



# **Isle of Man Government**

*Reiltys Ellan Vannin*

## **Procedure Notes For Management of Construction Projects**



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IM1 3PX**







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**Record of Amendments**

This record should be kept at the front of the Procedure Notes.

No	Date	Amendment

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

## 1 Application

Status of Procedures	1.1.1	These Procedure Notes for Management of Construction Projects form part of the Financial Regulations issued by the Treasury under Section 3 of the Treasury Act 1985
Application	1.1.2	Reference is made to the Regulations governing capital schemes in FD17 of the Financial Regulations. These Procedure Notes are applicable to all capital schemes, including building, engineering and other projects, which are wholly or partially funded or underwritten by Government, including schemes undertaken by Government Departments, Statutory Boards, Local Authorities and any body established by or under any enactment and consisting of, or including, persons appointed by Government Departments or Statutory Boards. Reference to "Department" or to "Client Department" in the text shall be construed as applying equally to all of the above named bodies.
Local Authorities	1.1.3	Where any Government funds are involved or where a deficiency is to be met by Government, capital schemes undertaken by Local Authorities shall be dealt with on a day to day basis by the appropriate Government Department as if the scheme was being undertaken directly by that Department, subject to the Department ensuring that the Procedure Notes are fully implemented at each stage of the project, and that there is full consultation at all stages of the scheme between the Department and the Capital Projects Unit, Treasury.
Large Revenue Funded Schemes	1.1.4	These Procedure Notes shall also apply to schemes of a capital nature which are funded from Revenue and which are estimated to exceed £250,000 in total cost. For the purposes of the Procedure Notes for Construction Projects such Revenue-funded schemes shall be deemed to be capital schemes.
'In-house' Services	1.1.5	Where any element of professional services is provided 'in-house', whether to its own Department or to another Department, the Procedure Notes shall be fully implemented as if external consultants were appointed for the scheme.
Engineering & Other Capital Schemes	1.1.6	Whilst the Procedure Notes are written principally for building schemes, they also apply to engineering and other capital schemes subject to such amendments as may be agreed with the Capital Projects Unit, Treasury.
Architect/Consulting Engineer	1.1.7	References to the "Architect" in the text shall be construed as applying equally to the "Consulting Engineer" and "Project Manager".
	1.1.8	Where the context so requires, words purported to one gender include all other genders and words purported to the singular include the plural and vice versa.

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## 1.2 Queries

- 1.2.1 Any queries in respect of the application of the Procedure Notes should be addressed to the Capital Projects Unit, The Treasury, Central Government Offices, Douglas (telephone 685981).

## 1.3 Preface

Treasury Act 1985

- 1.3.1 Section 3 of the Treasury Act 1985 states that it shall be the duty of the Treasury to supervise and control all matters relating to the financial affairs of the Government.

- 1.3.2 The implementation of the capital programme is an important element in Government policy and to achieve this efficiently and effectively, Treasury has set out procedures to be followed for all capital schemes.

Development of Procedures

- 1.3.3 Procedure Notes for Capital Schemes were issued in December 1991. The operation of these Procedure Notes has been monitored by Treasury and queries and comments were received from many sources. Revised Draft Procedure Notes for Capital Schemes were issued for consultation with Departments and Statutory Boards in December 1993 and amendments and improvements, where considered appropriate, have been incorporated in subsequent years.

However, in 2012 the Procedures were completely reviewed to take account of changes in Legislation, developments in the industry and to create more emphasis on the Business Case process, project management techniques and project governance by Departments.

Objective

- 1.3.4 The overall objective of the Procedure Notes is to produce a capital scheme which will:-

- a) Meet the Brief and requirements of the end user;
- b) Progress to an agreed time programme;
- c) Keep within an agreed budget;
- d) Provide the quality specified;
- e) Provide value for money; and
- f) Be delivered safely.

- 1.3.5 The system employed is essentially one of establishing objectives supported by a Business Case, followed by consultations and approvals designed to promote the clear, consistent and coordinated progress of a scheme from inception to completion, to give the best cost control and to produce more accurate planned expenditure.

Capital Programme

- 1.3.6 The Five Year Capital Programme proposed by Departments must be submitted to Treasury not later than the dates advised to Departments by Treasury from time to time as part of the Medium Term Spending Review Process and ongoing annual budget review.

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Details of Schemes	1.3.7	Full details of all schemes must be submitted in an agreed format to Treasury each year.
Priority of Schemes	1.3.8	Departments should submit their capital programme to Treasury in the order of priority determined by the Department.
	1.3.9	Since it is Government's objective to achieve a carefully pre-planned capital programme, Departments are encouraged to give detailed consideration to every aspect of a capital project and they are encouraged to consult with Treasury's Capital Projects Unit at the earliest opportunity prior to the submission of any capital proposal. This would normally be the initial consultation between the Department and Treasury in relation to capital schemes.
No Commitment without CPU Consultation	1.3.10	Departments are reminded that no commitment shall be made to any individual or firm, formally or informally, to undertake any work or to provide any service directly or indirectly in relation to any capital scheme, including preparation of feasibility studies, development control plans, surveys, preliminary reports, design work, cost estimates, etc, without prior consultation with the Capital Projects Unit, Treasury.
Realistic Spend Pattern	1.3.11	Treasury will scrutinise each proposal for a capital scheme to ensure that the projected spending pattern for the scheme is realistic and attainable. Departments will recognise that the achievement of this objective will be beneficial to all and gives certainty to the industry when planning investment.
Departments to Promote In Professional Manner	1.3.12	Treasury wishes to encourage Departments to promote their capital schemes in a professional and realistic manner and in accordance with accepted best practice, and guidelines are necessary to ensure that Government policy is implemented in a consistent manner.
Milestone Stages	1.3.13	With this in mind, Treasury has prepared a series of procedures covering activities from identification of the Strategic Need through to the completion of construction, all of which form part of the Financial Regulations. The procedures are shown in seven stages:

BC	Business Case
D1	Design Brief
I1	Design Development
I2	Technical Design
I3	Tender Action
I4	Construction to Handover
H1	Handover, Final Account and Post Project Evaluation

Each stage follows on from the preceding one, with some possible overlaps. At each stage there is a gateway review process.



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The gateway review process is a key assurance mechanism designed to provide an objective view of a programme or project's ability to deliver on time and to budget. This means that there is an automatic stop on a project until the Project Team is advised in writing that the proposals at this stage are acceptable to the Client Department and that they should proceed with the next stage.

A diagrammatical representation of the process is shown at Appendix 1.

Contained within each stage is a description of the procedures as well as guidance on their application and on good practice.

The seven stages sit within the four lifecycle phases of a project as detailed in paragraph 4.2.

Procedures Not Exhaustive

- 1.3.14 Departments are advised that the Procedures are not exhaustive and further Procedures will be issued from time to time. Financial Regulations will incorporate the Procedure Notes to provide for the most efficient and effective implementation of the capital programme to meet Government's objectives as previously outlined.
- 1.3.15 The Procedures are intended to generate a greater consciousness of the importance of improved forward planning, critical assessment of the feasibility of various alternatives, monitoring projects during their execution and taking the necessary steps in good time to avoid cost overruns. Sensible use of the Procedures should lead to savings in public expenditure without detriment to the quality of service to the public.

Approval to Vary Procedures

- 1.3.16 Any departure from the Procedures proposed by a Department must be approved, in advance, by the Capital Projects Unit, Treasury.

Feedback to Improve Procedures

- 1.3.17 The Capital Projects Unit, Treasury would welcome the views and opinions of Departments and others on an ongoing basis on any aspect of the Procedures with a view to improvement.

Cooperation Between Departments & Treasury

- 1.3.18 Treasury expects the fullest cooperation from Departments in complying with the various procedures set out to achieve the stated objectives and assures Departments of its full cooperation and assistance, through the offices of the Capital Projects Unit, to enable Departments to fulfil their agreed capital programme.



## 2 Capital Programmes and Strategic Plans

Long Term Capital Programmes	2.1	<p>Departments should develop long-term plans and capital programmes in order to:-</p> <ul style="list-style-type: none"><li>a) enable the Department to properly plan its provision of services;</li><li>b) ensure that sufficient lead time is available to properly plan, design and cost the alternative methods of provision;</li><li>c) maximise utilisation of existing assets (and identify redundant assets).</li></ul>
Rolling Programme	2.2	<p>Such long-term plans should be prepared on a rolling programme basis and should be reviewed every year. The review should include an assessment of:-</p> <ul style="list-style-type: none"><li>a) The relative priorities between projects, which will almost certainly be competing for limited resources;</li><li>b) The availability of adequate funding for the final programme total;</li><li>c) The lifecycle costs of each scheme to ensure that they are optimised and to ensure that the revenue consequences can be ascertained and financed;</li><li>d) Whether there is still a need for the project and, if so, in what form;</li><li>e) Whether the project is in accord with any anticipated modifications to the Department's strategic plan and whether it is likely to remain so for the foreseeable future.</li></ul>
Standing Committee on Public Accounts – Report on the Renewal of the Island's Infrastructure for the Collection and Treatment of Sewage ("IRIS") 1991 to 2008	2.3	<p>In addition to the above, where a proposal is put to Tynwald for a capital infrastructure initiative, designed to be delivered over a period of ten years or more, the proposal should include a strategic review at least once every five years, such a review or reviews to be carried out by an independent person appointed by the lead Department and to be reported to Tynwald with recommendations.</p>
Process to Identify Component Costs	2.4	<p>Such long-term plans should, wherever possible, clearly identify the various components of capital costs:-</p> <ul style="list-style-type: none"><li>a) Land;</li><li>b) Demolition;</li><li>c) Construction;</li><li>d) Furniture and equipment;</li><li>e) Professional fees.</li></ul>

- 2.5 This analysis is essential because the three basic elements necessary for most projects to succeed are:-
- a) Land;
  - b) Manpower;
  - c) Finance.
- 2.6 A further advantage of such an analysis is that, from the initial inception of a scheme, the Department and Treasury have a clear assessment of the various components which allow for financial controls to be exercised during the planning and design phases. This will enable management to take remedial action at an early stage if it becomes apparent that one or more components of the total cost is not properly under control.

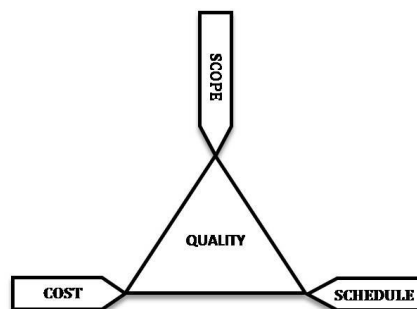
## 3 Construction Projects – Project Management System & Project Governance

Project Management System Elements 3.1 The project management system requires three elements:-

- The setting of clear objectives;
- A strategy to reach the stated objectives;
- A method of monitoring progress to ensure that if momentum is lost, adjustments can be made deliberately and quickly.

Project Management Systems 3.2 The main objectives of the project management system should ensure:-

- a) The user will be satisfied with the end product;
- b) The contract is completed within the stipulated time;
- c) The contract is completed within an agreed budget;
- d) The contract is completed safely; and
- e) To an agreed quality standard.



Project Management Triangle 3.3 All projects need to be performed and delivered under certain constraints. Traditionally, these constraints have been listed as "scope," "time," and "cost". These are also referred to as the "Project Management Triangle", where each side represents a constraint. One side of the triangle cannot be changed without affecting the others. A further refinement of the constraints separates product "quality" or "performance" from scope, and turns quality into a fourth constraint.

The time constraint refers to the amount of time available to complete a project. The cost constraint refers to the budgeted amount available for the project. The scope constraint refers to what must be done to produce the project's end result. These three constraints are often competing constraints: increased scope typically means increased time and increased cost, a tight time constraint could mean increased costs and reduced scope, and a tight budget could mean increased time and reduced scope.

The discipline of Project Management is about providing the tools and techniques that enable the Project Team (not just the Project Manager) to organise their work to meet these constraints.

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Features for Effective Project Management	3.4	<p>Effective project management should take into account the following system features:-</p> <ul style="list-style-type: none"><li>a) Project planning;</li><li>b) Resource estimating;</li><li>c) Value and risk management;</li><li>d) Change control procedures;</li><li>e) Whole Life Costing;</li><li>f) Establishment of Key Performance Indicators;</li><li>g) Project Organisation and staffing of the project team;</li><li>h) Establishing the brief and subsequent design requirements;</li><li>i) Monitoring resource consumption against budgets and progress against plans;</li><li>j) Motivating the Design Team;</li><li>k) Reporting of progress and quality assurance;</li><li>l) Developing and organising equipment and furniture requirements for buildings;</li><li>m) Planning the implementation of the project;</li><li>n) Maintaining good communications, both inside and outside the Project Team with sufficient, timely and accurate information delivered to the appropriate people;</li><li>o) Planning for the future operation of the facility and provision of maintenance.</li></ul>
CDM	3.5	<p>The steps necessary to comply with the Construction (Design and Management) Regulations 2003 (CDM) should be taken as an integral part of the project management system.</p> <p>Good adoption of CDM principles as part of the overall process will allow design and construction professionals to contribute to timely and cost effective completion of projects whereas treating health and safety as a separate matter will result in delay when contractors have to respond to risks not identified during the design and planning stages.</p> <p>Paragraph 6.17 provides more detail on the health and safety requirements of the process. The Health and Safety at Work Inspectorate will provide advice on the application of CDM and other construction related matters if required.</p>
Best practice guidance	3.6	<p>There are various regulations and publications setting out formally how various aspects of building and other contracts should be managed, which have been taken into account in preparing these Procedures.</p>

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Guidance on principles and best practice is available from several sources, for example:-

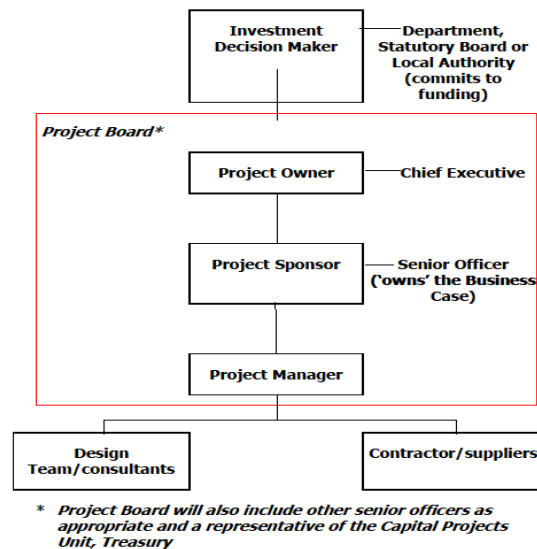
- The Office of Government Commerce (OGC) 'Achieving Excellence in Construction' (AE)
- Constructing Excellence in the Built Environment
- The Association for Project Management 'Body of Knowledge'
- BS6079 Project Management
- PRINCE2 (Projects in Controlled Environments)
- Code of Practice for Project Management (Third Edition) issued by CIOB

Project Governance, Organisation, Structure and Roles	3.7	A key principle of AE is the establishment of roles. The documented project management procedures used by Departments, Statutory Boards and other Public Bodies must identify the client roles of Investment Decision Maker, Project Owner or Senior Responsible Officer and Project Sponsor. A clear distinction must be made between the Client roles and the provider roles. The latter roles are that of the Project Manager, Design Team and contractor.
Project Sponsor	3.8	The <b>Project Sponsor</b> is a named individual who is accountable to the Client Department for the Project and its budget. The Project Sponsor is a senior manager who must visibly support and encourage the Project on behalf of the Department. The Project Sponsor should ensure that the Project is in line with the Department's needs, that the level of commitment of key stakeholders is obtained and that sufficient resources have been allocated. The Project Sponsor is accountable to ensure that the Project is delivered and meets the Department's needs.
Project Board	3.9	A <b>Project Board</b> provides overall strategic direction of the project. The Board is chaired by the Sponsor. Where a Project Board is not required, the Sponsor provides overall direction and management of the project.

A typical project organogram is demonstrated below.

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- 3.10 Whereas the Client roles can be undertaken by laypersons with appropriate training, the Project Manager must have technical expertise in construction. The Project Manager is the person appointed by the Project Sponsor to be responsible for managing the project on a day-to-day basis. He or she must ensure that the Department adheres to these procedures and the Departments' systems and that the contractor complies with the requirements of the contract. The Project Manager reports progress to the Project Sponsor at agreed intervals.

Project Manager

- 3.11 The **Project Manager** is a named individual responsible for the day to day detailed management of the project and provides the interface between the Project Sponsor and the supply side of the Project Team. The Project Manager is pivotal to the success of the Project and, as such, requires a high degree of both people management and organisational skills. The Project Manager builds and leads the team and is accountable for the planning and successful delivery of the Project. The Project Manager should be able to influence and maintain the commitment of the sponsors, stakeholders and team members.

The Project Manager shall be responsible for appointing other members of the Project Team. It is important the Project Manager clearly identifies the Roles and Responsibilities of each member of the team. See Appendix 2 for an example of a Roles and Responsibilities Matrix.

The Project Manager may be an external appointment, either from another Department or an external consultancy. Alternatively a lead consultant may fill the role, however, in the case of an external Project Manager it is important to establish the level of authority, as well as the roles and responsibilities, particularly in relation to dealing with Client Department issues.

Project Sponsor's responsibilities

3.12 The Project Sponsor has personal responsibility to the Client Department for the whole of the Project and should expect to stay with the Project until its completion. Continuity is an essential feature of this role.

The Project Sponsor's responsibilities are to:

- a) oversee the preparation of the Business Case (see paragraph 8.1) and budget for the project, ensure the proposals are realistic, meet the business objectives and submit them to the Client Department for approval;
- b) establish an appropriate organisation structure and the necessary communication processes;
- c) ensure the users and other stakeholders are involved in and committed to the Project;
- d) appoint a Project Manager and provide the terms of appointment, adequate resources and necessary support;
- e) ensure that a brief is developed (refer to section 5) which reflects the project objectives clearly and is agreed by the users;
- f) act as an arbiter on any disputes which occur on the client side;
- g) provide regular update reports to the Client Department (Minister, Members and Chief Executive) especially in regard to performance to time, quality and cost and with particular regard to notification of cost/time overruns/variations;

Where a Project Manager is appointed, the role of the Project Sponsor should be to:

- h) define the scope and boundaries of the project;
- i) manage the Project Manager's performance of delegated responsibilities;
- j) define the criteria for control and management of the project;
- k) monitor the implementation by the Project Manager of control and management systems;



- l) assist the Project Manager in the resolution of problems;
- m) ensure that the Project Manager receives departmental decisions on time;
- n) receive and review detailed reports on the project from the Project Manager;
- o) establish with the Project Manager a common approach to major issues which arise; and
- p) maintain at all times an overview of the project status in relation to the established objectives.

Where a Project Manager is not appointed, the Project Sponsor should retain the responsibilities that would be delegated to the Project Manager. Alternatively, the Project Sponsor may delegate some of these responsibilities to a lead consultant. The Project Sponsor should have the abilities and experience appropriate to the Project if the Sponsor is to act as the Project Manager.

Project Manager's  
responsibilities

3.13 The Project Manager is the client's representative, acting as a single focal point for the day to day management of the Client Department's interest in a Project.

