract has been prepared and has commenced travelling between respective lawyers pending agreement.
 - Following the decision to procure the Projects Multi-Disciplinary Design Team through the South West Consultancy Framework, the initial Project Briefing document has been prepared and issued to identify Consultants Expressions of Interest.
 - A Community Right to Bid application was submitted to the Council on 24 March 2015 and was initially rejected due to inaccuracy with the associated plan. An amended plan has now been resubmitted and the Decision on the Nomination is awaited.
 - A formal letter to Sidmouth Town Council is being prepared regarding the intention to transfer the remaining part of the Knowle to their ownership, in confirmation of the recommendation agreed by Council on 25 March.
 - As the next phase of the Project commences, Recommendations for revisions of the Terms of Reference for the Executive Board and Officer Working Group have been provided for review and discussion.
 - Following earlier debates, a suggested Project Procurement Strategy and procurement route paper has been prepared and informally issued for review and comment.
- 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 April 2015 totals £ 624,761. This leaves a balance of £ 9,101,694, which includes a Risk allowance of £ 887,979. 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 remains as that identified in Project Risk Register Analysis Rev T (Rev A) dated 31 March, which confirms 37 Open Risks (previously 32), comprising of:
 - 5 Red Risks (previously 4),
 - 28 Orange Risks (22)
 - 4 Blue Risks (6).
- 1.6 A copy of Risk Review Rev T (Rev A) is annexed to this Report in Appendix B.
- 1.7 A detailed review of the Project Programme has been undertaken and particulars revised and updated following Councils decision on 25 March. The updated document now includes particulars regarding WorkSmart and Strata. The current iteration is Version AV (Rev 2). This advises, inter alia, that EDDC should be fully relocated to Exmouth Town Hall and Heathpark, Honiton on 7 June and 6 October 2017 respectively. A copy of Programme AV (Rev 3) is annexed to this Report in Appendix C.
- 1.8 In accordance with previous advice, the Project Team has been reviewing, relevant Project related documents, identifying either elements or whole documents that are still considered confidential. It is anticipated that a formal release of reviewed information will occur during mid-May, with further releases in subsequent months.
- 1.9 The Tribunal hearing EDDC's appeal against the Information Commissioner provided an interim conclusion on 5 May 2015 advising that the Council should disclose information upon which it had relied upon re regulation 12(4)(e) – but not for either regulation 12(5)(b) or (e). The Tribunal's decision in respect of remaining items will be provided in due course.

2.0 Particulars of Current Progress and Key Project Issues

- 2.1 Following the agreement of the Heads of Terms with Pegasus Life Ltd on 7 April 2015 the preparation of the Contract Documentation has been undertaken, considered and finalised in draft format.
- 2.2 The draft contract documentation was initially issued to Clarke Willmott, Pegasus's Solicitor, on 14 April. Since this time the draft has travelled to and fro between the parties. Although issues have been identified it is anticipated that these matters will be resolved and the contract exchanged before the end of May 2015.
- 2.3 Following a meeting with the SWCF Strategic Procurement Lead on 21 April procurement for the Multi-Disciplinary Design Team will be via the Framework's Further Completion route has commenced. The Initial Briefing document has been prepared together with the Consultants Self-Assessment matrix. These documents are annexed to this Report in Appendix D. The requests for the Consultants Expressions of Interest have now been formally issued via ProContract with a return date of 5 May.
- 2.4 Pending the receipt of the Expressions of Interest, four Consultants will be selected through the highest score based upon the SWCF evaluation criteria.
- 2.5 Tenders for the Multi – Disciplinary Team, known as the Mini Competition, are due to be issued on 27 May, again via ProContract, with a return date of 23 June subject to one week float allowance.
- 2.6 A Community Right to Bid Application nominating areas of the Knowle Parkland, Depot and terracing, including areas already identified within the area to be sold to Pegasus, was received by the Council on 24 March. It is understood that the submitted location plan was incorrect and needed to be resubmitted by the Applicants, the Knowle Residents Association
- 2.7 At the Council meeting of 25 March, an agreed recommendation confirmed that the balance of the Knowle Parkland, including the Lower Car Park, would be offered for transfer to Sidmouth Town Council. Whilst there have been some informal discussion son the matter, a formal letter has not yet been issued to the Town Council because of the need to understand better the Community Right to Bid Application

