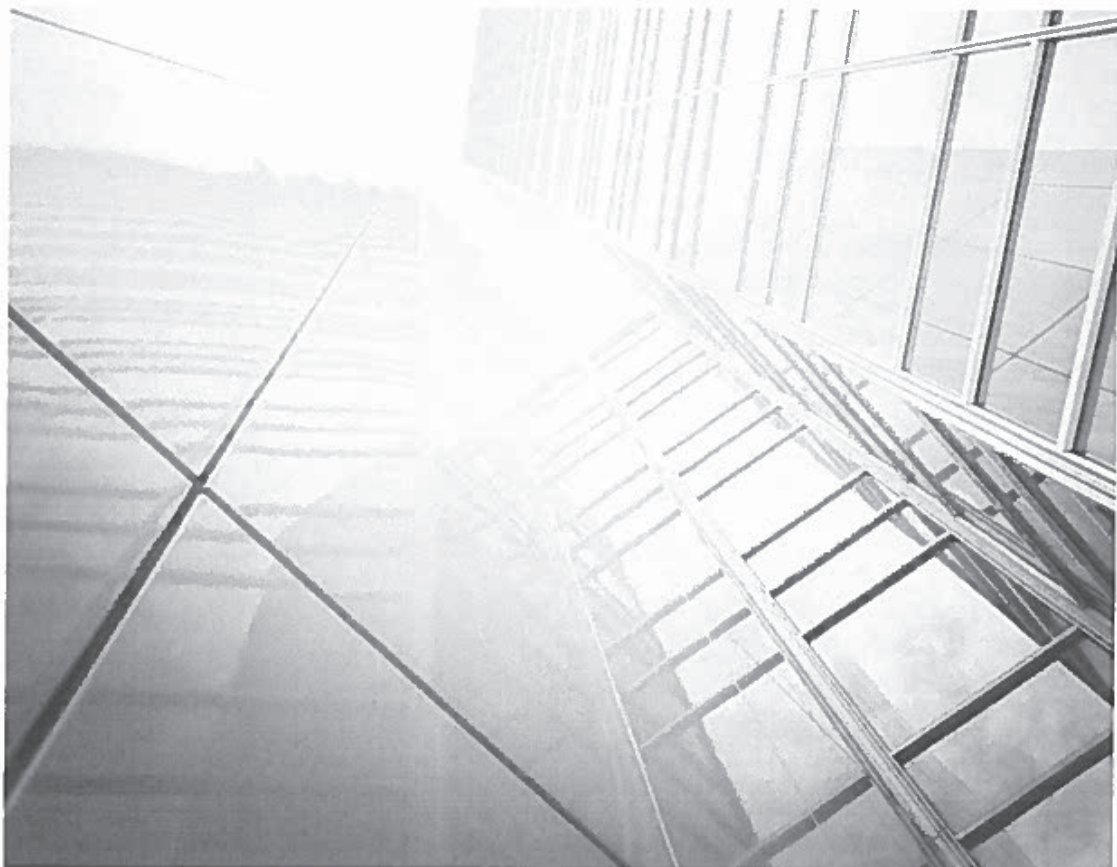


EAST DEVON DISTRICT COUNCIL OFFICE ACCOMMODATION PROJECT

Project Report No 16 Rev 0 | 31 May 2015

ISSUED UNDER PART B



Document Issue Sheet

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APPENDICES

Appendix A	Cost Report Nr 2 – Pre Contract Phase – Period 02 / 2015 (31 May 2015)
Appendix B	Programme AX (Rev 0) – 2,776 m2 New Build Office at Heathpark and Refurbishment of Exmouth Town Hall
Appendix C	SWCF Design Team Tender Selection Report Rev O, Summary, 20 May 2015
Appendix D	SWCF Procurement Documents – Further Competition Enquiry.