The Project Manager is required to: -

- a) champion the Project;
- b) manage the Client Department's interests;
- c) set a leadership example and provide support to team members;
- d) co-ordinate stakeholders needs to develop the brief;
- e) obtain Client buy in;
- f) set clear objectives (sometimes called critical success factors);
- g) appoint consultants and contractors and establish their roles and responsibilities (see appendix 2);
- h) establish and maintain clear lines of communication including reporting;
- i) develop a clear programme;
- j) establish a Risk Management approach;
- k) establish a Change Control System;

- l) resolve differences between Project team members;
- m) monitor progress in time, cost, quality compared to the brief; and
- n) Give feedback on performance to Project team members.

## 4 Construction Projects – Project Planning and Control

4.1 Attention must be paid to planning and controlling the project at all main phases in a project's lifecycle. The system should take account of the key events likely to occur at each stage and ensure that appropriate controls are in place to regulate the performance of the project.

4.2 Four distinct phases can be identified for providing a structured approach for progressively delivering the required controls. These are:-

- Concept;
- Definition;
- Implementation;
- Handover and Closeout;

Key Objectives

4.3 Key objectives should be assigned at each phase. These are:-

- a) Concept –the need, opportunity or problem is confirmed, the overall feasibility of the project is considered and a preferred solution is identified in the most cost effective way. The Business Case will be produced in this phase;
- b) Definition – the preferred solution is further evaluated and optimised and a Procurement Strategy is developed; the Project Execution Plan is produced and the resources required during the implementation phase will be identified;
- c) Implementation – to ensure that the design meets the original criteria and is in accordance with the principles of good value for money – to award the contract in a suitable form to the most suitable contractor at the most advantageous price to the client; to make certain that the system of project management ensures that the work is being properly supervised and executed;
- d) Handover and Closeout – to ensure that where possible the scheme is completed on time, within the tender price and to a satisfactory standard; to collect all relevant information on the various stages of the project, evaluate it and use it to improve performance on future projects.

Project Definition

4.4 The importance of project definition, estimating and risk management should be recognised at project initiation stage. The Project Sponsor should ensure that there is a clear project brief (refer to section 5) which provides a comprehensive statement of the client's requirements for the project. This should be based on close consultation between the Project Sponsor, Senior Responsible Owner, users and stakeholders.

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Project Planning	4.5	Thorough project planning prior to formal approval is one of the most important factors in achieving better control and performance. Project delivery also depends on the development of a robust Project Execution Plan.
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Project Execution Plan	4.6	<p>The Project Execution Plan is the key management document governing the project strategy, organisation, control procedures, responsibilities and, where appropriate, the relationship between the Project Sponsor and the Project Manager. It is a formal statement of the user needs, the project brief (see section 5 Capital Schemes – the Brief) and the strategy agreed with the Project Manager for their attainment. The scope of the plan will depend on the size and nature of the project. It is a live management document, regularly updated, to be used by all parties both as a means of communication and as a control and performance measurement tool. Fuller guidance on the Project Execution Plan is given in AE Guide No 3 however, in simple terms the Plan will be expected to describe how the project will be managed in terms of why, what, how (and how much), who, when and where:</p>
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The '**why**' is a statement of the change to be delivered by the project which includes a definition of the need, problem or opportunity being addressed. This is frequently developed in the Business Case.

The '**what**' describes the objectives, a description of the scope, the deliverables and their acceptance criteria. It also describes the success criteria for the project and the KPI's to measure success. The 'what' needs to take into account the project's constraints, assumptions and dependencies.

The '**how**' defines the strategy for management, the handover of the project, the tools and techniques, monitoring and control and reporting arrangements.

'**How much**' defines the project budget and the budgeting and cost management process.

The '**who**' includes a description of key project roles and responsibilities and the plan for all the resources that will be required.

'**When**' defines the timescales, including milestones and any arrangements for phasing, which then must be reflected in 'how much'.

	4.7	The Project Sponsor should ensure that a Project Execution Plan is agreed, covering the above topics. The Project Sponsor must be satisfied that the Project Execution Plan represents a viable and realistic plan for implementing the project and achieving its objectives.
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Although the Project Manager owns the Plan it should be developed with the team to remove ambiguity, develop commitment and assist in effective handover of the project.

Project Change  
Control

4.8 The Project Execution Plan is prepared by the Project Manager during stage 'D1 – Design Brief'.

4.9 Changes to design, especially after contract award, are one of the major causes of cost overruns and poor Value for Money. Changes arise mainly as a result of unclear or ambiguous project definition, inadequate time spent in Project planning, risk analysis and management or due to changing circumstances. The consequences of changes during the construction stage can be many times greater than the direct impacts of the changes.

Change is handled most effectively through sound project planning and review. Where there is a possibility of change for whatever reason, it should be treated as a project risk and addressed in the risk management plan. A robust change control procedure incorporating best Value for Money criteria should be adopted to evaluate and manage change when it occurs.

The need for changes should be minimised by:

- a) ensuring that the project brief is comprehensive and has the user's agreement;
- b) taking account of proposed legislation;
- c) having early discussions with outside authorities to anticipate their requirements (including DOI Planning etc);
- d) undertaking site investigations and condition surveys;
- e) ensuring that designs are fully developed and coordinated before construction contracts are committed;
- f) good project management, including forward planning; and
- g) identifying and managing risks.

A change control procedure should consider all of the following factors for each proposed change before approval is given for the change:

- h) the reasons for the change;
- i) its source;

- j) the full cost, time and performance consequences of the change;
- k) the risks associated with the change and their impacts;
- l) properly evaluated alternatives to the proposed change;
- m) proposals for avoiding or mitigating time over-run; and
- n) Sources of funding of any cost over-run.

Project Sponsor's  
approval to change

- 4.10 The Project Sponsor should normally give approval for the change when a detailed evaluation of the change shows that it provides best value for money. Where additional funding is required, approval for the change should be obtained from the Client Department.
- 4.11 The Client Department, when considering a change in the scope or direction of a Project, must take account of the impact on the Department in terms of time, cost and performance before reaching a decision. When a decision is made to change the scope or direction of a Project, the Project Brief and the Project Sponsor's terms of appointment must be amended to reflect the change. All changes must be clear, transparent, properly reasoned and recorded.
- 4.12 Post Contract Change Control Procedures often depend on the Form of Contract and are discussed in Stage I4 of these procedure notes.

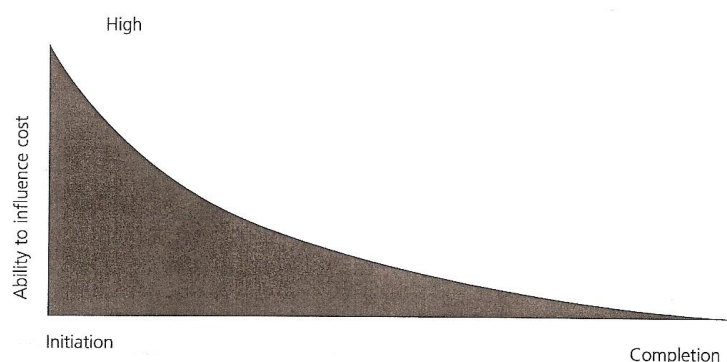
## 5 Capital Schemes – The Brief

- |  |     |   |
|--|-----|---|
| Role of Client & the Brief                                   | 5.1 | The role of the Client Department (and Project Sponsor) during this phase and the importance of a clear, well defined brief cannot be over-emphasised. Failure to prepare a proper brief is one of the major causes of delay and additional expenditure. The Project Sponsor should develop a clear project design brief that addresses current and future service requirements, the Client's aspirations for the building and the project's physical and social context. The Project Brief will form an essential part of the Project Execution Plan – refer to clause 4.6.  |
| Purpose of the Brief   | 5.2 | The fundamental purpose of the brief is to convey to the members of the Project Team the wishes and intention of the Department, to enable them to grasp the specific objectives of the project, together with any constraints upon the design, and to proceed with the design without making any unnecessary independent assumptions.  |
| Client Requirements  | 5.3 | Conscientious attention to the brief not only provides the Project Team with a clear statement of its objectives but also obliges the Department to clarify its own requirements as far as possible before the commencement of work on detailed design. In this respect the Client must involve all stakeholders, including end users in developing the design brief and in the assessment of the project success at Handover and Closeout stage.   |
| Brief Evolution  | 5.4 | For a simple or straightforward project, an adequate brief could be given to the Project Team in a single step. However, for a project of any size or complexity, the brief as finally agreed is likely to be the product of an evolutionary process.   |
| Feasibility Studies & The Brief                              | 5.5 | Although the inclusion of the scheme within the capital programme implies that the justification of it has been established, and that the Business Case has been approved, the initial step will be consideration of the need for further feasibility or other studies. Given a positive outcome from any such studies, an initial brief can be given to the Project Team on the basis of which it can begin to explore the various ways in which the Department's needs can be satisfied within the proposed budget.   |
| Feasibility Studies to Investigate Capital and Running Costs | 5.6 | This exploratory work might indicate that the original objectives are not feasible in relation to the finance available or reveal other constraints not previously identified in response to which the Department's requirements may be modified or expressed more precisely. The reactions of Statutory Authorities or other groups will be obtained. Construction, running and maintenance costs will be estimated and the benefits or rates of return evaluated whenever appropriate. If a Quantity Surveyor is to be employed, he should be appointed at the outset in order to be able to make his contribution to this process. |
| Preferred Outline to Form Basis of Brief                     | 5.7 | Eventually an outline scheme will emerge which is preferred among the available options, which satisfies quantifiable requirements and is likely to be approved by the relevant authorities. The final brief is compiled and agreed on the basis of this preferred outline.   |



Department  
to Avoid  
Changes

- 5.8 The development of the brief may be a relatively expensive procedure in terms of consultant's fees, particularly if it entails the evaluation of alternative approaches. However, it is considered that this will be cost effective if it enables the client to make firm decisions that do not subsequently need to be changed. In this connection, the client must avoid wholesale changes of mind at any stage. Any such decision should be taken in full view of the likely penalty in terms of cost, delay or inherently unsatisfactory compromises in the design. The illustration below highlights that the ability to influence the cost of a project reduces significantly over time and the brief stage is therefore key to influencing the overall cost of the project.



Scope of the  
Final Brief

- 5.9 The scope of the brief and the detail included in the final version will depend on the nature of the project, that is, its size, complexity and whether it is part of a basically repetitive programme or a one-off development. In practical terms, it will also depend on whether the design is undertaken by a frequently used consultant or by a firm new to the Department although, as already noted, in no instance should the Project Team be left to make unnecessary assumptions.

Initial Brief to  
Include

- 5.10 Although agreement of the final brief is a collaborative process between the Department and Project Team, the Department (and Project Sponsor) must fulfil its client role by ensuring that the Project Team is provided with all the necessary information. In particular the initial brief, which will be further developed in the Project Execution Plan (refer to paragraph 4.6) should include the following essential items:

- a) The purpose of the project, together with any necessary background information;
- b) The scope and content of the project;
- c) The required timing of the project and an assessment of the impact of failure to meet time targets;
- d) The expected budget constraints;
- e) Planning considerations.

For a building development the Department should also provide:

- f) A social brief, indicating how and by whom the project is to be used;
- g) A schedule of accommodation required;
- h) A statement of the activities and functions to take place in the development.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Quality Required	5.11	A further essential point of policy that must be clarified at briefing stage is the quality of the construction envisaged, especially in relation to energy costs, maintenance and other elements of cost-in-use.
Checklists	5.12	A Department with a regular programme of particular types of construction should consider the use of checklists to ensure that all relevant areas have been covered in the brief. A completed list can usefully form part of the detailed brief to the Project Team.
Future Flexibility of Large Buildings	5.13	Although the client's objectives must be as firm as possible at the point when the brief is finalised, it is possible that changing circumstances may eventually modify the requirements, possibly within the development timescale. Therefore, flexibility in use should be a primary objective written into the brief. In particular, the opportunity for changes within the external envelope should be a priority requirement for large buildings such as schools, sports centres or office accommodation.
Standard Briefs for Repetitive Work	5.14	For an essentially repetitive programme, consideration should be given to the preparation of standard briefs dealing with the common features, such as heating and hot water systems in housing developments. Although these would have to be adapted and supplemented as necessary for individual projects, they would simplify the compilation of the brief and should facilitate standardisation of key elements with potential benefits in subsequent maintenance and repair.
Review Standard Briefs	5.15	In any event, standard features are likely to be incorporated into certain designs as a matter of policy. All such standard items should be reviewed regularly in order to derive a feedback from the experience in use.
Department Responsibility	5.16	Although preparation of the brief is a collaborative process between the Department and the Project Team, the provision of the relevant information including taking the necessary policy decisions is a crucial responsibility of the Department, the importance of which has been consistently underlined in various reports and studies.
	5.17	<p>The adequacy of the arrangements to discharge the responsibility of the Department in relation to the brief should be measured against the following objectives:-</p> <ul style="list-style-type: none"><li>a) That all the necessary information was available and had been taken into account, especially in regard to user needs and feedback from previous design solutions;</li><li>b) That the necessary Department responses were made in good time relative to the programme.</li></ul>

## 6 Project Team Procedures for Capital Schemes - Principles

Copies to Client and CPU	6.1	All documentation required by these Procedures shall be submitted by the Project Team to the Department and, where indicated, copied to the Capital Projects Unit, Treasury simultaneously.														
Stage, Planning and Approvals	6.2	The employing Department and the Project Team shall undertake thorough pre-planning of each project as a fundamental matter of principle, to set down the basis on which costs are arrived at and subsequently monitored. To ensure this, a set of procedures has been created, effectively dividing the project into a number of stages with a gateway review process at each stage. The seven stages listed in paragraph 6.5 below sit within the four project lifecycle phases described in paragraph 4.2. The gateway review process is a key assurance mechanism designed to provide an objective view of a programme or project's ability to deliver on time and to budget. This means that there is an automatic stop on a project until the Project Team is advised in writing that the proposals at this stage are acceptable to the Client Department and that they should proceed with the next stage.														
CPU Stage Agreement	6.3	After consultation, the Client Department shall confirm in writing to the Capital Projects Unit, Treasury, that the appropriate stage has been completed satisfactorily by the Design Team <b>and shall obtain specific agreement from the Capital Projects Unit, Treasury, at the completion of each stage prior to instructing the Project Team to proceed to the next stage of the project.</b> Project Team Fee accounts may not be approved for payment by the Department, unless this procedure is followed. In the case of Local Authority schemes, it will be the responsibility of the appropriate Department to ensure that the same procedures are implemented as for other capital schemes.														
Treasury to Control Flow of Work	6.4	This system allows Treasury to smoothly control the flow of work to suit the market or the economic situation and to reflect the finances available at any particular time.														
Stage Titles	6.5	<p>The following is a summary of the various stages:-</p> <table><tr><td>BC</td><td>Business Case</td></tr><tr><td>D1</td><td>Design Brief</td></tr><tr><td>I1</td><td>Design Development</td></tr><tr><td>I2</td><td>Technical Design</td></tr><tr><td>I3</td><td>Tender Action</td></tr><tr><td>I4</td><td>Construction to Handover</td></tr><tr><td>H1</td><td>Handover, Final Account and Post Project Evaluation</td></tr></table>	BC	Business Case	D1	Design Brief	I1	Design Development	I2	Technical Design	I3	Tender Action	I4	Construction to Handover	H1	Handover, Final Account and Post Project Evaluation
BC	Business Case															
D1	Design Brief															
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I3	Tender Action															
I4	Construction to Handover															
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Stages Can Be Adjusted By Agreement		<b>Note:</b> The stages may be adjusted by agreement with the Capital Projects Unit, Treasury, for Engineering, purchase of equipment or other capital schemes.														

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Feasibility Stage		Where a Feasibility Study is specifically requested by the Client Department, this shall be completed during Stage BC Business Case.
Project Team Procedures	6.6	The procedures for Department and Project Teams are comprehensive and the detailed requirements are set out in the Procedure Notes entitled "Project Team Procedures – Details". They ensure that the scheme receives adequate consideration at all stages. They also allow schemes to be progressed to suit Government's requirements. As can be seen, monitoring of the project is effected by a series of approvals at various stages and close reporting during construction.
Approved Does Not Imply Correctness	6.7	Approval at any stage is not to be regarded as an acceptance by the Client Department or by the Capital Projects Unit, Treasury, that documents are correct for the purpose of executing subsequent stages and does not relieve the Project Team of its responsibility to protect the Client Department's interests in this regard.
Stages Can Be Varied	6.8	The various stages may be amended, if appropriate, without altering the principles involved, subject to approval for the scheme by the Capital Projects Unit, Treasury.
Best Practice Project Management Techniques	6.9	In progressing capital schemes consideration must be given to adopting best practice project management techniques.
Risk and Value Management	6.10	Risk and Value Management should be carried out throughout the project lifecycle, with early involvement of the entire integrated Project Team to minimise/manage risks. The principles and techniques of value management should be applied during the process of developing a project with the aim of providing the required quality at optimum whole-life cost. There must be adequate time and effort early in the project's lifecycle to analyse the risks and to develop a risk management plan governing how they are to be managed and funded. The risks should be managed actively throughout the life of the project in accordance with the risk management plan; the plan should deal with all risks, whether retained by the Department or allocated to others in the Project Team. Appendix 3 gives more guidance on the establishment of these techniques.
Cost Management	6.11	It is essential that capital projects should be managed on time and within budget. Accurate and realistic budget estimates must be prepared, including allowances for risk and whole-life costs. Costs must be managed by monitoring and controlling costs against the budget, recording commitments, accruals, actual expenditure and forecast outturn cost. Specific requirements are given at Stage I4.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Project Reporting	6.12	<p>The Project Manager is required to issue regular reports to the Project Sponsor and Capital Projects Unit, Treasury regarding the current status of the project, key issues and problems requiring resolution and steps being taken to resolve them. The Project Sponsor should forward copies to the Senior Responsible Owner (or Project Board) for information and will formally draw the Senior Responsible Owner's attention to any matters of serious concern to the Department and Capital Projects Unit, Treasury. A Project Manager's reporting template is included at Appendix 4 and further specific requirements are given at Stage I4.</p>
Procurement and Contract Strategies	6.13	<p>It is essential that consideration is given to procurement strategies and contract types (Forms of Contract) at an early stage in the project's lifecycle. In the Definition phase of the project this must be addressed under stage D1 Design Brief, with clear recommendations given by the Project Team with supporting reasoning. The appraisal of procurement options must take account of whole life value for money (including costs for operation and maintenance) and must not be based solely on capital cost. Procurement strategies that support collaborative relationships, Early Contractor Involvement (ECI) and integrated supply chains are encouraged.</p>
Sustainability	6.14	<p>Project and programme procurement strategies will take full account of Isle of Man Government's commitment to sustainable development and of the economic, environmental and social impacts of its decisions. In particular, all construction projects shall be designed within the context of Value for Money and functionality, to maximise the efficiency of energy, water and waste management, minimise and where possible avoid negative but enhance positive impacts on biodiversity, and take account of the likely impact on staff, transport systems and local communities. Further guidance can be obtained from OGC's AE Guide 11: Sustainability.</p>
BREEAM or other assessment processes	6.15	<p>Where Departments wish to adopt an appropriate environmental assessment process such as BREEAM or an equivalent, this must be supported by a Value for Money assessment of complying with the selected rating to confirm that the assessment does not conflict with the project aims, is justifiable on a whole life cost basis and must be agreed as being adopted during the Definition Stage.</p>
Design Quality	6.16	<p>Good design is a prerequisite for securing best Value for Money. Design quality can be summarised as the combination of functionality (including fitness for purpose), impact, buildability, maintainability, sustainability, build quality and future flexibility of use.</p> <p>The three 'L's concept should always be borne in mind, namely Long Life, Loose fit and Low energy.</p>

Design quality is about more than style or appearance. Design quality is also required to incorporate the key requirements of the business and stakeholders and address whole-life value, health and safety, sustainability and environmental impact. Good design should:-

- a) Enhance and encourage children to learn in the best schools;
- b) Help patients recover their spirits and health in the best designed hospitals;
- c) Bring communities together in well designed public realms;
- d) Provide a productive environment for staff.

