

**Construction Sector Transparency Initiative (CoST)**

**Assurance Team Report**

**Dowson School Project, Broadland Housing Association Ltd**

**September 2010**





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## 1. Summary

- 1.1.1 Broadland are constructing the Dowson School Project to provide 47 units of affordable rented social housing on a site within the City of Norwich previously occupied by a Primary School. Broadland decided to carry out these works after a careful analysis of the forecast costs involved and the forecast rental income they would earn. Part of that analysis was a thorough review of the risks associated with the work and the impact those risks may have.
- 1.1.2 Broadland have made full and accurate disclosure of documents demonstrating their procedures for awarding the construction contract for this project and how they operate those procedures.
- 1.1.3 The selection process for the contractor for this project was subject to the UK Public Contract regulations 1996. A notice was therefore inserted in the Supplement to the Official Journal of the European Union (“OJEU”), and, from the list of parties expressing an interest, a shortlist of 8 tenderers was drawn up, based upon their total scores for the criteria set out in the OJEU notice.
- 1.1.4 Tenders were invited from the 8 shortlisted tenderers. Tenders included the cost of completing the design of the works as well as constructing them. Tenderers were asked to provide up to 4 different quotations based upon two different levels of specification, and two alternative contract periods of either 15 months or such other time period as the tenderer chose). Not all tenderers produced tenders for all alternatives.
- 1.1.5 A careful process of analysis of the tenders received was carried out by Broadland’s agent, Davis Langdon, resulting in a short list of two tenderers being considered. The lowest tender for each level of specification was from one tenderer and were both based upon shorter contract period. However these were rejected by Broadland because the contract periods were considered to be too short to enable them to provide the required information to the contractor. Recommendations as to the tender to accept, based upon the original 15 month contract period, were then made to Broadland by Davis Langdon. Different contractors were recommended as being the most economical depending upon the level of specification to be chosen.
- 1.1.6 Broadland accepted the lowest priced tender for the lower specification, and issued an interim written agreement, known as a letter of intent, to the tenderer. This enabled the design works to start. Subsequently following further discussions it was agreed to improve the quality of the homes by increasing the specification. The costs for these were agreed and incorporated into the contract between Broadland and the Contractor.
- 1.1.7 The contract entered into with the Contractor was based upon the JCT 2005 Design and Build Contract, with minor amendments. It was based upon the revised specification agreed between the Parties. The original contract sum was £3,906,669.92.
- 1.1.8 During the construction of the works to date changes have been instructed by Broadland in accordance with the contract which has increased the contract sum to date to £3,924,294.72. These changes have improved the quality of the homes. This sum is below the amount originally budgeted for construction of £4,012,518.
- 1.1.9 Davis Langdon, the Employer’s Agent, produces for Broadland monthly forecasts of Completion and final account sum. The latest forecast we have seen indicates Completion will be achieved by the extended contractual Completion Date, and the contract sum will reduce slightly.

## **2. Introduction**

### **2.1 Background**

- 2.1.1 The Construction Sector Transparency Initiative (CoST) is an international multi-stakeholder programme designed to increase the accountability of public sector organisations and construction companies for their construction projects. It will do this by disclosing information at all stages of the construction project cycle, from the initial identification of the project to the final completion.
- 2.1.2 It is, however, recognised that the disclosure of this information may not be sufficient on its own to achieve greater accountability. This is because some of the information is likely to be complex and not easily intelligible to the general public. For example, there are many reasons for time and cost overruns on construction projects. To ensure that the information that is released is both accurate and available in a form that can easily be understood by stakeholders it is verified and interpreted by experts appointed for this purpose -- the assurance team
- 2.1.3 Eight projects have been identified by the UK Multi-Stakeholder Group (MSG) to form a pilot study of operation of this initiative, in the UK. The MSG has divided the 'CoST projects' into two groups of 4 projects referred to as Group A and Group B. The Dowson School scheme is one of the chosen Group A projects.
- 2.1.4 The Institution of Civil Engineers (ICE) is managing the pilot on behalf of the MSG. The MSG directs the implementation of the UK pilot. It consists of representatives from government, the private sector and civil society.
- 2.1.5 The assurance team appointed by the MSG for this pilot study comprises four senior construction industry specialists, working together to obtain and assess information and provide reports. This report has been prepared by Peter Cousins, the team member who carried out the Dowson School information review.
- 2.1.6 We have included at Appendix 1 a glossary of terms used in the report where they have a particular technical meaning in relation to construction.

### **2.2 Objectives of the pilot study**

- 2.2.1 The UK pilot has four objectives:
- to learn lessons to help in the development of CoST
  - to learn lessons on improving transparency through the disclosure of project information
  - to gain an improved understanding of construction project costs amongst public sector clients
  - to learn and share lessons on the management and control of publicly-funded construction projects.