1.0 Executive Summary

- 1.1 This formal Project Progress Report generally identifies Project issues and progress during the period 1 – 31 May 2015.
- 1.2 During the period the following key issues have occurred;
- The draft contract between EDDC and Pegasus Life Ltd had continued to travel between respective lawyers pending agreement.
 - Procurement of the Multi – Disciplinary Design Team - following the issue of initial Project Briefing document / Expression of Interest, submissions from the sever Framework Lead Consultants have been received, a selection report issued and the Further Competition Document prepared and issued to the selected four Lead Consultants.
 - The resubmitted Community Right to Bid application has been considered by the Economy Practice Manager, who has recommended that the nomination is refused on the basis that the identified asset (Knowle) does not meet the criterion that constitutes a community asset and that the car parks, access road and Depot are ancillary to and essential for the use of Knowle as an Office Building.
 - Following the issue of a formal letter to Sidmouth Town Council regarding the intention to transfer the remaining part of the Knowle parkland and gardens to their ownership, an initial meeting has taken place between the parties to develop the proposal.
 - 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 have been prepared and will be submitted to Cabinet on 17 June 2015.
 - An Extraordinary Council Meeting took place on 3 June, the motion being proposed, by several of the new elected Independent Members, that the Project should be delayed for a period of six months to allow a further review to the Project particulars. The motion was defeated with a vote of 16 in favour and 38 against.
- 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 May 2015 totals £ 635,872. This leaves a balance of £ 9,090,583, 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 U (Rev 0) dated 9 June, which confirms 44 Open Risks (previously 37), comprising of;
 - 8 Red Risks (previously 5),
 - 31 Orange Risks (28)
 - 5 Blue Risks (4).
- 1.6 A detailed review of the Project Programme has been undertaken and particulars revised and updated following Councils decision on 25 March. The updated document includes particulars regarding WorkSmart and Strata. A revised strategy for the procurement of the Contractor using a two stage process has also been incorporated, which has enabled the overall programme period to be slightly shortened.
- 1.7 The current Project Programme is Rev AX (Rev 0) dated 26 May 2015. This advises, inter alia, that EDDC should be fully relocated to Exmouth Town Hall and Heathpark, Honiton on 30 May and 2 September 2017 respectively. A copy of Project Programme Rev AX (V 0) is annexed to this Report in Appendix B.
- 1.8 In accordance with previous advice, 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 since such are remain confidential. An initial release of information occurred during May, whilst Project Progress Reports 1 – 4, 6 were issue on 2 June following instruction from the Tribunal. Further releases of non-confidential Project information will be progressively issued during future months.

2.0 Particulars of Current Progress and Key Project Issues

- 2.1 Following the forwarding of the Knowle Sale Contract Documentation to Clarke Willmott, Pegasus's Solicitor, on 14 April updated versions incorporating the parties' respective amendments and subsequent agreements have travelled between the parties. At the time of writing this report it is expected outstanding matters will be agreed imminently, and that the Contract will be exchanged before the end of June 2015
- 2.2 The process of procuring the Multi-Disciplinary Design Team has continued in the period. Responses to the original Expression of Interest document were received from all seven SWCF Framework Consultants on 5 May 2015. Unfortunately all the Consultants scored themselves 5 out of 5 for each of the self-assessment questions. In order to establish some differentiation between the candidates, all the candidates were asked to provide details, by 8 May, of up to 3 of their most recent projects that had been managed by their local office and which were of a similar nature and size of the Relocation Project.
- 2.3 All but one of the candidates provided this information. A thorough review was subsequently carried out of the all the submission documentation. Evaluation using a pre advised weighted scoring criterion was then carried out, thereby enabling the final four highest scoring Lead Consultants to be identified.
- 2.4 In confirmation of this selection process the Design Team Tender Selection Report was prepared and published and issued on 20 May 2015 to attendees of the Members Project Executive Board and Officers Working Party Meetings.
- 2.5 The report advised on the process undertaken and recommended the four highest scoring Lead Consultants, namely;
 - 2.5.1 Aecom
 - 2.5.2 Atkins Ltd
 - 2.5.3 Capita Property and infrastructure Ltd
 - 2.5.4 Mace Ltd

A summary copy of the Design Team Tender Selection Report is annexed to this Progress Report in Appendix C

- 2.6 The final selection of the tenderers was carefully considered at the Members Project Executive Board meeting of 27 May. Following detailed discussions and debate Members agreed that the four recommended candidates should be asked to provide tenders for the provision of the Multi – Disciplinary Design Team.

- 2.7 All the SWCF Lead Consultants were advised immediately following the Executive Board Meeting, whether they would be asked to tender or otherwise.
- 2.8 Preparation of the Further Competition document had been ongoing during the period. The final version of the document was issued to the four Lead Consultants on 9 June with a required tender return date of 29 June 2015. The enquiry confirmed that legal particulars relating to the NEC Professional Services Contract – Contract Data Part One – would be issued within ten days of the tender return date as a formal Contract Amendment.
- 2.9 A copy of the Further Competition document is annexed to this Report in Appendix D
- 2.10 Following Knowle Residents Association (KRA) original Community Right to Bid Application of 24 March nominating areas of the Knowle Parkland, Depot and terracing, including areas already identified within the area to be sold to Pegasus, the applicant provided a corrected plan to the Council on 5 May 2015.
- 2.11 The Nomination has been subsequently carefully considered by EDDC's Economy Practice Manager. On 18 May 2015, he advised that the nomination should not be listed for the following reasons;
- 2.11.1 The nominated asset does not meet the criterion that constitutes a community asset
 - 2.11.2 The upper and middle metalled car parks, the access road and the maintenance Depot are ancillary to the Knowle Office building and the use essential to its being
- 2.12 Associated with this matter, a formal letter to Sidmouth Town Council (STC) discussing the intention of the transfer to them of the balance of the Knowle Parkland was issued on or about 13 May 2015.
- 2.13 As a consequence an initial meeting was held with STC on 21 May, during which details and other particulars were discussed. EDDC are to consider further matters identified by STC during these discussions and formally respond in due course.
- 2.14 Preparation for a Report to Cabinet, due to be tabled on 17 June, has also occurred during the period. The Report takes the form of a Progress update for the Relocation Project, but also takes the opportunity of recommending a revision of the Terms of Reference for the Executive Members Project Board and Officers Working Party. In addition, the Report includes a short paper on the recommended procurement strategy for the Project as well as providing a details of the key programme dates for the Project.