Good design standards and finish, consistent with the need for financial constraints and economy, should always be sought. However, extravagance in design and unnecessary expenditure must be avoided.

Further guidance on Design Quality is available from the OGC AE Guide 09: Design Quality.

## Health and Safety 6.17

Departments should create an environment through all stages of the project that delivers excellence in health and safety performance. There are sound business and ethical reasons for doing so both during construction and later in occupation for use by employees and members of the public. Departments are encouraged to follow the OGC's Achieving Excellence Guide 10, Health & Safety, which sets out key issues to be followed.

The Construction (Design & Management) Regulations 2003 were introduced in 2004 with the aim of improving the overall management and coordination of health, safety and welfare throughout all stages of a construction project.

It is a requirement of the Regulations that a Planning Supervisor be appointed by the Client and Departments are advised that such appointments should be made at the initial concept stage of the project and prior to Design Team appointments being confirmed, in order to enable the Planning Supervisor to advise Departments on the competency and resources of the proposed Design Team.

The CDM Regulations apply to most construction projects. However, there are a number of situations where the Regulations do not apply, and further guidance is available from the Health and Safety at Work Inspectorate.

The principal contractor and any sub-contractors should be appointed at the earliest possible opportunity and in any event they should be appointed in good time to contribute to - and agree - the relevant contents of the health and safety plan.

CIRIA Guidance 'CDM 2007 – Construction work sector guidance for designers' is a helpful document providing guidance on how to comply with the version of CDM currently applicable in the UK. This by no means implies, however, that UK Regulations will be automatically adopted in the Isle of Man and such guidance should be viewed as good practice only.

Considerate  
Constructors  
scheme

6.18

Departments should include within all contracts involving construction a requirement for their contractors to be registered with a suitable site management/good neighbour scheme such as the Considerate Constructors Scheme and to comply with the scheme's Code of Considerate Practice.

Key Performance  
Indicators (KPI's)

6.19

Departments must demonstrate year on year improvement in their construction processes by use of Key Performance Indicators (KPI's).

Ten headline KPI's are recommended for adoption as detailed in Appendix 5.

As a minimum, the ten KPI's must be recorded for all construction projects with a value of £1 million or more (including Framework or Term contracts).

The Project Manager has responsibility for collecting and recording the data at appropriate stages during the project's lifecycle.



## 7 Project Team – Services, Appointments, Conditions of Engagement, Fees and Expenses

### Appointment of the Client Team

Appointment of the Client Team	7.1	Fundamental to the success of any project are the appointments of Project Sponsor and Project Manager.
Project Sponsor's appointment	7.2	<p>The <b>Project Sponsor</b> is a senior manager who must visibly support and encourage the project on behalf of the Department. The Project Sponsor should ensure that the Project is in line with the Department's needs, that the level of commitment of key stakeholders is obtained and that sufficient resources have been allocated. The Project Sponsor is accountable to ensure that the Project is delivered and meets the Department's needs. The Project Sponsor will monitor the Project Manager's performance, provide direction and decision making and representation responsibilities.</p> <p>The Department must therefore nominate an experienced and appropriate Project Sponsor to undertake this role.</p>
Importance of the Project Manager	7.3	<p>The <b>Project Manager</b> is pivotal to the success of the Project and, as such, requires a high degree of both people management and organisational skills. The Project Manager builds and leads the team and is accountable for the planning and successful delivery of the Project. The Project Manager should be able to influence and maintain the commitment of the sponsors, stakeholders and team members.</p> <p>The Project Manager shall be responsible for appointing other members of the Project Team in compliance with these procedure notes. It is important the Project Manager clearly identifies the Roles and Responsibilities of each member of the team.</p>

### Appointment of the Project Manager

Project Management Appointments	7.4	<p>The procedure for appointing a Project Manager shall be as follows, for outsourced project management services on all major capital schemes of £5 million or over in value:</p> <ol style="list-style-type: none"> <li>Formal interview of candidates will be undertaken by representatives of the Client Department and Capital Projects Unit;</li> <li>Recording of the qualitative assessment in accordance with the selection mechanism matrix; refer to Appendix 6;</li> <li>The obtaining of a minimum of two Client references;</li> </ol>
Standing Committee on Public Accounts – Report on the Renewal of the Island's Infrastructure for the Collection and Treatment of Sewage ("IRIS") 1991 to 2008		

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

- d) Preparation of a report by the Client Department to the Capital Projects Unit detailing the findings and conclusion of the assessment process and giving a clear recommendation on the preferred project management appointment for which Capital Projects Unit concurrence is sought;
- e) Preparation and execution between the parties of The Association for Project Management Standard Terms for the Appointment of a Project Manager and Schedule of Services;
- f) Formal engagement with agreed fee scales approved by the Capital Projects Unit.

### Appointment of the Design Team

Appointment of the Design Team	7.5	It may be necessary to appoint some or all members of the Project Team to take part in the Feasibility Study, Economic Appraisal or Business Case stage of the project. In other cases the Client Department may complete this phase of the project prior to the appointment of the Project Team, or employ Consultants to carry out this work as a discrete commission.
Planning Supervisor should be appointed early	7.6	Under the CDM Regulations, the first appointment should be the Planning Supervisor, whom the Department should be reasonably satisfied is competent to perform those duties. The Planning Supervisor will then advise on the competence and resources of any Design Team members who the Department arranges to carry out the work.
CPU Consultation Prior to Appointment	7.7	No commitment shall be made by Departments to any individual or firm, formally or informally, to undertake any work or to provide any service, directly or indirectly, in relation to any capital scheme without prior consultation with the Capital Projects Unit, Treasury.
Appointment Procedure	7.8	The performance of the Project Team is crucial to the success of a project. Recognising the need to demonstrate public accountability and to ensure that only consultants of proven ability and experience and whose resources are not over-committed are selected for commissions and because Treasury has an overview and monitors the performance of consultants on capital schemes the following procedures will be adopted for the appointment of consultants:-

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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CPU to Advise on  
Suitable Consultants

a) A representative of the Capital Projects Unit, Treasury in consultation with officials of the Department concerned, and after taking into account their views and comments, undertaking any necessary investigations and taking into account any other relevant factors, will discuss with and advise the Senior Responsible Owner and/or Project Sponsor of the Department which, in all circumstances and at that time, is considered to be the best professional team suitable for the particular scheme. It is a matter for the Department, having received the appropriate advice, to decide on which consultants he wishes to select to put forward for approval by the Department as, in the final analysis, having received the appropriate advice, it is the Department's responsibility to appoint the Project Team for each Scheme.

Department to  
Confirm Its Decisions

b) The Department having considered the recommendations will confirm to the Capital Projects Unit, Treasury its intention to appoint the consultants for the particular scheme subject to agreement between each consultant and the Capital Projects unit, Treasury on terms and conditions of engagement, fees and expenses and any other matters requiring agreement.

Consultants to  
Authorise CPU for  
Tax Checks etc

c) It is a requirement that all consultants shall be up to date with all statutory payments prior to appointment for any scheme. Consultants are required to provide to the Capital Projects Unit, Treasury, the appropriate authority to see and obtain all necessary information to ensure that the consultant complies with this requirement. The Capital Projects Unit, Treasury, will establish that the proposed consultants are up to date with all statutory payments to Government (eg ITIP, National Insurance, Company Tax, VAT etc);

PII

d) The Capital Projects Unit, Treasury will establish that the proposed consultants hold an appropriate type and level of Professional Indemnity Insurance suitable for the proposed scheme with an acceptable insurance company;

Terms & Conditions  
to be Agreed with  
CPU

e) The Department's Project Manager will, in conjunction with the Capital Projects Unit, Treasury agree terms and conditions of engagement, fees and expenses and any other matters requiring agreement with the proposed consultants;

Copyright

f) All right, title, and interest, including any copyrights and renewals or extensions thereto of all drawings and reports shall be assigned to the Client Department;

CPU to Advise  
Department

g) The Department will be advised by the Capital Projects Unit, Treasury when all the enquiries and agreements have been satisfactorily completed;

Non Agreement or  
Compliance

h) In the event of non-agreement or non-compliance with requirements by the proposed consultant the Department will be advised by the Capital Projects Unit, Treasury when all the enquiries and agreements have been satisfactorily completed;

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Formal Appointment by Department		i) Following completion of all the foregoing stages, the formal appointment of consultants will then be made by the Department.
Advertise for Consultants	7.9	In special circumstances, it may be necessary to advertise for consultants and interview applicants. In view of the time and expense involved in this process it should only be considered where the particular circumstances warrant it and only after prior consultation with the Capital Projects Unit, Treasury. A representative of the Capital Projects Unit, Treasury, shall be invited to sit on the interview panel as an adviser and observer should it be decided to adopt this process of selection.
Confidentiality of Appointments	7.10	In view of the possible sensitive nature of enquiries and information it is imperative that all communications, comments, opinions or discussions between the Department and its officials and Treasury and its officials remains strictly confidential until the Department is notified that all enquiries and agreements have been satisfactorily completed.
No Work Prior to Formal Appointment	7.11	No proposed consultant shall be requested or allowed to undertake any element of any service prior to being formally appointed by the Department, having followed the foregoing procedures.
Programming for Appointments	7.12	Adequate time shall be allowed in the over-all programming for each scheme to allow for properly investigating, consulting and formally appointing each member of the Design Team.
Competency and Resources	7.13	Only firms who are competent in their particular discipline and who have the necessary qualifications, experience and resources or who can otherwise demonstrate their ability to undertake the scheme will be considered for appointment. In order to comply with the Construction (Design & Management) Regulations 2003 it will be necessary for competence and resource assessments to be carried out by the appointed Planning Supervisor on behalf of the Client prior to any appointments being made (refer to paragraph 7.6).
Preference for Isle of Man Consultants	7.14	Unless inappropriate, preference will be given to resident Isle of Man persons or firms of consultants. (The relative commitment made to the Island by firms who are based off-Island and who only have a nominal presence will be carefully examined).
CPU to Approve Specialists	7.15	Where a specific project requires particular expertise or experience which is considered by the Department not be available from resident Isle of Man based persons or firms, approval shall be obtained from the Capital Projects Unit, Treasury before any commitment or appointment is made. Treasury will, where possible, seek to maximise the retention of fees etc on the Island and to maintain or create employment.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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CPU to Advise Before Departments Commit	7.16	It is emphasised that all Departments and Statutory Boards shall seek the advice of the Capital Projects Unit, Treasury, regarding the appointment of consultants, prior to making any commitment to any individual or firm, formally or informally, for any project which is wholly or partially funded or underwritten by Government.
Consultant to Provide PII	7.17	Prior to appointment for any scheme, each consultant shall satisfy the Capital Projects Unit, Treasury, that an acceptable Professional Indemnity Insurance Policy with an appropriate level of cover for the specific scheme and with an acceptable insurer is in place.
Due Diligence	7.18	Each consultant shall exercise reasonable skill, care and due diligence in the discharge of the duties agreed to be performed by the consultant.
Confidentiality	7.19	The consultant shall not communicate with the media or any outside body or person or publish or display alone or in any conjunction with any other person, any articles, photographs or other illustrations relating to the project or discuss or provide any information about the project without prior written consent from the Department.
Appointment Not to be Re-assigned	7.20	The consultant shall not assign the benefit or in any way transfer the obligations under his appointment or any part thereof or arrange for another person to undertake the service required or any part thereof on behalf of the appointed consultant without the written consent of the Department.
Company Changes During Appointment	7.21	In the event of change in the ownership, structure, organisation, management or significant staffing changes or change in location in respect of the appointed person or firm, the Department shall be notified formally by the consultant at the earliest opportunity. A review of the appointment shall be carried out by the Department in consultation with the Capital Projects Unit, Treasury.
Termination of Appointment	7.22	The Department may terminate any appointment at any time without explanation and the Department's liability to the consultant will be limited to pay to the consultant for all services provided up to the date of termination in accordance with the provisions of these Procedure Notes for payment on completion of the relevant stage. No payment will be made in respect of periods of notice or loss of profit or other expenses incurred as a result of the termination of the appointment.

### Services to be provided

Services in accordance with PN's	7.23	The services to be provided by the individual members of the Project Team will be in accordance with their written terms of engagement and these procedures.
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# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Fully comprehensive service	7.24	All appointments, unless otherwise indicated, will be deemed to be for the provision of a full comprehensive service for the fee agreed. This includes preparation for and all attendances at meetings, Planning Appeals, presentations etc and the provision of all necessary drawings, specifications, cost plans, cost reports, valuations, certificates, financial reviews, cash flow forecasts, etc, as required.
All Services Included Whether or Not Specified	7.25	All services, attendances, reports, actions etc required by these Procedures shall be deemed to have been included in the appointment whether specifically referred to or not. It is a matter for each member of the Project Team to establish precisely the services required by the Department prior to agreement of fees.
No Additional Fees Unless	7.26	No extra payment, in addition to the fees agreed, will be made for "additional services" unless these services have been identified and ordered in writing by the Client Department and the fee basis agreed.
Meeting Appropriate Attendance etc	7.27	The Department should be aware of the value of time to consultants. Attendance at meetings by consultants should be given careful consideration. Meetings should be carefully structured with an appropriate agenda and each consultant should only be requested to attend if he can contribute to the meeting. Distribution of general information may be dealt with by the circulation of minutes. Meetings should start promptly and should be terminated as soon as the agenda has been completed. In this way the Department will be making the most economical use of the consultants' time and will obtain the best value for money.
Design Team to Comply With Manx Legislation	7.28	<p>It shall be a condition precedent to all appointments that each member of the Project Team shall:-</p> <ul style="list-style-type: none"> <li>a) Comply with all Manx Legislation (including particularly Control of Employment Legislation);</li> <li>b) Comply with the Financial Regulations including these Procedures issued by the Treasury.</li> <li>c) Comply with the Report of the Council of Ministers on the Review of the Administration of Government's Construction Contracts (January 1993);</li> </ul> <p>and any revisions, amendments or modifications to any of the foregoing issued from time to time.</p>
Design Team to be Familiar and Comply With These Procedures	7.29	Members of Project Teams shall familiarise themselves with and comply with the Procedure Notes for Management of Construction Projects issued by the Treasury and any revisions, amendments or modifications there to issued from time to time. No additional payment will be made to Project Team members for any services, duties or outlay required in order to comply with these Procedure Notes.



# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

## Conditions of Engagement, Fees and Expenses

Terms and conditions agreed with CPU Prior to appointment	7.30	The Conditions of Engagement, Fees and Expenses for each capital scheme shall be agreed between each consultant member of the Project Team and the Department's Project Manager in conjunction with the Capital Projects Unit, Treasury, prior to any agreement to appoint a consultant.
Fees to be Negotiated, but Competitive Tendering may be considered, if appropriate	7.31	<p>It is considered that the best value for money is obtained by appointing consultants who provide the best combination of quality, experience and price. Fees shall be negotiated between the selected consultant and the Capital Projects Unit, Treasury. A balance will be struck between the pursuit of quality of service and maximum economy in fee expenditure.</p> <p>Any additional services identified as earning additional fees must be incorporated in a comprehensive agreement prior to the appointment of the consultants. Competitive tendering for fees may be considered in certain circumstances, if deemed appropriate. Client Departments should therefore consult the Capital Projects Unit, Treasury before embarking on the selection process of consultants.</p>
Written Terms of Engagement	7.32	Other than in exceptional circumstances, consultants will be appointed on an individual basis and on written terms of engagement which state clearly and unambiguously the services that are to be provided, the delivery timescales and the remuneration for those services.
Disbursements	7.33	When fees are being agreed with the consultant, expenses, disbursements, reproduction costs and other anticipated outlays will be examined and negotiated and the amount of such expenses etc incorporated into an arrangement which provides either a total percentage or a lump sum, or a combination of both, for each member of the Design Team.
Fee payments	7.34	Unless otherwise agreed fees will be paid by the Department only on:-
Stage Completion		a) Completion by the Project Team of definitive stages of work, supported by the prior submission of appropriate documentation to support each fee application;
Fee Invoice to Include		<p>b) Submission to the Department (endorsed by the Project Manager) of a detailed fee account invoice setting out the following:-</p> <ol style="list-style-type: none"> <li>1. The title of the capital scheme;</li> <li>2. The total fees due in accordance with the agreement;</li> <li>3. The stage completed;</li> <li>4. The total percentage of the total fees due applied for now in accordance with the Fee Payments Schedule shown herein;</li> <li>5. The amounts of previous payments (if any);</li> </ol>



# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

6. The net amount now requested (excluding VAT);
7. The amount of VAT;
8. The total (including VAT).

**Note:** Interim fees requested during the construction stage shall be based on the gross value of work certified as a percentage of the contract sum and not on a time elapsed basis.

## Stage Payments

- c) Formal Acceptance by the Department of completion of each stage:

- D1 Design Brief
- I1 Design Development
- I2 Technical Design
- I3 Tender Action
- I4 Construction to Handover
- H1 Handover, Final Account and Post Project Evaluation

## Business Case

- 7.35 Work carried out to assist Departments in the preparation of Business Cases will be reimbursed separately and shall be agreed between each consultant member of the Project Team and the Capital Projects Unit, Treasury, prior to any agreement to appoint a consultant. Any fees paid in this regard will be subsequently subsumed into the fee agreement for the preferred option identified in the Business Case.

## Stage Percentage for Fees

- 7.36 The maximum cumulative percentage payable for pre-contract and post-contract services in respect of each of the disciplines at the various stages, taking into account the points noted above, will be as follows:-

Stage	Project Manager	Architect	QS	M&E Engineer	Civil/ Structural Engineer	Planning Supervisor
Not exceeding %						
A. Pre-Contract						
D1	20	20	20	20	20	20
I1	40	40	40	40	40	40
I2	60	60	60	60	60	60
I3	65	65	65	65	65	65
B. Post-Contract						
I4	30	30	30	30	30	30
H1	35	35	35	35	35	35
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Final Account

- 7.37 The maximum amount payable on practical completion and handover of the building will be the appropriate percentage based on the gross amount certified. The final payments will be made on the approval by the Department of the Final Account.