2.2.2 On each of the projects in the pilot study, the assurance team has been appointed to carry out the following tasks:

- collect the project information
- verify the accuracy and completeness of the information
- report on the extent and accuracy of the information which has been released
- judgements about the cost and quality of the project
- on Group B projects only, report on the findings regarding the cost and quality of the project and highlighting any outstanding questions.

### **2.3 Work carried out on the pilot study**

- 2.3.1 Initially, we held a meeting with representatives from Broadland and their contractor and consultants to explain the objectives and procedures for this pilot study. This was followed by visit to the site of the project, which at that point had been partially completed, with some units occupied by tenants. On our return from the site meeting we met with representatives from Broadland and Davis Langdon to discuss in more detail the information that was required and how and when it would be disclosed.
- 2.3.2 The International Secretariat had prepared a standard list of project information to be disclosed on all pilot projects, and we adapted this into a schedule to suit this contract. We provided a copy of the applicable schedule to project team members. At the meeting after the site visit, we identified the information which they held and which was needed to provide the information on the schedule. Broadland considered that all of the information required was available and they undertook to provide it to us.
- 2.3.3 We assisted the ICE in setting up a computerised data store to receive and store this information, and in establishing the arrangements for providing access to the data store. At the meeting with Broadland, we explained how this data store would operate and how access to information and other material would be controlled. We explained how the disclosed information would be used, and what access team members would have to review and comment on reports before publication.
- 2.3.4 Broadland provided the documents by electronic transfer to the data store. We reviewed the information disclosed, which led to requests for further information to be disclosed, which Broadland complied with. We also held telephone and email discussions with Broadland's staff to discuss the information disclosed.
- 2.3.5 This process of document collection and analysis was then carried out a second time, approximately 2 months after the first process finished.
- 2.3.6 The schedule of project information which Broadland was expected to disclose under the pilot study is set out in Appendix 2. We have completed the schedule by identifying the information required or by identifying the documents which contain the information required.
- 2.3.7 A detailed schedule of the documents disclosed, with a description of their purpose, is included at Appendix 3.

2.3.8 The documents disclosed fall into the following categories.

- Material setting out a forecast of the costs for carrying out the works, the likely rental returns and the risks involved, and gaining agreement to the funding of the scheme.
- Documents dealing with the selection and appointment of Hill Partnerships Limited as Contractor to complete the design of the works and construct them.
- Documents relating to the monitoring and control of costs on the project.

## 2.4 The Dowson School project

- 2.4.1 The Dowson School project is a housing scheme for Broadland Housing Association Limited (“Broadland”). The project involves the construction of 47 units of affordable social housing for renting consisting of 2, 3 and 4 bedroom houses and flats. The site for these units was a former primary school owned by the local education authority, Norfolk County Council.
- 2.4.2 The site is in the middle of an area of existing social housing built as part of the “Homes for Heroes” programme for affordable housing after the First World War. The local planning authority, Norwich City Council, consider these to be of historical interest and therefore the area, including the site, is designated as a Conservation Area. Considerable effort was required in obtaining Planning Permission for the work, with the design going through more than 10 iterations before receiving it.
- 2.4.3 Broadland has appointed consultants and contractors to design, manage and carry out the construction work.
- 2.4.4 Initially Davis Langdon and NPS South East Limited (“NPS”) were appointed as consultants to provide financial and design advice respectively. NPS developed the initial design, liaised with the Planning Authority and eventually obtained Planning Permission for the scheme.
- 2.4.5 Once Planning Permission had been obtained Broadland appointed a contractor, Hill Partnerships Limited (“Hill”) to complete the design of the housing units, obtain building regulations approval and construct them. Once Hill had been appointed, under a JCT Design and Build Contract, they took responsibility for NPS’s design contract, and NPS completed the detailed design working as Hill’s subcontractor. Davis Langdon continued to provide financial advice to Broadland as well as acting as Employer’s Agent and Quantity Surveyor in the contract with Hill.



### 3. Validation of documents

#### 3.1 Project identification and budget

3.1.1 The following documents have been provided in relation to the project identification, budget and funding

- A generic Design Brief setting out the minimum standards Broadland required their housing to be built to
- A RAP Report setting out the scheme costs, funding and financial returns so that approval for the works could be given.
- Details of funding conditions and applications for Housing Grants

3.1.2 An appraisal report for the Dowson School project was prepared by Broadland and dated 8 April 2009. This was designed to be submitted to Broadland's Risk Assessment Panel ("RAP") to obtain their approval for acquiring the land, entering into a contract to construct the works and instructing the consultants.

3.1.3 At the date of the RAP Report a considerable amount of work had already been carried out on the scheme by Broadland and their consultants. The outline design work had already been carried out by consultants and the proposed scheme had obtained Planning Permission in principle, which was subject to Broadland complying with conditions specified by the Planning Authority. In addition the report confirmed that a full tendering process for the construction work had been carried out and the report confirmed that Broadland were in final negotiations with two tenderers for the construction works. Further details of this tendering process are set out in Section 3.2 below.