- 2.15 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 details re reviewed and re-examined.
- 2.16 The debate during this meeting was passionate, detailed and robust. In the event the motion failed with a recorded vote of 16 Members in favour and 38 against.
- 2.17 Project correspondence, reports and other documentation 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.
- 2.18 The first tranche of this information covering the period to 2008 – 2012 was released during May. A second tranche of Project Progress Reports 1 – 4, 6 was released on 2 June in compliance with the instructions of the Tribunal. The Tribunal continue to review Project Progress Report 5, and a date when the Court is content for the document to be released is currently awaited.
- 2.19 Further information will be released in coming months. Information, which for confidentiality purposes cannot yet be released entirely or partially will continue to be reviewed to ascertain when it would be appropriate to release.

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 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.
- 3.4 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 Members Project Executive Board and Office Accommodation Officers Working Party Meetings of 27 and 28 May respectively, and following the preparation 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 U (V 0) dated 9 June 2015 has been prepared and will be issued to the aforementioned meeting for ongoing consideration and comment.
- 3.6 Currently there are 44 Open Risks (previously 37), comprising of;
 - 3.6.1 8 Red Risks (5),
 - 3.6.2 31 Orange Risks (28)
 - 3.6.3 5 Blue Risks (4).
- 3.7 A total of seven new risks were identified (highlighted yellow in the margin on the Risk Register). This risks are;

3.7.1

3.7.2

3.7.3

3.7.4

3.7.5

3.7.6

3.7.7

- 3.8 No risks were closed in the period. A total of 54 risks have been closed to date.
- 3.9 Whilst copies of the Risk Register will be issued to 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.
- 4.2 The updated Programme Rev AX (V 0 includes provided particulars regarding WorkSmart and Strata.
- 4.3 In addition, and following a meeting with CFSW, the procurement of the Contractor has been reconsidered. It is now proposed that the Contractor procurement will be a two stage process.
- 4.4 The first stage tender will be concluded in September, with the identified Contractor being employed on the basis of a pre contract agreement.
- 4.5 Following appointment 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.
- 4.6 Upon completion of RIBA Work Stage 4, the Contractor would be required to finalise his costs for the Construction works – the second stage of the tender process. 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.
- 4.7 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.
- 4.8 The incorporation of the above, particularly that of Contractor procurement has enabled the occupation date to be slightly brought forward from the previous iteration

- 4.9 The current Project Programme, Rev AX (V 0), dated 26 May 2015 advises, inter alia, that EDDC should be fully relocated to Exmouth Town Hall and Heathpark, Honiton on 30 May and 2 September 2017 respectively. A copy of Project Programme Rev AX (V 0) is annexed to this Report in Appendix B.
- 4.10 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.
- 4.11 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.
- 4.12 The following table confirms the key Project Programme dates based upon Programme Rev AX (V 0)

Event	Date
Gateway Decision Nr 2 – Appointment of Multi – Disciplinary Design Team	31 July 2015
Gateway Decision Nr 3 – Approval of Brief and Concept Designs	16 October 2015
Gateway Decision Nr 4 - Initial Appointment of identified Contractor on a Pre-Construction Agreement basis.	25 September 2015
Gateway Decision Nr 5 – Approval of Details Design and Agreement to submit Planning Application(s)	4 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	4 March 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.	14 June 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	Cabinet 6 July 2016, Council 13 July 2016
Refurbishment of Exmouth Town Hall commences (Mobilisation). Construction of new Office at Heathpark commences (Mobilisation)	14 July 2016
EDDC relocates to refurbished Exmouth Town Hall	30 May 2017
EDDC relocates to New Office at Heathpark. Vacant Possession is achieved at Knowle and Pegasus complete sale including payment of balance of monies.	4 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 31 May 2015 totals £ 635,872. This leaves a balance of £ 9,090,583 which includes a risk allowance of £ 928,218.

5.4 It is noted that the risk allowance differs from that advised in the previous Cost report. This is due to a reconfiguration of the allocation of anticipated costs during the period.

5.5 A summary 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	£ 411,331
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	£ 38,089

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.