**Note:** In special circumstances, the stages and payment basis may be adjusted, by agreement with the Capital Projects Unit, Treasury.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Fees to be Lump Sums	7.38	Lump Sum fees will be agreed unless considered inappropriate due to the scale, complexity or duration of the scheme or other valid reason.
Fees Other Than Lump Sums (Fixed Price)	7.39	<p>On Fixed Price Contracts, (except when a lump sum has been agreed), Project Team Fees will be based on the following:</p> <p>The pre-contract fee will be based on the agreed percentage of the approved budget (less contract contingencies) identified at stage I1 Design Development and converted to a lump sum excluding VAT.</p> <p>Should the budget agreed at this stage prove to be inaccurate to such an extent that it brings into question the professional advice received, the Capital Projects Unit, Treasury reserves the right to recalculate all Project Team fees based on the approved tender sum (less contract contingencies), where the approved tender sum is less than the Pre Tender Estimate.</p> <p>The post contract fee will be based on the agreed percentage of the approved tender sum (less contract contingencies) excluding VAT.</p>
No Additional Fees For Redesign	7.40	No additional payment will be made for any services provided in respect of re-design, re-measurement, amendments to the project, negotiations or otherwise making reductions to bring the scheme within the approved budget.
Fees to have a Maximum Limit	7.41	Where appropriate, a maximum limit will be set for all fees and expenses.
Fee Invoices	7.42	Payment of fees will only be made against invoices submitted in accordance with these Procedure Notes. Post-contract interim payments will only be made against invoices submitted not more frequently than every three calendar months (unless otherwise agreed) and calculated as set out in these Procedure Notes.
Invoice initially to Project Manager - Department to receive a copy	7.43	Invoices shall be submitted to the Project Manager for validation/endorsement who will then forwarded to the Department.
Project Manager to Validate Invoice	7.44	Payment shall not be made by the Department without validation by the Project Manager, who will check that the invoice is in accordance with the agreement with the consultant and these Procedure Notes.
Interest	7.45	Interest will not be paid in any circumstances on any payments delayed for any reason.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Payment Within 30 Days	7.46	As payments against correctly submitted invoices will be made promptly and in no case later than 30 days after the submission of the invoice, it is in the consultant's interest to ensure the correctness of the invoice before submission as incorrect invoices will be returned for correction and re-submission. Interest will not be paid in any circumstances on any payments delayed for any reason.
Legal Jurisdiction	7.47	All appointments and any matters related to them shall be governed by Manx law.
Settlement of Disputes - Arbitration	7.48	Any dispute or difference relating to appointments, fees, expenses or any other related matter shall be referred to the arbitration or a person to be agreed upon between the parties, or, failing agreement, nominated by His Excellency, the Lieutenant Governor of the Isle of Man, the Arbitration Act 1976 of Tynwald and any amendments thereto to apply. The award shall be final and binding on both parties.

## 8 Project Team Procedures – Details

### Notes:

Stages can be varied

a) The various stages may be amended, if appropriate, subject to approval by the Capital Projects Unit, Treasury.

Feasibility Study – separate appointment

b) Where a Feasibility Study or an Environmental Impact Study is specifically requested by the Client Department, this will be undertaken during the Business Case stage. In these cases, a brief will be issued to the Project Team and separate appointments, fees and expenses etc will be agreed prior to commencement of the service similar to the procedures outlined for appointment to a capital scheme.

## CONCEPT

### 8.1 STAGE BC – BUSINESS CASE STAGE

Council of Ministers Direction to provide Business Cases



8.1.1 In December 2003 Council of Ministers approved a recommendation from Treasury that all future Capital Projects would only progress into the 3 year capital programme on submission of an acceptable Business Case to Treasury. It is clearly desirable that all work covered by Capital Procedures (including those spent from revenue) have a Business Case produced. Consequently the Treasury produced a document entitled 'Guidelines for the Construction of Business Cases for Capital Projects' dated November 2005 (Appendix 7). These guidelines identify the format for the Business Case and the information that should be provided.

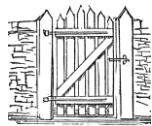
8.1.2 Details should be provided for all new items that need to progress to year 3, or be spent from revenue including design fees and ongoing items, although a less defined Business Case would be needed for design/pre-contract fees. Unless funded from revenue, Business Cases will need to be completed in advance of the Council of Ministers meeting at which the Capital Programme is agreed. Revenue funded projects must also have a Business Case provided before the Stage D1 reports are presented to Treasury.

8.1.3 It should be noted that projects differ in size and scope and therefore the Guidelines should be seen as a minimum requirement. For larger projects a more detailed analysis is expected at each stage.

- 8.1.4 The Guidelines should be read in conjunction with 'FD21 Economic Appraisal' and these Procedure Notes which should be the starting point for any project. The Explanatory notes on Economic Appraisal should help define the objectives and weigh up the options. The Guidelines should be seen as the required format for the presentation of the results of an appraisal conducted in accordance with the above Direction.

## DEFINITION

### 8.2 STAGE D1 – DESIGN BRIEF



Initial Briefing Meeting

The preparation of the Definition Stage shall only commence when Business Case approval has been obtained from the Department and the Treasury.

- 8.2.1 On receipt of approval of the Business Case, the Department shall arrange an Initial Briefing Meeting between the Project Team and the Capital Projects Unit, Treasury.

The purpose of this meeting is to allow the Client Department's representative (usually the Project Manager or Project Sponsor) to introduce the assembled Project Team to one another and to explain the background to the Project in relation to the Department's objectives and priorities. The Project Manager should explain the brief and the outcome of any economic appraisal/Business Case. The initial briefing meeting is an ideal opportunity to discuss/establish many of the Project Management control systems which will ensure the Project proceeds smoothly. The Project Manager should outline the Roles and Responsibilities of each of the team members and agree lines of communication. An initial review of the programme milestones is vital, with due consideration given to the time to obtain Client Departmental (and Tynwald) approvals. Planning approvals and key issues should be discussed including constraints. Possible procurement options and the establishment of change control procedures should also be discussed at the meeting. Appendix 8 is an aide memoire of subjects to consider.

Department to Provide Brief

- 8.2.2 Prior to the Initial Briefing Meeting the Department shall provide:-
- a) Confirmation of the cost limit (ie the authorised budget). Where alternative cost options were reported to the Department confirmation of the preferred design/development option and cost limit is required.
  - b) Confirmation of the project/design brief including, statement of quality and 'fit-out' requirements and an agreed schedule of accommodation.
  - c) Confirmation of programme, including timetable for design, Tynwald Approval date, construction start date, construction period, construction completion date and required occupation dates).

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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d) Confirmation of requirements in respect of:-

- Phasing, including requirements relating to decanting, temporary access and the like;
- Facilitating works, including demolition, preparatory site works, and early infrastructure works (eg mains services connections and roadworks);
- Treatment of project/design team fees;
- Insurances;
- Approach to dealing with other development / project costs including decanting costs, furniture and fittings etc;
- Treatment of employer's risks;
- Treatment of inflation;
- Treatment of Value Added Tax (VAT);
- Any other considerations.

e) Post-completion requirements

Definition Report to contain.....

8.2.3 When the Initial Briefing Meeting has been held a written request will be issued to the Project Team by the Department to commence the Definition stage and on completion of this stage submit a report which shall include the following:-

Project Manager's Report

- 8.2.4 a) From the **Project Manager**
- (i) Project Execution Plan
  - (ii) Summary Report Detailing Status and Key Issues

Architect's Report

- 8.2.5 b) From the **Architect**
- (i) Concept design drawings comprising:
    - Location Plan detailing North point and direction of prevailing wind; 1:1,000
    - General arrangement plans (for all floors, including basement levels, and roofs. The floor areas should be confirmed by reference to the Schedule of Accommodation previously agreed): 1:50
    - General elevations (with materials clearly annotated); 1:100
    - General sections through the building, illustrating the relationship with site levels, the general structural solution and the design approach to natural lighting and ventilation; 1:50
    - External landscaping – general arrangement plan(s); 1:200
    - Plans of key building functions;
    - Detailed elevations showing construction of external walls, roofs, ground floor construction and upper floor construction; 1:50
    - Sketches showing key details/interfaces (eg interface between curtain walling system and structure, balconies and the like);

- Concept design for rooms and common area; and Site constraints plan showing the building, boundaries, entrances, boiler house, sub-station, services, roads, paths, parking, play areas and any other special requirements of Statutory Authorities. 1:500
- (ii) Outline Specification Information, including:
  - Specification/design intent for all main elements;
  - Statement of required quality;
  - Outline specification for components, materials and finishes having particular regard to the Island's resources, facilities and familiarity with the proposed specifications;
  - Acoustics/vibration requirements;
  - Outline performance criteria for main element;
  - Schedule of finishes;
  - Details of alternative specifications.
- (iii) Room data sheets;
- (iv) Schedules of key fittings, furnishings and equipment
- (v) Reports, including:
  - Procurement strategy and contract strategy (in conjunction with the other Project Team members) and recommended Form of Contract;
  - Advice on initial discussions with the Planning Authority;
  - Advice on the need for Traffic Impact Assessments, Asbestos Surveys and any other project specific reports;
  - General design concept and appraisal of options considered with conclusions and recommendations;
  - How particular site features or site problems are being dealt with and generally how the proposed design will facilitate speedy and economical construction having taken into account the materials and methods of construction familiar in the Isle of Man and having particular regard to the Island's resources and facilities;
  - A realistic programme indicating the time (in weeks) required by the Design Team to complete each of the main stages of work as set out in these Procedures Notes;
- (vi) Strategies, including:

Environmental/sustainability (in conjunction with the mechanical and electrical services engineer), including:



- Measures to achieve BREEAM or Code for Sustainable Homes; or the like;
- Building Regulations requirements;
- Sustainability requirements and assumptions;
- Renewable energy requirements and assumptions;
- Department's specific requirements;
- Car parking, including motorcycles and bicycles;
- Vertical movement (in conjunction with the mechanical and electrical services engineer);
- Information technology (IT);
- Fire (including preliminary discussions with the Fire Officer);
- Acoustics;
- Security;
- DDA (Disability Discrimination Act);
- Window Cleaning;
- Refuse/Waste disposal;
- Public art;
- Conservation/registered buildings and the like (if applicable); and
- Other important aspects of the building project.

(vii) Measured survey 1:500 (ie topographical survey) showing the position of existing buildings, boundaries, contours, public services and adjoining properties, particularly those in third party ownership;

(viii) Phasing and outline construction methodology with particular regard to the Island's resources, experience and capability;

(ix) Risk Register/Log

(x) Definition of 'fit-out'

Services Engineer's Report

8.2.6. c) From the **Mechanical and Electrical Services Engineer**

(i) Concept design drawings, comprising:

- General arrangement for each main system; 1:100
- Schematic diagrams for each major system;
- Plant room layouts, including roof plant layout; 1:100
- Single line diagrams showing primary service routes; 1:100
- Typical layouts of landlord's areas, service areas and cores.

(ii) Outline specification information, including:

- Mechanical services;
- Electrical services;

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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- Transportation systems (eg lifts, hoists and escalators);
- Protective installations;
- Communication, security and control systems;
- Special installations;
- Plant/equipment schedule (for primary plant/equipment);
- Schedule of cost significant builders' work in connection with mechanical and electrical engineering services installations/systems;
- Details of alternative specifications

(iii) Strategies, including:

- Energy Efficiency / environmental / sustainability (in conjunction with the architect), including:
  - Measures to achieve BREEAM or Code for Sustainable Homes; or the like;
  - Building Regulations requirements;
  - Sustainability requirements and assumptions;
  - Renewable energy requirements and assumptions;
  - Advantages/disadvantages arising from the Design which may affect the services installation, thermal performance, running costs and maintenance;
  - Department's specific requirements;
- Vertical movement (in conjunction with the architect); and
- Removal/decommissioning of existing plant or equipment.

(iv) Reports, including:

- Survey of underground services.

(v) Identification of requirements for any abnormal mechanical and electrical engineering services installations/systems.

(vi) Details of utilities services connections and preliminary discussions with the Statutory Authorities, including:

- Availability, location and adequacy;
- Connections;
- Upgrading requirements; and
- Diversions.

(vii) Methodology for facilitating works (ie early provision of mains services to site).

(viii) Risk register/log

d) From the **Civil/Structural Engineer**

- (i) Reports based on fieldwork, sampling and analysis (where commissioned by the employer), including:

- Environmental contamination (Phase 2 audit);
- Geotechnical properties.

*Notes: Fieldwork comprises trial pits, auger holes, window samplers, boreholes, probing and the like.*

- (ii) Environmental risk assessment.

- (iii) Advice on ground conditions, surface water and sewerage disposal.

- (iv) Concept design drawings comprising:

- General arrangement 1:50
- Frame configuration 1:100
- Layout of shear walls, core walls, columns and beams 1:100
- Sections 1:50
- Foundation layouts, including pile (and pile cap and ground beam) layouts 1:100
- Sections, showing ground slab construction, basement wall construction, pile caps construction and the like 1:50
- Indicative drainage solution 1:200
- Comments on the design in terms of ease and economy of construction having taken into account the materials and methods of construction familiar in the Isle of Man and having particular regard to the Island's resources and facilities.

- (v) Formation and excavation levels.

- (vi) Outline specification information, including:

- Specification/design intent for all main elements;
- Outline specification for components and materials;
- Structural performance criteria (eg design loadings);
- Pile sizes, including indicate lengths;
- Statement on strategy for integration of mechanical and electrical engineering services with structural components;
- Details of alternative specifications.

- (vii) Estimates of reinforcement content for all reinforced concrete components.

- (viii) Mass of steelwork in steel framed structures.

- (ix) Methodologies for:

- Facilitating works, including demolition, preparatory

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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		site works, and early infrastructure works (eg roadworks and drainage); <ul style="list-style-type: none"><li>• Temporary works;</li><li>• Alterations;</li><li>• Drainage (indicative solution)</li></ul> (x) Risk register/log
Quantity Surveyor's report	8.2.8	<p>e) From the <b>Quantity Surveyor</b></p> <p>(i) Reports, including:</p> <ul style="list-style-type: none"><li>• The cost implications of the proposed design, having had due regard to the individual comments of the other members of the Design Team;</li><li>• An outline cost plan in Elemental form within which the design will be developed in more detail. Outline cost plan comparisons with similar schemes both on-island and off-island shall be provided in Elemental form indicating the source of the data used. Any significant variances between comparative Elemental costs shall be identified and highlighted to enable the Department to consider the implications.</li></ul>
Planning Supervisor's Report	8.2.9	<p>f) From the <b>Planning Supervisor</b></p> <p>(i) Confirmation of initial F10 notification to the Health &amp; Safety Inspectorate. Although not a legal requirement, Planning Supervisors should consider modifying the F10 notification format to include a declaration (signed by all contractors, designers, Planning Supervisor, client etc) to the effect that all significant health and safety risks (and measures to eliminate/control them) had been considered and agreed.</p> <p>(ii) Advice on Designer competence and resources.</p> <p>(iii) Determine and assemble required pre construction information.</p> <p>(iv) Provide information on site hazard surveys.</p> <p>(v) Confirmation of advice given to Client Department on its obligations including time for planning and preparation.</p> <p>(vi) Initiate Pre Tender Health and Safety Plan.</p> <p>(vii) Confirm details of health and safety information (where applicable) collected from Client Department.</p> <p>(viii) Confirmation that Design Risk Workshops have taken place and report on outcomes.</p> <p>(ix) Confirmation that a Risk Register/Log has been developed.</p> <p>(x) Confirmation of advice given to Client Department on duty holders responsibilities for making and maintaining management arrangements to:</p> <ul style="list-style-type: none"><li>• Ensure work can be carried out without risk to</li></ul>

health and safety;

- Ensure adequate welfare facilities are provided
- Ensure Workplace Regulations requirements are met

Design Brief Frozen

***Note: The written Final Design Brief must now be completed and frozen and issued by the Department to the Project Team (this may be incorporated into the Project Execution Plan prepared by the Project Manager). It must not be changed after completion of the Definition Stage except in exceptional circumstances which must be advised to the Capital Projects Unit, Treasury by the Client Department as soon as possible.***

## IMPLEMENTATION

### 8.3 STAGE I1 – DESIGN DEVELOPMENT

Client Instructs  
Design Team



8.3 When the Design Brief Stage D1 has been satisfactorily completed, the Client Department shall formally write to the Project Team giving authority to proceed to Stage I1. Authority to proceed shall include confirmation of any preferred alternatives given and acceptance of any other matters in the Design Brief report.

To enable preparation of the Design Development Report the following key information will be required:

Project Manager's  
report

8.3.1 a) From the **Project Manager**

(i) Summary report detailing status and key issues.

Architect's Report

8.3.2 b) From the **Architect**

(i) Detailed design drawings comprising:

- Location Plan detailing North point and direction of prevailing wind: 1:1,000
- Detailed floor plans, showing the layout of furniture and equipment in rooms and common areas; 1:50
- A three dimensional drawing to illustrate the internal spatial concept;
- General elevations and sections (with materials clearly annotated); 1:100
- Detailed sections through the building, illustrating construction, natural lighting and ventilation, integration of services, finishes etc; 1:50
- External landscaping – general arrangement plan(s); 1:200
- Plans of key building functions;
- Detailed elevations showing construction of external walls, roofs, ground floor construction and upper floor construction; 1:50
- Drawings showing key details/interfaces (eg interface between curtain walling system and structure, balconies and the like);
- Site constraints plan showing the building, boundaries, entrances, boiler house, sub-station, full site development including contours, finished levels, services, roads, paths, parking, play areas and any other special requirements of Statutory Authorities; 1:500

(ii) Updated outline Specification Information, including:

- Specification/design intent for all main elements;

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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### Planning Approval

- Statement of required quality;
  - Outline specification for components, materials and finishes having particular regard to the Island's resources, facilities and familiarity with the proposed specifications;
  - Acoustics/vibration requirements;
  - Outline performance criteria for main element;
  - Schedule of finishes;
  - Details of alternative specifications.
- (iii) Updated room data sheets;
- (iv) Updated schedules of key fittings, furnishings and equipment;
- (v) Updated reports, including:
- Procurement strategy and contract strategy (in conjunction with the other Project Team members);
  - Confirmation of Planning approval, including evidence of appeal where appropriate. Confirmation that the conditions attached to the approval are being met and that any appeal has been concluded to the satisfaction of the Department;
- (vi) Updated strategies, including:
- Environmental/sustainability (in conjunction with the mechanical and electrical services engineer), including:
    - Measures to achieve BREEAM or Code for Sustainable Homes; or the like;
    - Building Regulations requirements;
    - Sustainability requirements and assumptions;
    - Renewable energy requirements and assumptions;
    - Department's specific requirements;
  - Car Parking, including motorcycles and bicycles;
  - Vertical movement (in conjunction with the mechanical and electrical services engineer);
  - Information technology (IT);
  - Fire (including preliminary discussions with the Fire Officer);
  - Acoustics;
  - Security;
  - DDA (Disability Discrimination Act);
  - Window Cleaning;
  - Refuse/Waste disposal;
  - Public art;
  - Conservation/registered buildings and the like (if applicable); and
  - Other important aspects of the building project.