3.1.4 The RAP Report included a forecast of the total costs for the scheme, in the sum of £5,421,141. This was broken down into £500,000 for the cost of acquiring the land from Norfolk County Council, £3,789,798 for the cost of constructing the works and £1,131,343 for what the report calls "on cost", which are other costs associated with building the scheme, such as the cost of employing consultants, legal fees, obtaining planning permission, and certain of Broadland's internal costs.

3.1.5 The RAP Report includes a break down of this "on cost" figure in sufficient detail to identify payments forecast to be made to various external sources. This "on cost" figure included a forecast of the cost of the contractor's on costs in the sum of £222,720, which would normally be included as part of the contractor's contract sum. When added to the construction costs of £3,789,798, this gave a total amount forecast to be paid to the contractor of £4,012,518.

3.1.6 The RAP Report also set out the source of funding for the project. £3,069,500 was to come from a Social Housing Grant ("SHG") from the Homes and Communities Agency ("HCA") a Public Sector Agency. The remaining amount required for funding, £2,351,641 was to be provided through private finance, i.e. a commercial loan, obtained by Broadland.

3.1.7 The RAP Report also included an assessment of the risks to the project, setting out how they have been or would be managed. It also forecast the likely abortive costs should the scheme not proceed because of a refusal by the RAP to accept the Full Business Case, or because Broadland failed to acquire the land. The abortive costs for these scenarios were forecast to be £148,000 and £185,000 respectively.

3.1.8 We have been provided with a full copy of the RAP Report, which includes approval by the RAP for the acquisition of the land and the entering into a contract to construct the works.

This has been signed by the Chief Executive and the 2 RAP members present at the meeting.

- 3.1.9 We have been provided with details of the conditions for payment of Social Housing Grant. We have also been provided with copies of the applications and payments made for this grant, indicating that the total grant provided was lower than the amount assumed in the RAP Report. This therefore reduced the amount of public expenditure on this scheme. Broadland have informed us that this change was approved by the Executive Director and was in accordance with the HCA's funding conditions, which have been agreed by Broadland's Group Board.
- 3.1.10 Having considered the documents disclosed by Broadland and in the light of their procedures, we are satisfied that these documents adequately identified the project and its expected funding.

### **3.2 The Contractor's appointment**

- 3.2.1 The following documents have been provided in relation to the appointment of the Contractor for the construction works, Hill Partnerships Limited ("Hill").

- A report to Broadland dated 2 December 2008 recommending a shortlist of contractors to be invited to tender for the project.
- An email from one of the contractors on the shortlist declining to tender
- A letter sent by Davis Langdon to 8 contractors invited them to tender for the works and various correspondence setting out tender amendments.
- Tender returns from 8 tenderers, including Hill.
- A report produced by Davis Langdon setting out the tender process in detail and making recommendations as to the award of the contract.
- Various subsequent correspondence concerning the award of the contract, including negotiations of the cost of additional work.
- A construction contract dated 22 June 2009 and duly executed by Broadland and Hill, in the sum of £3,906,669.92, with various attachments.

- 3.2.2 Broadland's usual procurement route is to invite tenders from a shortlist of contractors following the publication of an OJEU notice inviting expressions of interest. The successful tenderer is then appointed, using a JCT Design and Build Contract, to complete the detailed design of the properties, including obtaining outstanding approvals, and then construct them. This is the process that was followed on the Dowson School project.
- 3.2.3 The selection process for the contractor for this project, managed by Davis Langdon on Broadland's behalf, was in accordance with the European Union Public Procurement Directive. A notice, inviting suitably qualified contractors to express an interest in being invited to tender for the work, was published on 30 September 2008. The time limit for expressions of interest was set at 7 November 2008. A copy of this notice is included in Davis Langdon's subsequent report to Broadland, as set out in the next paragraph.
- 3.2.4 Expressions of interest were received from 23 contractors for the works. Their submissions were assessed by Davis Langdon using the criteria set out in the notice, and they were ranked according to their total scores. Davis Langdon produced a report to Broadland dated 2 December 2008 setting out details of the procedures they had adopted and providing a matrix of the marks they had given these contractors for each of the criteria set out in the notice. Davis Langdon recommended that the 8 contractors with the highest scores should be invited to provide a tender for the project. In a letter dated 12 December 2008 Davis

Langdon wrote to the selected contractors confirming that they had been selected to provide a tender.