- 2.8 At a meeting with KRA on 5 May the recommendation to transfer the balance of the Knowle land to the Town Council was further discussed. From discussions it was apparent that KRA had not necessarily appreciated the issue. KRA confirmed that they would need to further discuss the situation in consideration of this recommendation. KRA at this meeting also submitted a revised plan to accompany their nomination.
- 2.9 Following the meeting with KRA, the Deputy Chief Executive will now formalise the offer of the transfer of the land ownership with Sidmouth Town Council.
- 2.10 The agreement of Council on 25 March 2015 to the Cabinet Report Recommendations marked in essence the next phase of the Project – the Pre Contract Stage.
- 2.11 A review of the Project meetings was discussed at the Executive Board Meeting held on 16 April and the Office Working Party held on 22 April 2015. During the latter meeting there was discussion around whether this was an appropriate time to merge the Officer Group with the Executive Group. It is acknowledged that generally the Executive Group provides guidance through the process whereas the Officer Group undertakes the work tasks. If there were only a single meeting group – the Project Board - there would potentially be times when not everyone would need to attend but there would be a need to liaise with different officers at different times.
- 2.12 EDDC's Strategic Lead Legal, Licencing and Democratic Services, observed that the current arrangements appeared to work well practically and procedurally and that it was apparent that attendees were well aware of their obligations.
- 2.13 Following further debate, it was concluded that both the Executive Board and Office Working Group Meetings should be retained. It was acknowledged that revisions and updates to the TORs would need to be considered and agreed. The Relocation Manager has prepared drafts for initial consideration.
- 2.14 The need to identify individuals who would be required to attend the meetings and their respective responsibilities would also need to be agreed. It was confirmed that the Deputy Chief Executive would include this matter in a Cabinet Report which would be submitted to the June Cabinet Meeting.
- 2.15 Similarly discussed at the meetings of 16 and 22 April was the matter of Project Procurement.

- 2.16 For some time there has been an understanding that the Project would be a quasi-Design and Build contract. There is requirement for the Council to receive a high level of certainty both in terms of cost and programme, but that there is also a wish to pass much of the Project Risk to the Contractor. For this reason it is suggested that the Council procure their own multi-disciplinary team to enable the detailed design to be agreed. This design will then be tendered to Contractors, possibly using the CFSW, asking that they take on the responsibility of the design as well as reviewing of buildability aspects, etc. This proposal will require the majority of the Client Multi-Disciplinary Design Team to be novated to the Contractor, although a several of the team would remain with the Council to provide advisory advice. The proposed contracts for both the Multi-Disciplinary Design Team and Contractor would be from the NEC 3 suite.
- 2.17 A procurement paper providing additional details has been prepared and, it is understood, will be incorporated into the June Cabinet Report.
- 2.18 The Tribunal hearing the Council's Appeal formally advised on 5 May 2015 of their decision to refuse the appeal. The Decision paper clarifies that this is an interim decision – advising that the Tribunal orders disclosure of all information which the Council has identified Regulation 12(4)(e). For matters where the Council has identified regulation 12(5)(b) or (e) the advised redactions have either been agreed by the Tribunal or their decision is pending awaiting further information. The actual issue of the Reports which the Tribunal have been considering, will be published in the required format subject to the timetable and final decision of the Tribunal.
- 2.19 In any event pending the issue of the Tribunal Decision, and as always anticipated, EDDC Officers have been reviewing agendas, meeting minutes / notes, reports and other documents to understand whether such can be released to the Public. It is anticipated that the first tranche will be released during mid-May, with further issues during 2015.

3.0 Risk Management

3.1 Since commencement of the Project, the Relocation Manager 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 Relocation Manager. A specific risk review is identified as an agenda item for the key Project Meetings.

3.3 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 PM also updates the Risk Register on an ad hoc basis when a new risk becomes apparent or an identified risk is no longer applicable.