- (vii) Measured survey 1:500 (ie topographical survey) showing the position of existing buildings, boundaries, contours, public services and adjoining properties, particularly those in third party ownership;
- (viii) Updated phasing and outline construction methodology with particular regard to the Island's resources, experience and capability;
- (ix) Updated Risk Register/Log;

Services Engineer's  
Report

8.3.3

c) From the **Mechanical and Electrical Services Engineer**

- (i) Detailed co-ordinated design drawings for all services, comprising:
  - General arrangement for each main system; 1:100
  - Schematic diagrams for each major system;
  - Plant room layouts, including roof plant layout; 1:100
  - Single line diagrams showing primary service routes; 1:100
  - Typical layouts of landlord's areas, service areas and cores.
- (ii) Updated outline specification information, including:
  - Mechanical services;
  - Electrical services;
  - Transportation systems (eg lifts, hoists and escalators);
  - Protective installations;
  - Communication, security and control systems;
  - Special installations;
  - Plant/equipment schedule (for primary plant/equipment);
  - Approximate duties, output and sizes of primary plant/equipment;
  - Schedule of cost significant builders' work in connection with mechanical and electrical engineering services installations/systems;
  - Details of alternative specifications.
- (iii) Updated strategies, including:
  - Energy Efficiency/environmental/sustainability (in conjunction with the architect), including
    - Measures to achieve BREEAM or Code for Sustainable Homes;
    - Building Regulations requirements;
    - Sustainability requirements and assumptions;
    - Renewable energy requirements and assumptions;
    - Advantages/disadvantages arising from the Design



- which affect the services installation, thermal performance, running costs and maintenance; Department's specific requirements.
- Vertical movement (in conjunction with the architect); and
- Removal/decommissioning of existing plant and or equipment.
- (iv) Updated reports, including:
  - Energy report in an acceptable format indicating the steps taken to promote energy efficiency and conservation.
- (v) Identification of requirements for any abnormal mechanical and electrical engineering services installations/systems.
- (vi) Details of utilities services connections, quotations and advanced discussions with the Statutory Authorities, including:
  - Availability, location and adequacy;
  - Connections;
  - Upgrading requirements; and
  - Diversions.
- (vii) Updated methodology for facilitating works (ie early provision of mains services to site);
- (viii) Updated Risk register/log;

Civil and Structural  
Engineer's Report

8.3.4

(d) From the **Civil/Structural Engineer**

- (i) Reports based on fieldwork, sampling and analysis (where commissioned by the employer), including:
  - Environmental contamination (Phase 2 audit);
  - Geotechnical properties.

*Notes: Fieldwork comprises trial pits, auger holes, window samplers, boreholes, probing and the like.*
- (ii) Environmental risk assessment,
- (iii) Updated advice on ground conditions, surface water and sewerage disposal,
- (iv) Detailed design drawings comprising:
  - General arrangement, 1:50
  - Frame configuration, 1:100

- Layout of shear walls, core walls, columns and beams, 1:100
  - Sections, 1:50
  - Foundation layouts, including pile (and pile cap and ground beam) layouts , 1:100
  - Sections, showing ground slab construction, basement wall construction, pile caps construction and the like, 1:50
  - Indicative drainage solution, 1:200
- (v) Formation and excavation levels,
- (vi) Updated outline specification information, including:
- Specification/design intent for all main elements;
  - Outline specification for components and materials;
  - Structural performance criteria (eg design loadings);
  - Pile sizes, including indicative lengths;
  - Statement on strategy for integration of mechanical and electrical engineering services with structural components;
  - Details of alternative specifications.
- (vii) Updated estimates of reinforcement content for all reinforce concrete components.
- (viii) Mass of steelwork in steel framed structures.
- (ix) Updated methodologies for:
- Facilitating works, including demolition, preparatory site works, and early infrastructure works (eg roadworks and drainage);
  - Temporary works;
  - Alterations;
  - Drainage (indicative solution).

(x) Updated Risk register/log.

Quantity Surveyor's  
Report

8.3.5

(e) From the **Quantity Surveyor**

- (i) Reports, including:
- The cost implications of the proposed design, having had due regard to the individual comments of the other members of the Design Team;
  - An updated cost plan in Elemental form including elemental cost comparisons with similar schemes both on-island and off-island indicating the source of the data used. Any significant variances between comparative Elemental costs shall be identified and highlighted to enable the Department to consider the implications;

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Planning Supervisor's  
Report

8.3.6

(f) From the **Planning Supervisor**

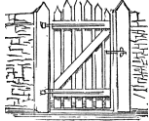
- (i) Performance of designers in complying with the CDM Regulations including co-operation, co-ordination and general principles of prevention.
- (ii) Details of health and safety information (if applicable) collected from designers.
- (iii) Updated and issued Pre Tender Health and Safety Plan.
- (iv) Confirmation that Design Risk Workshops have taken place and report on outcomes.
- (v) Confirmation that a Risk Register/Log has been developed.

Design Frozen

8.3.7

**Note: The Design Development is frozen and must not be changed after completion of Stage I1 except in exceptional circumstances, which must be advised to the Capital Projects Unit, Treasury, by the Client Department as soon as possible.**

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

8.4 STAGE I2 TECHNICAL DESIGN		
Client to Instruct Project Team 	8.4.1	When the Design Development (Stage I1) has been satisfactorily completed, the Client Department shall formally write to the Project Team giving authority to proceed to Stage I2.
Scheme to be Fully Designed	8.4.2	It is essential and a requirement for the Project Team that thorough pre-planning of the building, services and external works should take place at this stage. This pre-planning should be of such a nature that variations in the post-contract stage will be kept to a minimum and within the scope of the Contingency Sum included in the contract.
Domestic Sub-Contractors Preferred	8.4.3	In general, the main contractor shall be held accountable for the construction of the project and all specialist sub-contracts shall be on a domestic (as opposed to a nominated) basis. The nomination of sub-contractors for some services may be unavoidable but it is considered that such nominations tend to blur responsibility and may lead to delays, disputes, claims and increased costs.
Procedure for Specialist Sub-Contractors Preferred	8.4.4	The procedure for dealing with domestic specialist sub-contracts is set out in Stage I3 of these Procedure Notes.
Nominated Sub-Contractors	8.4.5	Nominated sub-contracts (PC sums) will only be considered following a recommendation from the Project Team. If the Project Team considers the inclusion of PC sums in the contract documents to be necessary, application should be made in writing, to the Client Department for approval, supported by a statement listing the items, their value and the reason for proposing their inclusion. The Department shall discuss the matter with the Capital Projects Unit, Treasury. Where nomination takes place, it should always be made clear that the overall accountability and responsibility of the main contractor for the project is not thereby diminished.
Design Team to Highlight Deviations from Stage I1	8.4.6	Working drawings will not be the subject of detailed examination by the Department or the Capital Projects Unit, Treasury. Any deviations at this stage from the Design Development should be identified by the Project Team for specific consideration and approval by the Client Department.
Report to Contain....		The following documents shall be submitted:-
Project Manager's Report	8.4.7	a) From the <b>Project Manager</b> (i) Summary report detailing status and key issues.
Architect's Report	8.4.8	b) From the <b>Architect</b> (i) Final design drawings comprising:

- Location Plan detailing North point and direction of prevailing wind; 1:100
- General arrangement plans (for all floors including basement levels, and roofs); 1:100
- Detailed floor plans, showing the layout of furniture and equipment in rooms and common areas; 1:50
- Detailed sections through selected portions of the building to enable the building to be fully measured and constructed; 1:5 and 1:20
- External landscaping – general arrangement plan(s); 1:200;
- Plans of key building functions;
- Detailed elevations showing construction of external walls, roofs, ground floor construction and upper floor construction; 1:50
- Drawings showing key details/interfaces (eg interface between curtain walling system and structure, balconies and the like);
- Final site plan showing full site development updated from the Design Development stage; 1:500
- Assembly and component drawings.

(ii) Final Specification Information, including

- Specification/design intent for all main elements;
- Statement of required quality;
- Final specification for components, materials and finishes having particular regard to the Island's resources, facilities, familiarity with the proposed specification and methods of construction;
- Acoustics/vibration requirements
- Final performance criteria for main element;
- Schedule of finishes;
- Details of alternative specifications.

(iii) Final room data sheets;

(iv) Final schedules of key fittings, furnishings, equipment, windows and doors etc.

(v) Final reports, including:

- Procurement strategy and contract strategy (in conjunction with the other Project Team members);
- Confirmation of Building Regulations Approval;

(vi) Final strategies, including:

- Environmental/sustainability (in conjunction with the mechanical and electrical services engineer), including:
  - Measures to achieve BREEAM or Code for Sustainable Homes; or the like,

Building Regulations  
Approval

- Sustainability requirements and assumptions;
- Renewable energy requirements and assumptions;
- Department's specific requirements;

- Car Parking, including motorcycles and bicycles;
- Vertical movement (in conjunction with the mechanical and electrical services engineer);
- Information technology (IT);
- Fire (including report on any conditions imposed by the Fire Authority, whether they are reasonable, their cost implications, how they are being met and whether the Fire Authority has indicated its agreement);
- Acoustics;
- Security;
- DDA (Disability Discrimination Act);
- Window Cleaning;
- Refuse/Waste Disposal;
- Public Art;
- Conservation/registered buildings and the like (if applicable); and
- Other important aspects of the building project.

(vii) Measured survey 1:500 (ie topographical survey) showing the position of existing buildings, boundaries, contours, public services and adjoining properties, particularly those in third party ownership;

(viii) Final phasing and updated construction methodology with particular regard to the Island's resources, experience and capability.

(ix) Updated Risk Register/Log

Services Engineer's Report

8.4.9

(c) From the **Mechanical and Electrical Services Engineer** (*Note: the Mechanical and Electrical Services Engineer will be responsible for the complete co-ordination of all services both in relation to each other and in the context of the total development*).

(i) Detailed co-ordinated design drawings for all services, comprising:

- General arrangement for each main system; 1:100
- Schematic diagrams for each major system;
- Plant room layouts, including roof plant layout; 1:100
- Single line diagrams showing primary service routes 1:100
- Typical layouts of landlord's areas, service areas and cores.

(ii) Final specification information, including:

- Mechanical services;
  - Electrical services;
  - Transportation systems (eg lifts, hoists and escalators);
  - Protective installations;
  - Communication, security and control systems;
  - Special installations;
  - Plant/equipment schedule (for primary plant/equipment);
  - Duties, output and sizes of primary plant/equipment;
  - Schedule of cost significant builders' work in connection with mechanical and electrical engineering services installations/systems;
  - Details of alternative specifications.
- (iii) Final strategies, including:
- Energy Efficiency/environmental/sustainability (in conjunction with the architect), including:
    - Measures to achieve BREEAM or Code for Sustainable Homes;
    - Sustainability requirements and assumptions;
    - Renewable energy requirements and assumptions;
    - Department's specific requirements.
  - Vertical movement (in conjunction with the architect); and
  - Removal/decommissioning of existing plant and or equipment.
- (iv) Final reports, including:
- Energy report in an acceptable format indicating the steps taken to promote energy efficiency and conservation.
- (v) Details of utilities services connections, quotations and advanced discussions with the Statutory Authorities, including:
- Availability, location and adequacy;
  - Connections;
  - Upgrading requirements; and
  - Diversions.
- (vi) Final methodology for facilitating works (ie early provision of mains services to site).
- (vii) Updated risk register/log.

(d) From the **Civil/Structural Engineer**

(i) Reports based on fieldwork, sampling and analysis (where commissioned by the employer), including;

- Environmental contamination (Phase 2 audit);
- Geotechnical properties.

*Notes: Fieldwork comprises trial pits, auger holes, window samplers, boreholes, probing and the like.*

(ii) Updated Environmental risk assessment.

(iii) Updated advice on ground conditions, surface water and sewerage disposal.

(iv) Final design drawings comprising:

- General arrangement; 1:50
- Frame configuration; 1:100
- Layout of shear walls, core walls, columns and beams; 1:100
- Sections 1:50
- Foundation layouts, including pile (and pile cap and ground beam) layouts; 1:100
- Sections, showing ground slab construction, basement wall construction, pile caps construction and the like; 1:50
- Final drainage solution indicating foul and surface water drainage systems together with manhole cover and invert levels; 1:200.

(v) Formation and excavation levels.

(vi) Final specification information, including:

- Specification/design intent for all main elements;
- Final specification for components and materials having particular regard to the Island's resources, facilities, familiarity with the proposed specification and methods of construction;
- Structural performance criteria (eg design loadings);
- Pile sizes, including indicative lengths;
- Statement on strategy for integration of mechanical and electrical engineering services with structural components;
- Details of alternative specifications.

(vii) Updated estimates of reinforcement content for all reinforced concrete components.

(viii) Mass of steelwork in steel framed structures.

(ix) Final methodologies for:



# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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			<ul style="list-style-type: none"> <li>• Facilitating works, including demolition, preparatory site works, and early infrastructure works (eg roadworks and drainage);</li> <li>• Temporary works;</li> <li>• Alterations;</li> <li>• Drainage.</li> </ul>
		(x)	Updated Risk register/log
Quantity Surveyor's Report	8.4.11	(e)	From the <b>Quantity Surveyor</b>
		(i)	Reports including:
Report and Tender Documents to Contain			<ul style="list-style-type: none"> <li>• A Pre Tender Estimate in elemental form embodying the cost checks carried out during the Technical design stage including elemental cost comparisons with similar schemes both on-island and off-island indicating the source of the data used. Any significant variances between comparative Elemental costs shall be identified and highlighted to enable the Department to consider the implications;</li> </ul>
		(ii)	Tender Documents, which may include the following:
			<ul style="list-style-type: none"> <li>a) Bills of Quantities, if selected, for main contract;</li> <li>b) Bills of Quantities or Schedules of Rates for Mechanical Services;</li> <li>c) Bills of Quantities or Schedules of Rates for Electrical Services;</li> <li>d) Other contract documentation, eg documentation for PC sums;</li> <li>e) Standard Form of Tender in Appendix 21 shall be used for all schemes unless a Draft of proposed Form of Tender is submitted to the Capital Projects Unit and agreed prior to Tender Documentation being completed;</li> <li>f) Completed Certificate of Readiness in accordance with the specimen included at Appendix 19 to these Procedure Notes;</li> <li>g) The Project Team shall submit to the Capital Projects Unit, Treasury, (with a copy to the Client Department) a copy of the clauses included in the Tender documentation, appropriately highlighted, to enable the Chairman of the Value for money Committee of Treasury to ensure that the criteria set out in recommendations 6 and 7 of the Report of the Council of Ministers on the Review of the Administration of Government's Construction Contracts are implemented prior to the issue of tender documents to contractors;</li> <li>h) Draft of proposed advertisement.</li> </ul>

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Standard Method of Measurement		(iii) Bills of Quantities if selected (including those for mechanical and electrical services, if required by the Department) for the main contract, shall be prepared in accordance with the appropriate method of measurement which shall be agreed, in advance, with the Capital Projects Unit, Treasury.
Tender Procedure Confirmation	8.4.12	Consultation shall be held, in advance, between the Project Team, the Client Department and the Capital Projects Unit, Treasury to confirm that Tenders will be invited in accordance with the NBS Guide to Tendering for Construction Projects.
	8.4.13	Determining whether the contract will be fixed price or fluctuating, the form, type and conditions of contract to be used and any amendments or modifications thereto will be considered during the initial <b>DEFINITION</b> stage D1 as part of an assessment of the Procurement and Contract Strategy. The Project Team must ensure that all the foregoing matters are agreed prior to the project being advertised for tender.
Meaningful Clauses For Government Requirements	8.4.14	The Bills of Quantities, if selected and other Contract Documents shall include meaningful clauses to reflect all of the recommendations of the Report of the Council of Ministers on the Review of the Administration of Government's Construction Contracts (January 1993). The clauses shall be agreed with the Capital Projects Unit, Treasury, prior to the issue of tender documents to contractors.
Contract To Be Under Manx Statute	8.4.15	The Tender Documents shall make provision for compliance with all Manx Legislation (including particularly Control of Employment Legislation).
Provisional Sums To Be Listed	8.4.16	If the Project Team considers the inclusion of Provisional Sums or Prime Cost (PC) sums in the Tender Documents to be necessary, the matter should be discussed with the Client Department and the Capital Projects Unit, Treasury, with the viewpoint supported by a statement listing the items, their value, and the reason they are proposed for inclusion in the Tender Documents in that manner.
Provisional Sums To Be Approved	8.4.17	The Tender Documents shall not contain any Provisional Sums of PC sums unless recommended by the Project Team and approved by the Client Department.
PC Sum Documents	8.4.18	Appropriate documentation shall be prepared for those items which are subject of PC sums.
Programme with Tender	8.4.19	The Tender Documents should require each contractor to submit a programme of work, eg a bar/Gantt chart indicating the critical path, with his tender.
Bills of Quantities to Characterise...	8.4.20	Where the design of any particular project is characterised by the ease and economy of construction referred to in Stage D1, the Tender Documents should convey this concept to those tendering for the project.

Planning Supervisor's  
Report

8.4.21

(f) From the **Planning Supervisor**

- (i) Confirmation that a Risk Register/Log has been developed.
- (ii) Performance of designers in complying with the CDM Regulations including co-operation, co-ordination and general principles of prevention.
- (iii) Details of health and safety information (if applicable) collected from designers.
- (iv) Updated and issued Pre Tender Health and Safety Plan.
- (v) Confirmation that Design Risk Workshops have taken place and report on outcomes.
- (vi) Advice on contractor competence and resources.

**Note:** The Health and Safety at Work Inspectorate is fully supportive of a move to streamline the contractor assessment process. Competence and resource checks on repeat contractors need only be carried out on a X yearly basis (time span 'X' to be adopted by the Department – but could be three years). When competing/tendering for projects during the 'X' year period, contractors should only need to demonstrate that they possess the competencies to manage the risks specific to the project in question (if they have not already done so during earlier contracts for the Department) and that there have been no significant changes in their capacity to comply with Regulations 8 and 9 of the CDM Regulations 2003 in the period since the last full assessment.

Given these conditions further savings could also be made if the full assessment check carried out by one Government Department, covered all other departments.