- 3.2.5 We have been provided with a copy of an email from one of the chosen tenderers, Lindum Group, explaining that, because their estimating team too busy, they would be unable to provide a quotation. They were therefore replaced on the tender list with the organisation that had originally come 9th in the ranking, Hill as they had the highest marks of those initially rejected.
- 3.2.6 In their letter dated 19 January 2009 Davis Langdon invited the 8 tenderers to submit a tender for the works and enclosed information for them to do so. In various letters dated from 28 January to 25 February 2009 further information and tender amendments were provided to the tenderers. Tenderers were invited to submit alternative bids for the properties to be designed and built to comply with either Level 3 or Level 4 of the Code for Sustainable Homes. They were also invited to offer alternative bids based upon either a 15 month contract programme or such other period as they wished to propose.
- 3.2.7 Broadland's policy is to let their contracts on what is called a "Design and Build" basis. Traditionally in the construction industry the Employer has been responsible for all of the design of the works and the contractor has constructed them to that design. A Design and Build contract requires that the contractor takes the Employer's outline design and detailed specification, and is responsible for providing the detailed design of the works based upon those requirements.
- 3.2.8 Tenders were received by 2 March 2009 from all 8 tenderers. Not all tenderers provided bids for all of the alternatives. Tenders ranged as follows

<b>Alternative</b>	<b>Lowest (£)</b>	<b>Highest (£)</b>
Level 3 design, 15 month period	3,701,632.71	4,829,537.00
Level 3 design, tenderer's own period	3,674,822.00	4,246,922.00
Level 4 design, 15 month period	3,840,439.00	5,064,537.00
Level 4 design, tenderer's own period	3,786,794.00	4,430,204.72

- 3.2.9 Davis Langdon analysed the tenders received and concluded that two of the tenderers, Hill and Bramall Construction, had produced the lowest tenders for all of the alternative bids. By that time planning permission had been obtained in principle, which had changed slightly the design upon which the tenders had been based. Davis Langdon, with Broadland's agreement therefore approached these 2 lowest bidders and asked them to revise their tenders to take into account this new information. We have been provided with copies of emails from Hill and Bramall both dated 27 March, with attached revised tenders.
- 3.2.10 Davis Langdon produced a tender report for Broadland dated 8 April 2009 setting out the results of the tender process, as described in the previous paragraphs. Their report pointed out that the cheapest tenders for both levels of design, from Bramall Construction, were based upon a design and construction period of 55 weeks, rather than the 15 months chosen by Broadland. Davis Langdon was of the opinion that this period was too short, and Broadland's designers would be unable to provide information within the periods required. In that case it could lead to claims from the successful Contractor that could be greater than the initial savings. They therefore recommended that these tenders for the shorter period should not be considered. Davis Langdon recommended that if Broadland required the design to be to Code Level 3 they should accept Hill's revised tender of £3,702,669.92, based upon a 15 month contract period. If Broadland required the design to be to Code Level 4 they recommended that Broadland should accept Bramall's revised tender of £3,853,339.00, again based on a 15 month contract period.

- 3.2.11 On 28 April 2008 Broadland emailed Davis Langdon asking them to accept Hill's tender for the Code 3 design on their behalf, although we have seen no formal communicating doing so. On 15 May 2009 Davis Langdon wrote to the other tenderers informing them that they were unsuccessful, and setting out the values of the bids received. Subsequently on 21 May 2009 Broadland issued a letter of intent to Hill, asking them to commence work pending the completion of a formal contract. This letter of intent was based upon Hill's original tender figure of £3,701,632.71, rather than their slightly increased revised tender. This enabled Hill to start the design and preparatory works.
- 3.2.12 Subsequently, early in the design stage, and before the formal contract was signed, Broadland decided to improve the insulation in the properties and provide for attenuation of the drainage. Additional costs of £23,564.63 and £28,188.83 respectively were agreed between DL and Hill, which was added to the contract sum. Following this, and again before the formal contract had been signed, Broadland asked that the design be changed to improve the renewable energy system and provide a passive venting system. Again additional costs of £106,059.24 and £46,187.58 respectively were agreed between DL and Hill for these. Broadland asked Davis Langdon to also include these changes in the contract that was under preparation. We have been provided with various correspondence during this period, setting out prices for additional works, some of which were subsequently reduced during negotiations.
- 3.2.13 Subsequently Davis Langdon prepared a contract that was dated 22 June 2009. We have been provided with copies of this contract and the ancillary documents included as part of it. This copy has been signed and sealed by Broadland and signed as a Deed by Hill. The total contract sum is £3,906,669.92. The contract required that different parts of the work, called Sections, were to be completed by different dates. This would enable some of the housing units to be completed and occupied sooner. The start date for the two Sections of work was stated to be 22 June 2009. The Date for Completion of Section 1 was stated to be 15 February 2010, and for Section 2 was stated to be 16 August 2010.
- 3.2.14 A number of changes have been instructed by Broadland, via Davis Langdon, during the remainder of the design and construction stages. These are summarised in Appendix 4. The consequence of these changes was to revise the Contract Sum to £3,924,294.72.
- 3.2.15 We are satisfied that the documents disclosed fully and accurately described the appointment of Hill for the completion of the design and the construction of the works.

### 3.3 Project outturn costs.

- 3.3.1 The following documents have been provided to establish payments made, and progress of the works.