3.4 Risks are identified under three categories;

3.4.1 Red Risks - Medium to long-term effect and expensive to recover

3.4.2 Orange Risks – Medium term effect, which may be expensive to recover.

3.4.3 Blue Risks – Short to medium term effect

3.5 Following the Office Accommodation Officers Working Party Meeting on 1 April 2015, the Relocation Manager carried out a detailed review of the Risk Register taking into consideration advised comments and current progress. The resultant Project Risk Register Analysis Rev T (Rev A) dated 31 March 2015 has been issued to all the normal attendees of that meeting and the Executive Board meeting for consideration and comment.

3.6 Currently there are 37 Open Risks (previously 32), comprising of;

3.6.1 5 Red Risks (4),

3.6.2 28 Orange Risks (22)

3.6.3 4 Blue Risks (6).

3.7 A total of thirteen new risks were identified (highlighted yellow in the margin on the Risk Register). This risks are;

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3.7.2

3.7.3

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- 3.8 There are a total of 8 risks were closed in the period. A total of 54 risks have been closed to date.
- 3.9 A copy of the Risk Register Rev T (Rev A) dated 31 March 2015 is annexed to this Report in Appendix B.

4.0 Programme and Key Milestones

- 4.1 Following the confirmation of Members decision to proceed with the sale of Knowle on 25 March 2015, allied to the earlier identification of Pegasus Life Ltd as the preferred bidder, a detailed thorough review of the Project Programme has been carried out. This programme not only identifies all key elements and tasks associated with the procurement, design and construction of the project, it also confirms particulars relating to WorkSmart and Strata. Consequently Programme AV (Rev 3) has been prepared and is now identified as the current programme.
- 4.2 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.
- 4.3 The programme also incorporates the anticipated timetable of actions required by Pegasus as identified both in the agreed HoTs and draft Contract. Key amongst these matters is the date for the Exchange of Contract
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- 4.4 This is a programme critical path issue, since the determination of Pegasus's Planning Application is one of the three key matters that informs Gateway Decision 7 – the other issues being EDDC's own Planning Application for the new accommodation and the receipt of Contractors tenders which will confirm the budget allowances.
- 4.5 Currently Programme AV (Rev 3) confirms an Extraordinary Cabinet Meeting and Council Meeting on 18 July 2016 and 26 July 2016 respectively. The EDDC Planning Application is programmed to be determined on 10 May 2016, whilst that for Pegasus is 14 June 2016. The Executive Board is anticipated to have selected a Contractor on 24 June 2016.
- 4.6 Further, the current programme suggests 7 June and 6 October 2017 as being the potential dates when EDDC will have fully relocated to their refurbished offices at Exmouth Town Hall and New Office at Heathpark respectively.
- 4.7 The programme includes details associated with the Knowle Footpath Inquiry and Appropriation and Disposal Notices of the Open Space at Knowle.

- 4.8 The programme also allows for procurement, via the SWCF, of the Multi Disciplinary Design Teams and now for the Contractor(s) using the CFSW. Currently the timescales allowed for the Contractor procurement are considered reasonable. However a meeting with the Framework Strategic Lead at the end of May could enable the time periods to be refined
- 4.9 This could result in a reduction in the overall period, although other critical path matters would also need to be considered. There are also factors such as whether the proposed refurbishment works to Exmouth Town Hall will be require a Planning Application, and if so whether that could be considered under an Officers delegated authority rather than the DMC.
- 4.10 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.
- 4.11 A copy of Programme AV (Rev 3 is annexed to this report in Appendix C

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 April 2015 totals £ 624,761. This leaves a balance of £ 9,101,694 which includes a Risk allowance of £ 887,979.

5.4 As the Project moves into the next Phase the opportunity has been taken this month to amend the cost report both in layout and content to reflect the additional reporting requirements, in particular the provision of a simple "dashboard" summary.

5.5 A detailed Monthly Cashflow has also been prepared based upon the latest approved Budget and Programme Rev AV (3)

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

APPENDICES

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APPENDIX A

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