## 8.5 STAGE I3 TENDER ACTION, REPORT AND INVESTMENT DECISION



- |   |       |   |
|---|-------|---|
|   | 8.5.1 | When the Technical Design (Stage I2) has been satisfactorily completed, the Client Department shall formally write to the Project Team giving authority to proceed to Stage I3.   |
|   |       | It should be noted that the procurement method and contract strategy to be adopted shall have been determined during the <b>DEFINITION</b> stage of the project.  |
| Procurement Route   | 8.5.2 | Should a Department wish to consider a procurement system other than the traditional system of single stage tendering by a selected list of tenderers (eg Early Contractor Involvement/Partnering, Design and Build, Two Stage Tendering, Management Contracting, Design, Manage and Construct etc) the case must be stated during the <b>DEFINITION</b> stage (especially to reap the benefits of Early Contractor Involvement, if proposed) by the Department to the Capital Projects Unit, Treasury, setting out the advantages and disadvantages and the reasons for departing from the traditional system. Approval by the Capital Projects Unit, Treasury will be required by the Department prior to the Department progressing an alternative procurement method. |
| Traditional Procurement route – procedure for dealing with domestic sub-contractors | 8.5.3 | If the traditional system of single stage tendering by a selected list of tenderers is preferred the traditional procedure for dealing with domestic specialist sub-contracts is as follows:-   |
|   | 8.5.4 | Main contractors shall be advised by the Project Team that it will be a condition precedent to the issue of tender documents to them that they will enter into a domestic sub-contract with named subcontractors (not nominated as usually understood under various standard forms of contract for building and engineering works), The named sub-contractors will be selected by the Client Department to undertake specialist sub-contract works following the implementation of an appropriate tendering procedure.  |
|   | 8.5.5 | The Project Team, following consultation with the Department and the Capital Projects Unit, Treasury, shall advise each main contractor of the sections of work for which it is intended to appoint specialist sub-contractors on a domestic basis.   |
|   | 8.5.6 | The Design Team shall obtain written agreement from each main contractor to the system proposed to be employed and an acknowledgement that it is agreed that this is not a “nomination” and does not confer any of the rights or obligations normally associated with nomination on any party to the main contract or any sub-contract.   |

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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- 8.5.7 A list of suitable sub-contractors for each specialist sub-contract shall be prepared by the Design Team and submitted for approval to the Client Department with a copy to the Capital Projects Unit, Treasury.
- 8.5.8 Tender documents shall be issued only to such approved domestic sub-contractors and tenders shall be returned to the Department in the same manner as normally employed for main contracts. This is intended to eliminate a "Dutch Auction" after the tenders for the main contract have been returned.
- 8.5.9 All of the domestic sub-contract tenders shall be returned on the same date and time and the date must be a minimum of 10 working days prior to the scheduled date for the return of the tenders from the main contractors.
- 8.5.10 The Project Team shall examine in detail the tenders received, check that they are fully compliant with the instructions issued and that they include everything requested in the tender documentation. A formal report shall be submitted to the Department (with a copy to the Capital Projects Unit, Treasury) for each sub-contract setting out the Project Team's firm recommendations.
- 8.5.11 The Project Team shall consult with the Client Department and the Capital Projects Unit, Treasury, before being authorised by the Department to advise the main contractors of the names of the proposed sub-contractors and the amounts of their tenders for each sub-contract.
- 8.5.12 It shall be a condition precedent to selecting a domestic specialist sub-contractor based on the acceptance of a tender that the sub-contractor be included on or be formally accepted for inclusion on the current List of Approved Contractors under the Manx Accredited Construction Contractors Scheme, commonly known as MACCS (details of which may be obtained from the Isle of Man Employers Federation, 23a The Village Walk, Onchan, IM3 4EB; [info@employersfederation.co.im](mailto:info@employersfederation.co.im)) and in the appropriate trade category (insofar as such trade category is included on the List of Approved Contractors).
- 8.5.13 The main contractors shall be invited by the Project Team to include in their tenders the name of the domestic specialist sub-contractors advised to them and the amount which the main contractor requires for executing the specified works utilising the domestic specialist sub-contractors so advised.
- 8.5.14 The conditions of the sub-contract agreement shall be in accordance with the standard domestic sub-contract agreements amended as necessary only to reflect the main contract conditions. The conditions shall be no more or no less onerous than the conditions included in the main contract and neither the main contractor nor the domestic specialist sub-contractor shall include additional clauses inconsistent with the main contract conditions.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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	8.5.15	Where tenders are being invited from nominated or domestic specialist sub-contractors the same procedures use for obtaining tenders from main contractors shall apply in terms of advertising, analysing submissions, carrying out technical and financial appraisals, interviews etc.
Client Approval To Go To Tender	8.5.16	Main contract Tenders shall only be sought when specific written approval has been given to the Project Team by the Client Department, following consultation by the Department with the Capital Projects Unit, Treasury.
Advertisement For Tenderers	8.5.17	<p>Unless the Design Team is otherwise instructed by the Client Department tenders shall be advertised by forwarding details of the tender to the Employers Federation (<a href="mailto:info@employersfederation.co.im">info@employersfederation.co.im</a>) and the Procurement Unit of Treasury (<a href="mailto:procurement@gov.im">procurement@gov.im</a>).</p> <p>If the nature of the project requires specialist skills not available locally a public notice may be placed in the local press or, if approved by the Department, in addition, in alternative publications, inviting persons or firms to apply to the Lead Consultant for inclusion on the list of selected tenderers. All advertisements, whether via the Employers Federation, Procurement Unit of Treasury or in the local press shall be strictly in accordance with the specimen advertisement included in Appendix 20 of these Procedure Notes.</p> <p>In order to co-ordinate tender submissions for Government funded projects the date for the placing of the advertisement inviting tenders and the date for return of tenders shall be agreed, in advance, with the Client Department and the Capital Projects Unit, Treasury.</p> <p>The procedure applies to all Government, Statutory Authorities and Local Authority projects.</p>
Tender List Selection Process	8.5.18	On receipt of the applications requesting inclusion on the tender list, the Project Team shall consider the list, check that all the information requested in the advertisement has been fully provided and carry out whatever investigations are deemed necessary including formally interviewing the applicants, if required. If formal interviews are being held, the Project Team shall invite representatives of the Client Department and the Capital Projects Unit, Treasury, to attend.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Project Team Recommendation to Client of Select List	8.5.19	<p>The Project Team shall advise the Client Department, with a copy to the Capital Projects Unit, Treasury, of its recommendation in relation to the contractors suggested as suitable for inclusion on the List of Selected Tenderers. Suitability includes capacity, organisation, experience, quality of previous work, financial standing. Previous track record including compliance with Manx legislation including Control of Employment Acts, working within time and financial constraints, and compliance with the Report of the Council of Ministers on the Review of the Administration of Government's Construction Contracts. For the avoidance of doubt it is the Project Team's responsibility to carry out the technical and financial appraisal of the contractors proposed for inclusion on the select list. Omission of a contractor, who has applied, from the proposed tender list shall be reported by the Project Team to the Client Department and to the Capital Projects Unit, Treasury stating the reasons for the recommendation. Notification to unsuccessful contractors shall be given in accordance with paragraph 8.5.30 below.</p>
Issue of Tender Documentation	8.5.20	<p>The Project Team shall only issue tender documents when formal written confirmation has been received from the Client Department to the proposed list of contractors who will be invited to tender. Having first referred to the Project Calendar the Department shall then consult with the Capital Projects Unit, Treasury prior to authorising the Project Team to issue the tender documents.</p>
Tender Period	8.5.21	<p>The minimum period of time to be allowed for the preparation and submission shall be agreed after consultation between the Project Team, the Client Department and the Capital Projects Unit, Treasury.</p>
Tender VAT	8.5.22	<p>Tenders shall exclude VAT, and this shall be clearly stated.</p>
Form of Tender	8.5.23	<p>Tenders shall be submitted on a formal Form of Tender. The Form of Tender shall be strictly in accordance with the specimen Form of Tender included at Appendix C to these Procedure Notes.</p>
Return of Tenders	8.5.24	<p>Unless otherwise specifically instructed by the Client Department, tenders shall be submitted to the Chief Executive of the Client Department not later than 12 noon on the date specified and otherwise in accordance with the instructions issued to tenderers.</p>
Late Tenders	8.5.25	<p>Any tender received after the official time and date for receipt of tenders shall be excluded and shall be returned unopened. Tenders submitted by facsimile will not be accepted.</p>



## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Tender Opening	8.5.26	Tenders shall be opened at 12 noon or as soon as possible thereafter on the date of the receipt of the tenders by the Accounting Officer of the Department or a person nominated by him in the presence of at least one other person. The Capital Projects Unit shall be invited to the official opening of tenders together with such members of the Project Team as the Department considers appropriate.
Tender Confidentiality	8.5.27	Tenders, and all information relating to them, shall be treated as strictly confidential and any matter relating to the selection of tenderers or the submission or result of tenders or any other matter in connection therewith shall not be divulged by any official or by any other person including any member of the Project Team.
Lowest Tender To Be Accepted	8.5.28	The lowest evaluated suitable tender received shall be recommended for acceptance by the Project Team, other than in exception circumstances, in which case an immediate full report shall be submitted to the Client Department and the Capital Projects Unit, Treasury shall be kept fully informed of the situation.
Examination of Tenders	8.5.29	<p>On completion of the examination of tenders, the following documents shall be submitted by the Project Team to the Client Department and Capital Projects Unit, Treasury:-</p> <ul style="list-style-type: none"><li>a) Copy of the completed Form of Tender of the recommended contractor;</li><li>b) Project Manager's Report summarising the key aspects of the Project Team's reports and the overall financial position in relation to available funding;</li><li>c) Quantity Surveyor's Report, which should set out clearly the financial aspects of the project by comparison with the financial provisions in the capital estimates. The items to be included in the Report are scheduled at Appendix 9</li><li>d) Consulting Engineer's Report on mechanical and electrical services. The items to be included in the Report are scheduled at Appendix 10 to these Procedure Notes;</li><li>e) Architect's Report, which should contain a firm recommendation with regard to acceptance of a tender. The items to be included in the Report are scheduled at Appendix 11 to these Procedure Notes.</li><li>f) Cost analysis in the Elemental form of the recommended tender, following the adjustment of the PC Sums (if any) with an overall comparison with the latest Elemental cost plan and an explanation for any significant differences. Comparison with similar projects both on-island and off-island is required to demonstrate that the scheme represents value for money; (note: The Quantity Surveyor must complete an Elemental Analysis of the tender and forward the same to the Building Cost Information Service of the RICS for the sourcing of future pricing data).</li><li>g) Schedule and the amounts of reductions which may be necessary to meet any cost limit imposed;</li></ul>



# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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- h) Copy of the Certificate of Non-Collusion in accordance with specimen included at Appendix 12 to these Procedure Notes;
- i) Copy of Undertaking from Design Team in accordance with specimen included at Appendix 13 to these Procedure Notes;
- j) The completed Contract Guarantee Bond Application Form at Appendix 18 shall be prepared by the Quantity Surveyor and forwarded directly to the Capital Projects Unit, Treasury, at the earliest possible time so that the application for the Contract Guarantee Bond (if required) may be processed by Treasury.

Notification of Unsuccessful Tenderers

8.5.30 It is the responsibility of Departments and Boards to ensure that Project Teams have notified **all** unsuccessful tenderers of the outcome of the tender process and that tenderers have received feedback.

As a general rule, all contractors unsuccessful at both short listing stage and subsequent tender stage should be given the opportunity of a debriefing.

Selective tendering (short listing)

8.5.31 On selective tendering projects Contractors who applied unsuccessfully for inclusion on the select tender list should be given feedback relating to the information that was provided to the applicants. It is important that feedback relates directly and clearly to the requirements within the advert/Information Pack to provide a proper explanation as to why they were not selected.

Two stage tendering

8.5.32 Where two stage tendering is adopted as the procurement route, based on a mix of qualitative and quantitative criteria Project Teams must be totally transparent in determining selection and award.

Tendering contractors must be informed, at tender stage, how the selection is to be made, the ratio of quality against price, the qualitative criteria, their weightings and advice on the responses expected for each criterion.

Following tender award, comprehensive de-briefs must be offered to unsuccessful tenderers, notifying of individual scores given for each criterion with supporting reasoning including comparison of scores against the successful tenderer.

Single stage tendering

8.5.33 Where Contractors subsequently short listed tendered unsuccessfully, the feedback should relate to the tender price. Tenderers should be indexed against the lowest tenderer, with the lowest tenderer given an index of 100. The following information should also be provided:-

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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- a) The names of all parties that returned completed tenders, published in alphabetical order;
- b) The name of the winning bidder;
- c) The scoring spread across the tenders not attributed to any individual bidder.

Departments should provide this information to the Procurement Unit, Treasury ([procurement@gov.im](mailto:procurement@gov.im)) for publication on the Treasury website. The information will be released once Tynwald has approved the project.

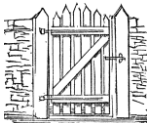
Bond in Place Before contract commencement	8.5.34	The Project Team must ascertain from the Capital Projects Unit, Treasury, that the Contract Guarantee Bond for the project is in place prior to the signing of the contract or commencing any work on site.
List of Approved Contractors: Main Contractors	8.5.35	<p>No tender shall be recommended for acceptance unless the proposed contractor is included on or has been formally accepted for inclusion on the Manx Accredited Construction Contractors Scheme (details of which may be obtained from the Isle of Man Employers Federation, 23a The Village Walk, Onchan, IM3 4EB; (<a href="mailto:info@employersfederation.co.im">info@employersfederation.co.im</a>)). Under no circumstances shall a contract be awarded to a contractor who does not meet this requirement and the Approval must be maintained until the Final Certificate is issued.</p> <p><b>Note 1:</b> The effect of this requirement is to firmly place the onus of responsibility initially on the Project Team and secondly on the Client Department for ensuring that only contractors and/or sub-contractors having Approved Contractor Status are considered for or actually employed on any scheme which is financed wholly or partly by Public Funds.</p> <p><b>Note 2:</b> Under normal circumstances, once all required information has been received, it should take no more than 2-3 weeks to process an application.</p>
List of Approved Contactors: Sub-Contractors	8.5.36	It shall be a condition precedent to the gaining of consent by the Architect to the sub-letting of any portion of the works to a domestic sub-contractor that the proposed sub-contractor be included on or be formally accepted for inclusion on the Manx Accredited Construction Contractors Scheme details of which may be obtained from the Isle of Man Employers Federation, 23a The Village Walk, Onchan, IM3 4EB; ( <a href="mailto:info@employersfederation.co.im">info@employersfederation.co.im</a> ) and in the appropriate trade category (insofar as such trade category is included on the Manx Accredited Construction Contractors Scheme).
Contract Information to the Client	8.5.37	Having consulted with the proposed contract, the Project Team shall submit to the Client Department as soon as practicable after the receipt of tenders the following:-

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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		<ul style="list-style-type: none"> <li>a) The Contractor's detailed Programme of Work related to the Period from commencement on site to Practical Completion with an identified critical path;</li> <li>b) Resources related to the detailed Programme of Work;</li> <li>c) The contractor's management arrangements for the project;</li> <li>d) Projected cash flow;</li> <li>e) Comments on any of the foregoing.</li> </ul>
Statutory Payments	8.5.38	The Capital Projects Unit, Treasury, will ascertain whether the proposed contractor is up to date with statutory payments and will inform the Client Department in writing.
Client Acceptance of Project Team	8.5.39	The tender reports and other documentation shall be considered by the Department with a view to accepting the recommendations of the Project Team or otherwise. Should the Department agree to accept the tender the Department shall notify the Capital Projects Unit, Treasury, of its decision. The Department shall formally seek Treasury approval to the Scheme or Treasury concurrence to the financial motion being placed on the Agenda for the relevant sitting of Tynwald, as appropriate, by writing to the Capital Projects Unit, Treasury, seeking approval or enclosing a copy of the proposed motion. Acceptance of the tender by the Department shall not be notified to the Project Team or the Contractor at this stage since further approval by Treasury or concurrence by Treasury and approval by Tynwald is required prior to a binding letter of acceptance being issued by the Department. It should be noted that acceptance may also be subject to other conditions (eg provision of an acceptable Contract Guarantee Bond).
Financial Motion to Treasury	8.5.40	The submission of the appropriate request to Treasury, together with all supporting documentation, shall be in accordance with the "Latest Date for delivery of Financial Motions to Treasury" details of which are included at Appendix 14 to the Procedure Notes. It should be noted that the dates for submission to Treasury are the <b>latest</b> dates and documentation should be submitted to Treasury at the earliest opportunity to enable Treasury to give full consideration to all aspects of the scheme and to allow adequate time for any problems which arise from the request for approval or concurrence to be resolved.
Documents for the Financial Motion	8.5.41	The documentation which shall be submitted by the Department to Treasury when requesting approval or concurrence to a Motion being placed on the Tynwald Agenda is scheduled at Appendix 15 to these Procedure Notes.
Treasury Concurrence	8.5.42	Treasury will notify the Department, in writing, of its decision to the request by the Department for approval or concurrence.

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

Acceptance of Tender	8.5.43	Following Treasury approval or concurrence and Tynwald approval, where necessary, the Client Department shall notify the Project Team of formal acceptance of the tender subject to any conditions attached to the acceptance. The contract documents, prepared by the Project Team, shall be forwarded to the Contractor and, after execution, shall be forwarded directly to the Client Department for signature. After signature, the Client Department shall return the contract documents to the Project Team for safe-keeping unless the Client Department wishes to retain them. A record should be kept of where the signed contract documentation is held. The Project Team must ensure that work on site does not commence until:-
Signing of Contract		
Work NOT to Start Until		<ul style="list-style-type: none"> <li>a) All conditions attached to the acceptance of the tender have been complied with;</li> <li>b) The contract documents have been signed by both parties;</li> <li>c) The Contract Guarantee Bond is in place;</li> <li>d) All appropriate insurances required by the contract have been inspect by the Architect and are operative, including the Contractors' insurances;</li> <li>e) The Client Department has been formally advised in relation to any insurances required to be effected by the Client Department.</li> </ul>
Appendix to be Sent to CPU	8.5.44	When the contract has been signed by both parties to the contract, the Project Team shall immediately arrange for a copy of the Appendix Section of the signed conditions of contract to be forwarded to the Capital Projects Unit, Treasury.
Client Approval to Start	8.5.45	Work on site shall <b>only</b> commence when written approval to commence has been given by the Client Department.
		
Currency Risk	8.5.46	When it is identified that all or part of a contract sum may be paid in a currency other than Sterling (GBP) the Department shall consult Financial Regulations.
	8.5.47	Where a contract is ultimately denominated (in part or in full) in a currency other than Sterling (GBP) steps should be taken immediately following the signing of contracts to manage the foreign currency exposure. The Client Department is responsible for ensuring the exposure is mitigated in accordance with Financial Regulations. Details of the actions taken should be copied to the Capital Projects Unit, Treasury so it can monitor that the Client Department has taken steps to mitigate currency risk.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

<b>8.6 STAGE 14 CONSTRUCTION TO HANDOVER</b>		
Project Team Responsibility	8.6.1	It must be stressed that each member of the Project Team is individually and collectively responsible to the Client Department for the effective management of the project to achieve its completion within the time and costs approved for the project.
Quantity Surveyor Responsible For Contract Cost Control	8.6.2	Overall post-contract cost control of the project will be co-ordinated by the Quantity Surveyor. The Quantity Surveyor will prepare the financial reviews, interim valuations and final account for all elements of the project in consultation and agreement with the other members of the Project Team, who will confirm their agreement to the Quantity Surveyor of the amounts for inclusion in the overall financial reviews, interim valuations and final account respectively.
<b>8.7 Supervision</b>		
Competent Site Supervision	8.7.1	The importance of competent supervision cannot be emphasised sufficiently. Financial provision shall be made in the capital estimates for the appropriate supervision required for each scheme. Supervision may be by a Resident Architect, Resident Engineer, General Building Clerk of Works, Specialist Clerk of Works (eg Mechanical or Electrical) or a combination, as considered appropriate.
Supervision Required	8.7.2	The Project Team shall discuss with the Client Department and the Capital Projects Unit, at the earliest opportunity, the type, level and duration of the supervision required.
Site Supervision Brief	8.7.3	A suitable brief shall be prepared for the supervisors and this should be the basis for a job specification which should be agreed between the Client Department, the Capital Projects Unit, Treasury and the Project Team.
Weekly Site Returns	8.7.4	Main Contractors shall be required to prepare and submit to the Isle of Man Employers Federation every week in their standardised format a list of all personnel employed on the site identifying whether a work permit is required and, if so, the number of the work permit and recording whether the Certification of Craftsmen Scheme is being strictly adhered to in respect of each individual to whom the scheme applies.
<b>8.8 Certificates</b>		
Valuation & Other Certificates	8.8.1	Certificates shall be issued by the Architect in accordance with the terms of the contract, the Architect having received a valuation of the work executed from the Quantity Surveyor and the Mechanical and Electrical Consultant.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

Certificate to Client & CPU	8.8.2	Certificates shall be forwarded to the Client Department and simultaneously copied to the Capital Projects Unit, Treasury.
Certificate Payment	8.8.3	Certificates shall be paid by the Department as soon as possible but not later than within the time-scale specified in the contract. The Department should not refer Architects' Certificates to the Capital Projects Unit, Treasury prior to payment unless the Department considers that there is good reason to do so.
Certificate Payment	8.8.4	The Client Department shall pay the main contractor promptly and in accordance with the contract but in no case shall any payment due to the main contractor be made later than 30 days after the receipt of the invoice unless a dispute over the payment has been notified. Similarly, contracts shall include an appropriate clause requiring the main contractor to pay sub-contractors (including labour only sub-contractors) and suppliers in accordance with the terms of their agreement which shall be no less favourable to the sub-contractor or suppliers than the terms of the main contract and in no case shall payment which is properly due be made later than 30 days after the receipt of the invoice unless a dispute over the payment has been notified. Appropriate clauses shall be included in contracts and sub-contracts to give effect to this provision and it shall be clearly stated that failure to comply may result in exclusion from tender lists for Government-funded projects in the future.
Sub-Contractor Payment		
Contract Clause for Sub-Contractor Payments		
Overspend of Contract	8.8.5	If the value of a certificate for payment under a contract results in the total amount certified on any scheme exceeding the authorised limit for the construction contract the Capital Projects Unit, Treasury, shall be notified immediately by the Client Department. Similarly, the Client Department and the Capital Projects Unit, Treasury shall be notified of circumstances whereby the agreed spend profile for the financial year is likely to be exceeded resulting in a requirement to seek a Supplementary Vote as part of the annual exercise to reconcile budget against expenditure.