- The Contract Sum Analysis for the sum in the contract.
- Employer's Agent's Instructions Nos 1 to 5 inclusive, which also set out the valuation of these instructions.
- Payment Certificates Nos 8, 9, and 10 produced by Davis Langdon setting out payments due to Hill.
- Monthly Progress Reports produced for Broadland by Davis Langdon setting out forecasts of the final contract sum and the dates for completion.
- Letters granting Extensions of Time to Sections 1 and 2.
- Minutes of Site meetings Nos 10, 11 and 12.

- 3.3.2 We have been provided with the Contract Sum Analysis included within the contract executed on 22 June, which adds up to the total contract sum of £3,906,669.92. This breaks down the total sum into its various components and is used by the parties to agree the value of monthly payments to be made to Hill.
- 3.3.3 We have also been provided with the 5 Employer's Agent's instructions issued to date by Davis Langdon. These are listed in Appendix 4 of this report. As a result of these instructions the revised contract sum now stands at £3,924,294.72. This sum remains within the total sum in the original RAP Report to be paid to the contractor. We have been informed that the value of these instructions were assessed and agreed between Davis Langdon and Hill in accordance with the contract before the instructions were formally issued.
- 3.3.4 We are informed that negotiations are ongoing to value further instructions, at least some of which have been acted upon by Hill. Broadland inform us that once the value has been agreed the instructions will be issued in accordance with the contract. Broadland inform us that they expect the effect of these will be broadly neutral, with the additions and omissions approximately balancing out.
- 3.3.5 We have seen Payment Certificates No 8, 9 and 10 issued by Davis Langdon as follows

Certificate No	Date	Gross amount certified to date
8	13 April 2010	£2,888,100
9	15 June 2010	£3,269,000
10	14 July 2010	£3,514,400

These are gross sums, before previous payments and retention have been deducted or VAT added. We are informed by Broadland that these sums have been paid to Hill.

- 3.3.6 The contract requires that payment are applied for, certified by Davis Langdon, and paid monthly. We are told that there was no payment certified or made for May 2010. We are informed this was because a lack of information from Hill.
- 3.3.7 The contract required Hill to have completed their works in each Section by a stated date, called the Completion Date. The Completion Date in the Contract for Section 1 was 15 February 2010 and for Section 2 was 16 August 2010. The contract allows that these Completion Dates may, in certain circumstances, be extended. The contract calls this an extension of time. Davis Langdon issued three Extensions of Time for the following reasons

EOT No	Section No	Revised Completion Date	Reasons
1	1	12 March 2010	Delays by services providers
2	1	23 March 2010	Exceptionally adverse weather
3	2	13 Sept 2010	Exceptionally adverse weather

- 3.3.8 We have been provided with copies of monthly Contract Progress Reports Nos. 1 to 9 provided by Davis Langdon to Broadland. These report the progress of work and payments made to Hill each month and also predict the likely final contract sum and the date when practical completion will occur. These predictions can only be based upon the information Davis Langdon knew at the time they were made. The last report we have seen, No 9, is dated 15 June 2010. It forecasts practical completion will be achieved on 13 September. It also predicts that the future instructions to be agreed will result in a net reduction of £1,000, and that the final contract sum will be £3,924,294.72.
- 3.3.9 Having reviewed these documents, and having discussed them as necessary with Broadland's staff, we are satisfied that they accurately set out the amounts paid to date, the known changes to the works that have been formally instructed to date, and the forecast of future changes.

## Appendices

1. Glossary
2. Material Project Information
3. Schedule of documents disclosed
4. Schedule of contract changes – Hill's contract

## Appendix 1: Glossary

**Accountability:** CoST's aim is to enhance the accountability of procuring bodies and construction companies for the cost and quality of public-sector construction projects. The core accountability concept is to 'get what you pay for'. The 'you' in this context applies equally to national governments, affected stakeholders and to the wider public.

**Audit:** A review of procedures to establish whether work has been carried out as anticipated.

**Benchmarking:** Comparison of performance against other organisations or providers of similar services, particularly those recognised as undertaking best practice.

**Budget:** An amount of money allocated to a project or scheme

**Competitive Tendering:** Awarding contracts by the process of seeking competing bids from more than one contractor.

**Completion Date:** The date inserted in a contract by which a contractor or consult must have completed the works contained in that contract.

**Computerised data store:** A centrally located computer on which information is stored and made available to those who have been given access to it.

**Construction Sector Transparency (CoST) Initiative:** An international multi-stakeholder initiative designed to increase transparency and accountability in the construction sector.

**Consultant:** An organisation or individual who has made a contract to provide services.

**Contract:** A binding agreement made between two or more parties, which is intended to be legally enforceable.

**Contract Documents:** Documents incorporated in the enforceable agreement between the Procuring Entity and the contractor, including contract conditions, specification, pricing document, form of tender and the successful tenderers' responses (including method statements), and other relevant documents expressed to be contract documents (such as correspondence, etc.)

**Contractor:** An organisation or individual who has made a contract to undertake works, supply goods or provide services.

**Cost estimate:** A cost estimate prepared by the buyer of works, goods or services which provides a benchmark or a basis for evaluation and/or negotiation when tenders/offers are received from tenderers. It also serves as an instrument of project planning and budgeting.

**Employer:** In the context of the CoST initiative, the Procuring Entity awarding construction and consultancy contracts for the project.

**Employer's Agent:** A person or organisation appointed by the Employer to manage on their behalf a contractor appointed under the JCT Design and Build contract.

**Extension of Time:** The method by which the Completion Date in a contract may, in stated circumstances, be changed to a later date

**Framework Agreement:** An arrangement under which a Procuring Entity establishes with a provider of goods, works or services, the terms under which contracts subsequently can be entered into or called off (within the limits of the agreement when particular needs arise).



**Letter of Intent:** An interim written agreement between two parties that wish to enter into a formal contract for works or services, but have not yet agreed all of the terms of that contract, or formalised those terms into an executed contract.

**Material Project Information (MPI):** MPI in this context is intended to indicate that information disclosed on a project is sufficient to enable stakeholders to make informed judgements about the cost and quality of the infrastructure concerned.

**Novation:** Novation is a legal procedure under which the contract of the consultant who carried out the initial design for the Employer is transferred “novated” to the contractor. The consultant then completes the design for the Contractor.

**Offer:** An offer can be the positive answer issued by a tenderer in response to a tender invitation, or an announcement to deliver goods, carry out works and/or services to every or a specific buyer without a specific request or invitation to tender. Also refers to an expression of readiness by a tenderer to enter into a contract.

**Procurement:** The process of acquiring goods, works and services, covering acquisition from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset.

**Procuring Entities (PEs – also referred as clients and contracting authorities):** The State, regional or local authorities, bodies governed by public law or associations formed by one or several of such authorities that procure works, goods and services with full or part public funding.

**Programme:** The projected timing of activities required under the contract.

**Quotation:** A proposed price and programme for work.

**Retention:** A small percentage of the money due to the contractor is temporarily retained by the Employer, as a buffer fund in the unlikely event that the Contractor does not complete the works. Half of this is released once the works are complete, and the other half is released a year later, once the contractor has corrected any defective work that have subsequently become apparent.

**Specification:** Is an essential part of the design, and states how the work should be executed to ensure that it meets the designer’s assumptions.

**Social Housing:** The supply of lower cost housing built to a good standard to those people and families who would not normally be able to afford to pay market prices or rents for that housing.

**Tender:** An official written offer to an invitation that contains a cost proposal to perform the works, services or supplies required, and is provided in response to a tendering exercise. This normally involves the submission of the offer in a sealed envelope to a specified address by a specified time and date.

**Tender Documents:** Documents provided to prospective tenderers when they are invited to tender and that form the basis on which tenders are submitted, including instructions to tenderers, contract conditions, specification, pricing document, form of tender and tenderers responses.

**Tender Evaluation:** Detailed assessment and comparison of contractor, supplier or service provider offers, against lowest cost or most economically advantageous (cost and quality based) criteria.

**Transparency:** In the context of the CoST initiative transparency relates to the disclosure of material project information on construction projects.

**Value for Money:** The optimum combination of whole-life cost and quality to meet the PEs and user’s requirement.

## Appendix 2 – Material Project Information

Stage of project cycle	List of MPI to be disclosed	Project name: Dowson School Procuring Entity: Broadland Housing Association
Project identification	Project purpose	To provide social housing for rent and part purchase
	Location	Site of former Dowson School, Norwich, Norfolk
	Intended Beneficiaries	Those individuals and families living in Norwich who are in need of good quality economical housing
	Specification	Design Brief 2008
Tender process (main contract for works)	Tender procedure	European Union Public Procurement Directive. Restricted Procedure with a shortlist of tenderers
	List of tenderers	Apollo Bramall Higgins Hill Lovell Mansell Mulalley Persimmon
	Tender evaluation report	Tender Evaluation Report produced by Davis Langdon dated 8 April 2009
Contract award (main contract for works)	Name of main contractor	Hill Partnerships Ltd
	Contract price	£3,906,669.92
	Contract scope of work	Set out in Design Brief 2008 and Employer's Requirements Parts 1 to 6
	Contract programme	Completion of Section 1 by 15 February 2010. Completion of Section 2 (remainder of the works) by 16 August 2010.
Contract Execution (Main contract for works)	Individual changes to the contract which affect the price with reasons	As set out in Appendix 4
	Individual changes to the contract which affect the programme, with reasons	The Parties agreed to increase the number of units to be completed in Phase 1. This resulted in an agreed increase in the contract sum Extensions of time awarded to Sections 1 and 2
	VO's, claims, Early Warnings & Compensation Events	As set out in Appendix 4
	Payment certificates	Payments certificates issued by the Employer's Agent at monthly intervals. Last one seen is No 10, is dated 14 July 2010 and is in the gross sum of £3,514,400
	Details of any re-award of main contract	None