### 8.9 Detailed Monthly Progress and Financial Reviews

Client & CPU to be Aware of Financial Situation	8.9.1	It is essential that the Client Department and the Capital Projects Unit, Treasury, are kept aware by the Project Team of the financial position and progress of the project at all times during the contract.
Monthly Reports to Client & CPU	8.9.2	Financial Reviews of the contract shall be furnished to the Client Department and the Capital Projects Unit, Treasury, at intervals of one calendar month in a format to be agreed between the Project Team and the Capital Projects Unit, Treasury.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

Contents of Monthly Report	8.9.3	The Monthly Financial Review shall be accompanied by a detailed Progress Report Summary from the Project Manager, supported by statements from the Architect, Structural/Civil Engineer, Mechanical and Electrical Services Engineer and Planning Supervisor, comparing the Contractor's progress to date with the agreed programme of work, the projected cash-flow with the actual, highlighting any areas of delay or other problems and the action being taken to achieve the agreed programme. The standard and quality of the work executed shall also be addressed in the Review together with any other issues which the Project Team consider should be reported to the Department (eg requests for extension of time, financial clauses etc). Anticipated Final Cost should be reported, exclusive of contingency and dayworks, but should include any variation or anticipated variation.
Financial Status to be Detailed and Anticipated outturn costs to be stated	8.9.4	The financial status of the contract shall be specifically addressed and all variations, adjustments, claims, or any other matter which may affect the financial status, whether actual or anticipated, shall be identified and costed to provide the Department with a clear financial picture of the scheme.
	8.9.5	A clear statement will be made from the Quantity Surveyor that the project is expected to be delivered within the approved contract sum. A Post Contract cost control template is shown at Appendix 16, which gives an indication of the matters to be reported.
Approved Contractors	8.9.6	The report shall include a statement that all contractors and sub-contractors are current members of the MACCS under the relevant category for the work being undertaken.

### 8.10 Variations/Price Fluctuations (*If Applicable*)

Variations Only for Unforeseen items	8.10.1	As thorough pre-planning is the basis of the Procedure Notes only variations attributable to wholly unforeseen circumstances should arise. Should any member of the Project Team propose to vary the quality or quantity of work in the contract, then such proposals should be discussed with the other members of the Project Team before any decision is implemented so that the Quantity Surveyor is able to assess the cost implications for the contract as a whole. Should variations occur, they should be dealt with in compliance with the following clauses.
Variations with no cost impact	8.10.2	Individual variations which do not increase the anticipated final cost may be authorised by the Architect without prior reference to the Client Department or the Capital Projects Unit, Treasury, and should be included in the next Monthly Financial Review.



## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Variations Over Limit to Client and CPU	8.10.3	Individual variations which increase the anticipated final cost by more than £5,000 shall be notified in writing to the Department with a copy to the Capital Projects Unit, Treasury. Unless notified by the Department to the contrary, the Architect may issue his instructions in respect of the variation after seven working days from the date of the Architect's letter.
Urgent Variation	8.10.4	When the matter is urgent or where delay may give rise to a claim the Architect may request immediate verbal authorisation from the Department who shall notify the Capital Projects Unit, Treasury at the earliest opportunity. The Architect shall then confirm the approval in writing.
Variations to be Costs in Total	8.10.5	Project Teams will not be permitted to divide variations into elements so that parts of variation come within the limit but the total variation exceeds the limit.
Contract Contingency to be Agreed by the Client and CPU	8.10.6	Those extras, which could not have been foreseen during the course of the various Design Stages and which arise from exceptional circumstances, may only be sanctioned from the contingency sum included in the contract. The amount of the contingency sum to be included in the contract will be proposed by the Project Team and agreed by the Client Department and the Capital Projects Unit, Treasury. Such contingency will be calculated on the basis of a Risk Assessment, rather than a percentage of the contract sum in accordance with the New Rules of Measurement issued by the RICS, effective from 1 May 2009.
Costs to be Agreed Prior to Issue	8.10.7	Any extra costs arising from the price fluctuations clause in the contract are excluded from this procedure.
Costs to be Agreed Prior to Issue	8.10.8	Unless impractical the Project Team should value and agree the cost of any variations prior to the issue of instructions to the Contractor. The Project Team and the Contractor are required to agree the value of all variations, fluctuations, claims etc as soon as possible after they occur to assist in proper financial reporting and management. A rolling Final Account will be maintained by the Quantity Surveyor in support of this requirement. The Project Team shall advise the Department and the Capital Projects Unit, Treasury if difficulty is experienced with a Contractor in complying with these requirements.
Client Contingency	8.10.9	Client Contingency is no longer required to be included in compilation of project budgets or to form part of the financial motion. Any proposal by the Client Department to expend monies that would previously have been considered to be part of the Client's Contingency shall be agreed, in advance, by the Department with the Capital Projects Unit, Treasury. Any request for additional funding which exceeds 3% of the accepted Tender Sum, or £100,000 shall automatically require the Client Department to submit a Supplementary Vote to Tynwald.



## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Notification of Variations	8.10.10	It is important that all variations, even those having no financial effect, should be notified to the Client Department and the Capital Projects Unit, Treasury. This is normally achieved by detailing items within the post contract monthly reports.
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### **8.11 Extension of Time**

Extension of Time to be Agreed with Client and CPU	8.11.1	The Client Department and the Capital Projects Unit, Treasury, shall be consulted by the Lead Consultant in advance of any decision to extend the time for practical completion of the works. Such consultation shall contain a report on the circumstances of and the contractual reasons for the proposed extension. An extension of time should not be granted until such consultation has taken place.
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# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

<b>8.12 STAGE H1 – HANDOVER, FINAL ACCOUNT AND POST PROJECT EVALUATION</b>	
<b>Handover</b>	
Project Team to Inform Client of Completion	<p>8.12.1 The Architect shall inform the Client Department that the project has been completed and commissioned to the Architect's satisfaction in accordance with the contract and shall afford the Client Department's representatives the opportunity to inspect the project to ensure that the Client Department is willing to accept handover of the scheme.</p> <p>8.12.2 Prior to the issue of the Certificate of Practical Completion (or other contract equivalent), the Architect, Civil/Structural Engineer and Mechanical and Electrical Services Consultant shall confirm to the Client Department that all defects have been rectified to their satisfaction in accordance with the contract and the Architect shall advise the Client Department regarding any action required in respect of insurances.</p>
Client to be Instructed on Handover	<p>The Project Team shall also, prior to Completion, carry out the following:-</p> <ul style="list-style-type: none"> <li>a) Explain the design concept to the occupiers, so that maximum benefit can be gained from the facilities provided;</li> <li>b) Inform the Client Department how to operate and maintain the building and its equipment at optimum efficiency, with particular emphasis on savings to be made on energy conservation and other revenue costs.</li> </ul>
	<p>8.12.3 Once Completion has been certified, the Project Team shall issue a final monthly report to the Client Department, with a copy to the Capital Projects Unit, Treasury, summarising the contractual position in relation to completion dates (ie whether the project was completed on time and if not advise the contractual position), the anticipated Final Account (and overall financial position) and any other matters of significance to the Client.</p>
Health & Safety File and 'As Built' Drawings	<p>8.12.4 It is a requirement of the CDM Regulations that the Health and Safety File is completed and handed to the Client Department to enable contract completion to be certified. The Planning Supervisor shall therefore ensure that the File is completed and all designers will co-operate with the Planning Supervisor in this regard. The Health and Safety File will include, inter alia:-</p>
'O & M' Manuals	<ul style="list-style-type: none"> <li>a) comprehensive Building Maintenance Manuals and;</li> </ul>

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

- b) a comprehensive set of "as built" architectural, structural and services drawings (including mechanical and electrical schematic drawings for identical, multiple properties). The importance of identifying and providing information on buried/overhead services cannot be overstressed. All contractors/designers working on behalf of the client should take reasonable steps to record accurately the position of services installed and/or uncovered as a result of the project along with the need for such information to be included in the Health and Safety File and communicated to the relevant utility organisation.

Non completion and damages	8.12.5	In the event of the Contractor failing to complete the project within the contract period the Architect shall issue a Certificate of Non-Completion and advise the Client Department (with a copy to the Capital Projects Unit, Treasury) of the reasons for non-completion and the implications, financial and otherwise.
	8.12.6	The Architect shall also notify the Client Department of its rights or otherwise to deduct Liquidated and Damages following non completion, advise on the correct legal and contractual procedure to be followed and the relevant amounts to be deducted.

### 8.13 The Final Account

Draft Final Account to Client and CPU Before Agreeing	8.13.1	The Project Team shall submit a copy of the proposed final account to the Department and to the Capital Projects Unit, Treasury, in advance of formal agreement with the contractor, in a format agreed with the Capital Projects Unit, Treasury.
Design Team Validity of Final Account	8.13.2	The Project Team shall confirm that the Draft Final Account, as submitted, includes only the works included in the tender drawings, specifications and Bill of Quantities (where applicable), together with variations authorised in writing, and price fluctuations (if applicable).
No Form of Agreement Until Approved by Client	8.13.3	When approval to the Draft Final Account is received by the Project Team from the Client Department the Final Account may be formally agreed with the Contractor and the appropriate balances (excluding retention) may be certified.
Final Account documentation	8.13.4	The final account documentation, submitted to the Client Department (with a copy to the Capital Projects Unit, Treasury), shall confirm the agreement of all members of the Project Team to the adjusted contract sum and shall include:- <ul style="list-style-type: none"> <li>a) Project Manager's Report including overall cost reconciliation with Tynwald vote;</li> <li>b) Architect's Report;</li> <li>c) Civil/Structural Engineer's Report;</li> <li>d) Engineer's Report on mechanical and electrical services;</li> </ul>

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

- e) Quantity Surveyor's Report;
- f) Planning Supervisor's Report;
- g) Schedule of variations referenced to approvals (the value of omissions and additions in respect of each variation should be given);
- h) Schedule showing the adjustment of PC sums (if any);
- i) Schedule showing the adjustment of Provisional sums (if any);
- j) Schedule of increases under the price fluctuations clause, including those of nominated sub-contractors and suppliers (if any);
- k) Schedule with costs of the items included in respect of furniture and fittings;
- l) Copy of the site plan (1:500) and floor plans (1:100) as built;
- m) Certified statement of site supervision costs.

Defects Correction	8.13.5	Prior to the issue of the Final Certificate, the Project Team shall agree with the Client Department and confirm, in writing, to the Client Department (with a copy to the Capital Projects Unit, Treasury), that all defects have been corrected within the Defects Liability Period.
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### 8.14 Post-Project Evaluation

Purpose	8.14.1	Evaluation is the process of assessing the impact of a project, programme or policy while it is in operation, or after it has come to an end. It is an essential aid to improving project performance, achieving best value for money from public resources, improving decision-making and learning lessons.
Policy Requirement for Project Sponsors	8.14.2	<p>Sponsors of capital projects are required to evaluate and learn from their projects. This is mandatory for projects with a cost in excess of £1 million.</p> <p>Business cases for capital projects will not be approved unless post-project evaluation has been properly planned in advance and suitably incorporated into the Business Case.</p> <p>The potential value of an evaluation will only be realised when action is taken on the findings and recommendations emanating from it. Processes are needed to ensure that this happens.</p>
Pre-requisites for successful evaluation	8.14.3	<p>To ensure maximum benefit from evaluation, it is important to:</p> <ul style="list-style-type: none"> <li>a) View the evaluation as an integral part of the project and plan for it at the outset. For larger projects the evaluation should be costed and resourced as part of the project.</li> <li>b) Secure commitment from senior managers within the Department.</li> <li>c) Involve all key stakeholders in its planning and execution.</li> </ul>

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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		<ul style="list-style-type: none"> <li>d) Develop relevant criteria and indicators to assess project outcomes from the outset of the project.</li> <li>e) Put in place mechanisms to enable monitoring and measurement of progress.</li> <li>f) Foster a learning environment to ensure lessons are heeded</li> </ul>
Timing of evaluation	8.14.4	Project Sponsors are required to undertake the evaluation 12 months after the facility has been commissioned, which should correspond with completion of the Final Account.
Post Project Review meeting	8.14.5	Shortly after completion of the Final Account, the Project Team (and contractor) shall meet with representatives of the Client Department and the Capital Projects Unit to review the outcomes of the project and performance of the Team including contractors and sub-contractors involved in the project. A typical agenda is shown at Appendix 16
Client Report on Project and Performance of Team	8.14.6	<p>Following completion of the Post Project Review meeting, the Project Sponsor shall provide the Client Department and Capital Projects Unit, Treasury with a report of the Sponsor's overall assessment of the project, including the performance of each of the consultants, contractors and sub-contractors involved in the project.</p> <p>The subsequent evaluation results should be signed off by the Project Sponsor or at Project Board level.</p>
Feedback and dissemination of results from evaluation	8.14.7	The results from the evaluation should generally lead to recommendations for the benefit of the Department and wider Government.
	8.14.8	<p>These may include, for example, changes in procurement practice; delivery; or the continuation, modification, or replacement of the project, programme or policy. The results should be widely disseminated to staff concerned with future project design, planning, development, implementation and management.</p> <p>If the evaluation identifies any dissatisfaction with any consultant, contractor or sub-contractor this shall be advised to the company/firm by the Client Department.</p>
Report for Future Confidential Reference	8.14.9	The Project Sponsor's report shall be available on a "strictly confidential" basis for inspection by other Departments when they are considering the appointment of consultants or the selection of contractors or sub-contractors for other projects.
Adverse Report may result in..	8.14.10	It should be noted that a poor performance by any consultants, contractor or sub-contractor may result in not being appointed or selected for other projects wholly or partially funded by Government.

## 9 Contract Performance Guarantee Bonds and Parent Company Guarantees

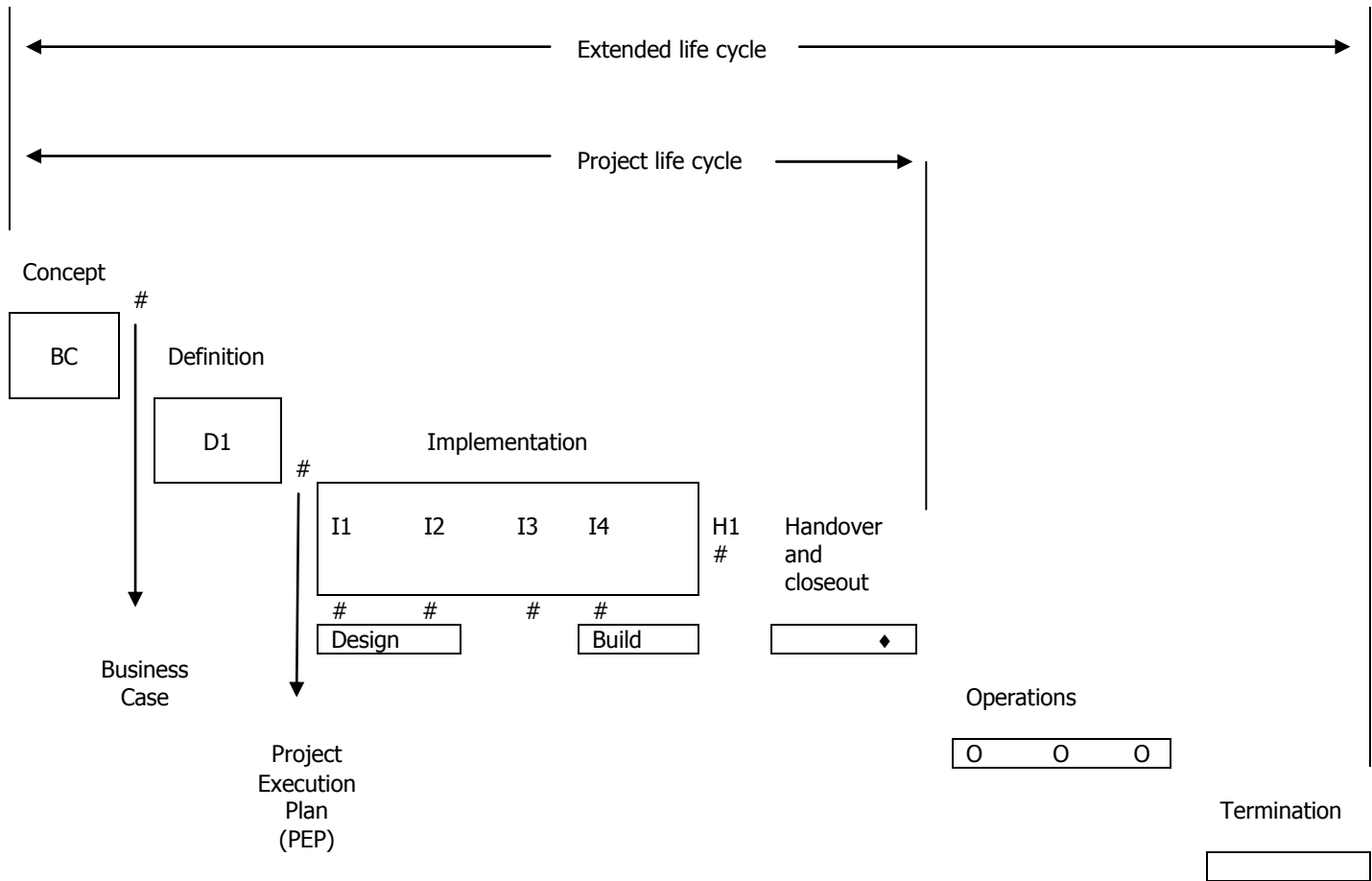
### Contract Performance Guarantee Bonds

Requirement for a Contract Guarantee Bond	9.1	All schemes with a contract value in excess of £1,000,000 are required to have a Contract Guarantee Bond.
Action by Project Team	9.2	The Contract Guarantee Bond Application Form, see Appendix 18, shall be prepared by the Quantity Surveyor and forwarded directly to the Capital Projects Unit at the Treasury, Government Office, Bucks Road, Douglas, IM1 3PX, as soon as possible after the tender opening. This is to allow the maximum possible time for the Bond Agent to make his enquiries.
	9.3	Upon receipt of the completed form the Capital Projects Unit will request from the Bond Agent (currently Euler Hermes Guarantee plc) if they can provide surety for the Contractor.
Action by the Bond Agent	9.4	The Bond Agent upon receipt of the Application form will, having reviewed the status of the Contractor, either offer or decline bond with the Contractor. Any communication between the Bond Agent or the Contractor, his Agent, Bankers etc, is confidential and will not be released to any other party.  The final decision as to whether to enter into a bond rests with the Bond Agent.
Action by the Capital Projects Unit	9.5	If there is agreement to Bond, the Agent will inform the Capital Projects Unit and forward to them for retention the original Bond Agreement signed by the Surety and the Contractor.  The Capital Projects Unit will in turn inform the Department and the Project Team that the Bond is in place.
Alternative Bond	9.6	In the Bond Agent refuses to provide a Bond, the alternative as stated in the Form of Tender should be investigated by the Project Team and the Capital Projects Unit to establish that it is acceptable before being instigated.