Stage of project cycle	List of MPI to be disclosed	Project name: Dowson School Procuring Entity: Broadland Housing Association
Post contract completion details (main contract for works)	Actual contract price	Works not yet complete. It is forecast that revised contract sum will be £3,924,294.72
	Total payments made	Gross sum of £3,514,400 up to 14 July 2010
	Actual contract scope of work	Original specification as changed by Employer's Agent's Instructions
	Actual contract programme	Works not yet complete
<b>Documents to be disclosed</b>		
Feasibility study		RAP Report dated 8 <sup>th</sup> April 2009
Financing agreement		RAP Report dated 8 <sup>th</sup> April 2009
Project evaluation reports (on completion and on-going)		Routine reports are not produced by Broadland. Final report not yet produced as works are ongoing.

### Appendix 3 – Schedule of documents disclosed

Document title	Subject of document
<b>Definition and budget for project</b>	
2009-04-20 RAP Report Updated Version	RAP Report dated 8 <sup>th</sup> April 2009. Signed to approve letting of contracts and acquisition of land
Design Brief 2008 with Changes	Generic design standards for all work carried out by Broadland. Eventually incorporated into the Contractor's contract.
Grant application – start on site.pdf	Broadland's application for 1 <sup>st</sup> tranche of grant from Housing Corporation for Phase 1
Grant application stage 2 – start on site.pdf	Broadland's application for 1 <sup>st</sup> tranche of grant from Housing Corporation for Phase 2
Split Dowson King ST.xlsx	Spreadsheet showing split in combined grant between 2 projects
Item 14 Appendix A - Funding conditions.pdf	Funding Conditions set by Housing Corporation
<b>Contract for construction (Hill Partnerships Ltd))</b>	
2008-12-09 from Davis Langdon to LJA – Enclosing report of Short listing of the Tenderers	Report from Davis Langdon setting out procurement procedures and expressions of interest received and recommending shortlist of tenderers in accordance with the criteria set out in the OJEU Notice.
Dowson School - CoST 4.msg	Email dated 8 December from Broadland to Davis Langdon confirming they had no comment on tender report
2008-12-12 – From DL to companies who were successful with their tender submit	Letter to shortlisted tenderers confirming that they were on the shortlist
FW Former Dowson School Site Norwich.msg	Email dated 16 January 2009 from Lindum, one of the shortlisted tenderers, asking to be removed from tender list.
2009-01-19 – from Davis Langdon – enclosing documents for submission of Bona Fide Tender	Letter from Davis Langdon inviting the shortlisted tenderers to submit bids and enclosing tender documents.
Tender Amendment Nr 1 letter.pdf	Letter dated 26 January 2009 amending tender documents by enclosing proposed Appendix C of Employers Requirements,
Tender Amendment Nr 2 letter.pdf	Letter dated 28 January 2009 amending tender documents
Tender Amendment Nr 3 letter.pdf	Letter dated 29 January 2009 amending tender documents

Document title	Subject of document
Tender Amendment Nr 4 letter.pdf	Letter dated 5 February 2009 amending tender documents
Tender Amendment Nr 5 letter.pdf	Letter dated 9 February 2009 amending tender documents
Tender Amendment Nr 6 letter.pdf	Letter dated 17 February 2009 amending tender documents
Tender Amendment Nr 7 letter.pdf	Letter dated 25 February 2009 amending tender documents
2009-03-02 – From Apollo Property Services – Returned TENDER FORM	Returned tender from tenderer
2009-03-02 – From Lovell – Returned TENDER FORM	Returned tender from tenderer
2009-03-02 – From Persimmon – Returned TENDER FORM	Returned tender from tenderer
2009-02-27 – From Hillside Partnership – Returned TENDER FORM	Returned tender from tenderer
2009-03-02 – From Higgins – Returned TENDER FORM	Returned tender from tenderer
2009-03-02 – From Mulalley – Returned TENDER FORM	Returned tender from tenderer
2009-03-02 – From Mansell – Returned TENDER FORM	Returned tender from tenderer
Bramall form of tender.pdf	Returned tender from tenderer
Dowson School - CoST 2.msg	Email dated 27March 2009 and attachments from Bramall to Davis Langdon setting out their revised tender prices because of changes to design
Dowson School - CoST 3.msg	Email dated 27March 2009 and attachments from Hill to Davis Langdon setting out their revised tender prices of changes to design
21554 Tender Report (April 2009)	Report from Davis Langdon to Broadland setting out tenders received, analysing them and making recommendations as to award of contract
2009-04-28 From LJA to J Coote @ DL – Acceptance of tender	Instruction from Broadland to Davis Langdon to accept Hill's tender

<b>Document title</b>	<b>Subject of document</b>
2009-04-28 – From Andrew Housden to LJA – Attaching Contract Award Notice	Email from Davis Landon to Broadland enclosing copy of Notice of Award of Contract to be published in the OJEU.
2009-05-21 – From APS advising Hill Partnerships they were successful tenderer	Broadland’s Letter of Intent to Hill, which enabled design work to start.
FW B157 - Dowson School - Client Variation Nr 1.msg	Email dated 15 June 2009 and attachment from Hill to Davis Langdon setting out quotations for changes to drainage, renewable energy system and passive venting system, which were eventually incorporated into contract
FW B157 - Dowson School - Timber Frame Manufacturer and Erector.msg	Email dated 16 June 2009 from Hill to Davis Langdon setting out quotation for change to insulation specification
S45C - 110070212540	Emails setting out changes from Hill’s original tender to be incorporated into the JCT contract before signature.
JCT Contract	Contract for the works executed by Broadland and Hill
Employer’s Requirements Part 1	Part of Employer’s Requirements incorporated into the JCT Contract
Employer’s Requirements Part 2	Part of Employer’s Requirements incorporated into the JCT Contract
Employer’s Requirements Part 3	Part of Employer’s Requirements incorporated into the JCT Contract
Employer’s Requirements Part 4	Part of Employer’s Requirements incorporated into the JCT Contract
Employer’s Requirements Part 5	Part of Employer’s Requirements incorporated into the JCT Contract
Employer’s Requirements Part 6	Part of Employer’s Requirements incorporated into the JCT Contract
<b>Project outturn cost</b>	
SKMBT_C65010070215230	Contract Sum Analysis incorporated in the JCT Contract.
eai1	Employer’s Agents Instruction No 1
eai234rev	Employer’s Agents Instruction Nos 2, 3 & 4
eai5	Employer’s Agents Instruction No 5
SKMBT_C65010051410380	Employer’s Agent’s Certificate No 8 dated 13

Document title	Subject of document
	April 2010
Dowson Val Nr 11.pdf	Employer's Agent's Certificate No 9 dated 15 June 2010
Dowson Val Nr 10.pdf	Employer's Agent's Certificate No 10 dated 14 July 2010
61554 Dowson School - Site Meeting Nr 10 - Minute.pdf	Minutes of Site Meeting No 10 held on 15 April 2010
61554 Dowson School - Site Meeting Nr 11 - Minute.pdf	Minutes of Site Meeting No 11 held on 20 May 2010
61554 Dowson School - Site Meeting Nr 12 - Minute.pdf	Minutes of Site Meeting No 12 held on 17 June 2010
Dowson School EoT Nr 1.pdf	Letter dated 5 January 2010 from Davis Langdon to Hill granting an Extension of Time for section 1 of the works
Dowson School EoT Nr 2.pdf	Letter dated 31 March 2010 from Davis Langdon to Hill granting an Extension of Time for section 1 of the works
Dowson - EOT Nr 3.pdf	Letter dated 16 June 2010 from Davis Langdon to Hill granting an Extension of Time for section 2 of the works.
2009-09-10 – from DL – Finance File Nr1.pdf	DL Contract Progress Report No 1
2009-10-08 – from DL – Finance File Nr2.pdf	DL Contract Progress Report No 2
2009-11-09 – from DL – Finance File Nr3.pdf	DL Contract Progress Report No 3
2009-12-10 – from DL – Finance File Nr4.pdf	DL Contract Progress Report No 4
2010-01-12 – from DL – Finance File Nr5.pdf	DL Contract Progress Report No 5
2010-02-16 – from DL – Finance File Nr6.pdf	DL Contract Progress Report No 6
2010-03-09 – from DL – Finance File Nr7.pdf	DL Contract Progress Report No 7
2010-04-13 – from DL – Finance File Nr8.pdf	DL Contract Progress Report No 8
2010-06-15 - from DL Contract Progress Report Nr9.pdf	DL Contract Progress Report No 9

## Appendix 4 -- schedule of contract changes – Hill's contract

The following Employer's Agent's instructions have been issued, which are Changes to the contract

No	Date	Description	Value (£)	Comments
1	15 Sept 2009	Additional signpost	696.07	Value was a quotation from Hill
2	8 January 2010	Change renewable energy source from Air Sourced Heat Pumps specified in the contract to Solar panels on roof	-20,920.09	Broadland decided to change because of problems with maintenance of specified methods. This led to a reduction in the contract sum
3	8 January 2010	Confirmation that 2 additional units are to be included in Section 1 of the works	0	Broadland required units to be completed earlier
4	8 January 2010	Accelerate 12 additional units in Blocks 2, 10 and 12 so that they are completed by 19 March 2010	35,000.00	Agreed measure to assist Broadland to complete additional units before the end of the financial year
5.1	23 March 2010	Omit all reference to Performance Bond in contract	0	Broadland did not require a Performance Bond
5.2	23 March 2010	Removal of fence along East and West boundaries	2,848.82	Additional work





*DRE JV*

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