### Parent Company Guarantee

Parent Company Guarantee	9.7	Where it is proposed to award the contract to a Contractor which is a subsidiary of a Parent Company, it is essential that all work carried out by that Contractor is the subject of a Parent Company Guarantee in addition to the Contract Guarantee Bond.
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THE PROJECT LIFECYCLE



- # Gate review
- ◆ Post-project review
- O Benefits realisation review

## EXAMPLES OF ROLES AND RESPONSIBILITIES MATRICES

A Roles and Responsibilities Matrix can be a simple tickbox type or a RACI type – see examples of both below. RACI type matrices can be more useful. Instead of simply ticking a box the letters RACI may be used to signify:

- R – Responsible      The person(s) responsible for carrying out an activity
- A – Accountable      The person(s) accountable for ensuring the activity is completed.  
Usually the Manager of the person indicated as responsible
- C – Consulted      The person(s) who must be consulted prior or during an activity
- I – Informed      The person(s) who must be informed of the outcome of an activity

An example of a RACI Matrix

Activity	Project Manager	Project Sponsor	User Representative	Architect	Civil Engineer	M&E Engineer	Quantity Surveyor	CPU	Other
Write Project Execution Plan	R	A	C	I	I	I	I	I	
Submit fee proposals	I			R	R	R	R	I	
Produce initial cost plan/check budget	A		C	C	C	C	R	I	
Arrange Initial Briefing Meeting	R	A		I	I	I	I	I	
Write up Minutes of Meeting	A			R					
etc									

An example of a Tick Box Matrix

Activity	Project Manager	Project Sponsor	User Representative	Architect	Civil Engineer	M&E Engineer	Quantity Surveyor	CPU	Other
Write Project Execution Plan	x								
Submit fee proposals				x	x	x	x		
Produce initial cost plan/check budget							x		
Arrange Initial Briefing Meeting	x								
Write up Minutes of Meeting				x					
etc									



## SIMPLE RISK REGISTER

- A. Hazard – is the risk area
- B. Description – is the risk event
- D. Outcome – is the damaging consequence
- E. Risk value – likelihood x consequence
- F. Mitigation – is the planned control

A	B	C	D	E	F
Hazard	Description	Likelihood (1-5)	Outcome (1-5)	Risk (C x D)	Mitigation

**Risks are assessed according to probability of occurrence and potential impact**

<b>Impact</b>	<b>Catastrophic 4-5</b>	8-10	12-15	16-25
	<b>Significant 3</b>	3-6	9	12-15
	<b>Minor 1-2</b>	1-4	3-6	8-10 4-5
		<b>Low 1-2</b>	<b>Medium 3</b>	<b>High 4-5</b>
		<b>Probability of Occurrence</b>		

- Assign owner, develop avoidance strategy
- Assign owner, develop contingency plan
- Monitor & address if classification changes

## PROJECT MANAGER'S REPORT TEMPLATE

**Executive Summary of Monthly Report No:**

**Scheme Title:**

**Project Owner (usually the Chief Executive):**

**Project Sponsor (usually author of the Business Case, Senior Officer within the Client organisation):**

**Client's Representative (the Project Manager):**

**Main Contractor:**

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**Month Ending:**

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### 1 Programme

Commencement Date:

Completion Date:

Contract Period:

Current Stage:

Is the scheme on programme [Yes/No]  
If "No" explain under section 5 – Project Status Report

Actual % of contract completed:  
(planned in brackets)

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### 2 Cost

Latest Approved Total Cost

Is the scheme within cost (yes/no)  
If "No" explain under section 5 – Project Status Report

Amount remaining in Contract Contingency

Current Overspend

Actual % of cumulative expenditure to date  
(planned in brackets)

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## 3 Outstanding Decisions

- with potential to delay or add cost

Query/originator	Date of Issue	Subject
None		

## 4 Quality

Is the design and/or construction of the  
Scheme meeting the Client's requirements?  
If "no" explain under Section 5 – Project Status Report

Yes

## 5 Project Manager's Project Status Report

(to provide commentary on programme, cost, workmanship/quality, Design  
Team performance, contractor performance, health and safety and any other relevant  
matters)

## KEY PERFORMANCE INDICATORS (KPIs)

An essential part of project evaluation and reporting is the collection of project data for the calculation of Key Performance Indicators (KPIs).

	Key Performance Indicator		
<b>1.</b>	<b>Client Satisfaction</b>	To determine the overall level of client satisfaction with the completed project	Scale of 1 – 10
1.1	Client Satisfaction – Product		
1.2	Client Satisfaction – Service		
<b>2.</b>	<b>Quality</b>	To assess the impact on the client of any defects at the point of hand-over	Scale of 1 – 10
2.1	Defects		
<b>3.</b>	<b>Cost Predictability</b>	To measure the reliability of cost estimates	Includes indicators for the 2 key decision points
3.1	Predictability Cost – Design		
3.2	Predictability Cost – Construction		
<b>4.</b>	<b>Time Predictability</b>	To measure the reliability of time estimates	Includes indicators for the 2 key decision points
4.1	Predictability Time – Design		
4.2	Predictability Time – Construction		
<b>5.</b>	<b>Safety</b>	To measure the number of reportable accidents per 100,000 employed – amended from company reporting to suite reporting on a project basis.  (The accident incident rate; AIR)	Departments must require contractors to collect data for those employed on site. This will necessitate the inclusion of a specific provision in contracts
5.1	Accident Incident Rate		
<b>6.</b>	<b>Environment</b>	To determine how satisfied the client is that environmental impacts have been considered	Scale of 1 – 10
6.1	Environmental Impact – Product	(energy use, CO <sup>2</sup> emissions, materials from non-renewable sources) were taken into account in the finished product	
6.2	Environmental Impact – Process	(waste, noise and dust) were taken into account during the construction process	

## QUALITATIVE SELECTION MECHANISM – PROJECT MANAGEMENT APPOINTMENTS

SELECTION MECHANISM – AB CONSULTANT LTD			
Project Title	Proposed New Project Isle of Man	Assessor(s) Assessor A Assessor B Assessor C Assessor D	Department Representative Department Sponsor CPU Representative Independent Representative
Organisation	Overall Quality Threshold 50		
INSURANCE			
Selection criteria	Quality Threshold	QT reached?	
Professional Indemnity Insurance	£5,000,000	Yes	
TECHNICAL CAPACITY AND ABILITY			
Selection criteria	Criteria Weighting (A) %	Score awarded (B)	Weighted score (A x B)
Technical suitability for project	26		
Availability of resources	22		
Management organisation	18		
Experience relevant to project	24		
Quality assurance / CPD	10		
Total weighting	100	Total	
Is total score greater than Overall Quality Threshold?			
Comments			
Signed by assessor(s)  Assessor A Assessor B Assessor C Assessor D		Date	

# **GUIDELINES FOR THE CONSTRUCTION OF BUSINESS CASES FOR CAPITAL PROJECTS**

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## 1 INTRODUCTION

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- 1.1.1 Council of Ministers approved in December 2003 a recommendation from Treasury that all future Capital Projects would only progress into the 3 year capital programme on submission of an acceptable business case to Treasury. It is clearly desirable that all work covered by Capital Procedures (including those spent from revenue) also have a business case produced. The enclosed outlines the format such documents are required to be in, and the information that should be provided.
- 1.1.2 Details should be provided for all new items that need to progress into year 3, or be spent from revenue, including design fees and ongoing items, although a less defined business case would be needed for design/pre contract fees. Unless funded from revenue, Business Cases will need to be completed in advance of the Council of Ministers meeting at which the Capital Programme is agreed. Revenue funded projects must have a Business case provided before the Stage D1 reports are presented to Treasury.
- 1.1.3 It should be noted that projects differ in size and scope and therefore the attached should be seen as a minimum requirement. For larger projects a more detailed analysis is expected at each stage.
- 1.1.4 None of the enclosed is intended to replace the requirement to comply with Capital Procedures, or the role of the Capital Projects Unit (CPU). It is still essential that CPU is involved in all stages of the procurement process in relation to Capital Projects in order to demonstrate value for money.
- 1.1.5 These notes should be read in conjunction with FD21 Economic Appraisal, and FD17 Capital Procedures. The starting point for any project should be the Explanatory notes on Economic Appraisal, which should help define the objectives and weigh up the options. These notes should be seen as the required format for the presentation of the results of an appraisal, conducted in accordance with the above Direction.
- 1.1.6 Capital procedures apply once a project has budgetary approval.
- 1.1.7 Any questions on the content or format of Business Cases should be referred to the Budget and Financial Management, or Capital Projects teams within Treasury.

Assistant Financial Controller  
Treasury, 687037

# CONTENTS

- 1 INTRODUCTION**
- 2 SO WHAT IS A BUSINESS CASE?**
  - 2.2 HOW IS IT FINANCED?**
  - 2.3 WHAT LEVEL IS IT AIMED AT?**
- 3 CONTENTS OF A BUSINESS CASE**
  - 3.1 1) STRATEGIC CONTEXT**
  - 3.2 2) STATEMENT OF BUSINESS NEED**
  - 3.3 3) CROSS DEPARTMENTAL IMPACT**
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  - 3.10 10) PROGRAMME AND CASH FLOW**
- 4 PROCEDURE AND TIMESCALES**
- 5 FOR FURTHER INFORMATION**



## 2 SO WHAT IS A BUSINESS CASE?

- 2.1.1 It should take the form of a Written Report, produced by the Client Department and signed off by the relevant Chief Executive.
- 2.1.2 It is the culmination of an Appraisal Process which, when documented, has logically confirmed the need and viability of the service/project.
- 2.1.3 It identifies possible options for: -
  - a) Meeting the requirements
  - b) Finance
  - c) Risk

## 2.2 HOW IS ITS PREPARATION FINANCED?

- 2.2.1 As the Business Case must come before any project finance can be allocated, it will be funded from the Department's Revenue Budget.
- 2.2.2 If it is successful in reaching the Capital Programme then the next stage may well be the provision of early funding for further development of the case. This will need to be identified, estimated and included in the Programme and Cash Flow section of the Case.

## 2.3 WHAT LEVEL IS IT AIMED AT?

- 2.3.1 Initially a 'Desk Study' which identifies and researches all the relevant information which already exists.
- 2.3.2 The source for relevant information should be extensive. It should cover historical, present and predictions for the future and cover issues about the provision of the service as well as the construction project.

Possible sources include:

Manx Museum and Library.

Departments who have carried out similar work, work on the same topic or in the same geographical area.

Existing Ground Investigation Surveys.

Utilities Providers - MEA, Water and Sewerage Authority, Manx Gas, DoI Highways, Street Lighting.

Economic Affairs

Chamber of Commerce

- 2.3.3 In exceptional circumstances it may be necessary to undertake limited new investigations but these should be kept to a minimum at this stage.

- 2.3.4 All topics and issues should be addressed in the final report. If an issue is not relevant to a particular project it should be stated so and not simply omitted from the report. In that way it becomes obvious that the issue has been addressed and not overlooked.
- 2.3.5 Likewise, if there is insufficient information available about an issue to enable it to be properly appraised, it should be highlighted as a limitation on the Business Case as it is presented and flagged for clarification should the project progress.

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## 3 CONTENTS OF A BUSINESS CASE

---

- 3.0.1 As a minimum, each Business Case must contain ten paragraphs or chapters addressing the following: –
- 1) Strategic Context
  - 2) Statement of Need
  - 3) Cross Departmental Impact
  - 4) Impacts:
    - a) External
    - b) Environmental
    - c) Sustainability
  - 5) Key Risks or Dependencies
  - 6) Capital Cost of Construction
  - 7) Total Capital Cost of the Project
  - 8) Revenue Cost of Operation
  - 9) Personnel Cost of Operation
  - 10) Programme and Cash Flow
- 3.0.2 Within each section, key questions will be asked that will form the criteria by which Treasury will analyse each submission. Therefore, any Business Case that clearly answers each of these questions will be accepted for the purposes of the project and progressing into the three year plan. The over-riding objective of producing Business Cases is to ensure that the project has been well thought through, that alternatives have been considered, and that the financial and personnel implications are robust. If any of these items are not relevant to the case, it should be stated, as opposed to omitting the paragraph.
- The explanatory notes 'FD21 Economic Appraisal within the Isle of Man Government' can also help in this process.
- 3.0.3 Business plans will need to evolve as the project develops, but tracking this evolution will provide the audit trail for comparison of original intention with outcome. The Business Case will also form the basis of the Design Brief for the project, which itself will develop until the design is frozen at Stage I1 of the Capital Procedures. Treasury does not want to be prescriptive over how a project evolves at this stage. However, any amendments which result in changes to the project of more than 10% in revenue

cost or personnel or £500,000 in capital cost from the original document would, unless confirmed otherwise, be seen as material and should be notified to Treasury.

- 3.0.4 To enable the tracking of this evolution the original Business Case report should contain a 'Document History' record on the inside rear cover. This record should contain:  
The location of the original file (filepath).  
The name of the author.  
Revision dates with a summary of changes  
Checked by:  
Approved by:  
Distribution list and date  
Print Date (Date of actual copy, Not a repeat of the revision date)

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## 3.1 1) STRATEGIC CONTEXT

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- 3.1.1 This section is intended to show the links between the project proposed and the Department or Board's Business Plan (and through this to Government's Corporate Plan). It is intended to show that the project contributes to the delivery of the organisations objectives, and that the key stakeholders that will ensure its success have been adequately consulted over its format and content.
- 3.1.2 Questions asked in relation to Strategic Context: -
- a) Is there a clear and demonstrated link with the Department or Board's Business Plan? Which of the Department's objectives are being met by the planned expenditure?
  - b) Is there evidence that stakeholders have been adequately consulted, and that there is agreement over the need and scope of the project to be undertaken?
  - c) Is there a Governance framework in place for the project?
  - d) Who is the Project Sponsor who will be the prime point of contact in relation to the project?
  - e) Are the required resources available internally to support the project?
  - f) Name the key Department personnel involved with the project.
  - g) Have all the external resources required been identified.
  - h) What is the source of funding (capital or revenue) to allow the project to progress?

## 3.2 2) STATEMENT OF BUSINESS NEED

- 3.2.1 This section is intended to demonstrate the need for the expenditure, and that the Department or Board has considered alternatives that may meet the policy requirements without the same cost outlay.
- 3.2.2 The results of any supporting research or information should be included in this section.
- 3.2.3
- a) What Public Service is to be provided/enhanced by this project?
  - b) What are the key outcomes expected as a result of the expenditure?
  - c) How will success against these be measured?
  - d) Where does this rank in the Department's priorities?
  - e) Where does the Department rank this priority in the Government Plan?
  - f) What empirical data is available to support the need for expenditure?
  - g) What alternatives to the proposal included have been considered?
  - h) Why were these rejected?
  - i) Has a feasibility study been conducted? What were the issues raised?
  - j) Could the project be broken down into smaller projects or phases to be better managed?
  - k) Is land or building acquisition required?
  - l) The functional content of the building must be well defined.

### Note

Reference should be made to the FD21 explanatory notes 'Economic Appraisal within the Isle of Man Government' during this process.

## 3.3 3) CROSS DEPARTMENTAL IMPACT

- 3.3.1 This section is intended to show that the impact on other Government Departments/Boards/offices has been considered, that they have been consulted, and that any additional costs to them have been recognised.
- 3.3.2
- a) What other Departments/Boards have been consulted? Are they agreed on the proposal and its impact upon them?
  - b) Are they committed to and made provision for the impacts?
  - c) Have the utility suppliers been involved? What additional costs will they incur from the development?
  - d) Are there other infrastructural works that will need completion? By who and when will they be done?
  - e) Will the project create demands for other public services? Are these in place?

## 3.4 4) IMPACTS

3.4.1 This section is intended to show that the wider impact of the project has been considered, and any consequences recognised.

### 3.4.2 4a) Impact – External

- 3.4.3
- a) Is this service already provided by a local business, charity, voluntary service?
  - b) Could it be?
  - c) What impact will the proposal have on local businesses?
  - d) Will local companies be employed or benefit from the service or construction?

### 3.4.4 4b) Impacts – Environmental

- 3.4.5
- a) Is an Environmental impact assessment required?
  - b) How will this be undertaken?
  - c) Have Environmental Agencies of other Departments been consulted?
  - d) Have Environmental Groups been considered/consulted?

### 3.4.6 4c) Impacts – Sustainability

Sustainability is an issue on two fronts,

- a) the first is the service to be provided and whether it is a long or short term need.
- b) The second is the sustainability in construction which needs to cover such topics as:
  - Re-use of existing buildings
  - Design for minimum waste
  - Minimise energy in construction
  - Minimise energy in use
  - Use of renewable materials
  - Conserve water resources

## 3.5 5) KEY RISKS OR DEPENDENCIES

3.5.1 This section is intended to highlight what can go wrong, and the method by which it is proposed to keep the project on budget and on time.

- 3.5.2
- a) Identify the risks involved in providing the service? (long term need, etc.)
  - b) Identify the risks involved in not providing the service?
  - c) What are the major programme risks?
  - d) What are the major financial risks?
  - e) How have these risks been assessed (probability/severity)?
  - f) How will they be managed?
  - g) What technologies or partners are untested?
  - h) Are there contingency/alternative plans in place should the timing/cost over-run?

- i) What is the worst case timescale/costing?
- j) Are there any untested/high risk technologies within the project?
- k) What is the record of delivery of the Department's Project Team?
- l) What is the record of delivery of any external parties involved in the project?

## 3.6 6) CAPITAL COST OF CONSTRUCTION

- 3.6.1 This section is intended to demonstrate that the capital cost is robust and if it has been professionally assessed; this is the earliest prediction of a Tender Price.  
Design fees etc. should not be included here.  
The Base Date for the estimate should be stated for future reference and comparison.
- 3.6.2
  - a) How has the capital cost been arrived at?
  - b) Has the cost been externally or professionally validated?
  - c) What are the assumptions following on from the business need that lie behind the capital cost?
  - d) Has the impact of waste charges been fully reflected in the cost?
  - e) Will there be any decommissioning costs at the end of the assets life?

## 3.7 7) TOTAL CAPITAL COST OF THE PROJECT

- 3.7.1 The full requirement for capital funding needs to be identified, not just the construction costs. The issues should be listed along with their associated costs.
- 3.7.2
  - a) Construction Cost (from 6 above)
  - b) Professional Design Fees
  - c) Site Investigation
  - d) Surveys
  - e) Site Purchase
  - f) Wayleaves
  - g) Legal Costs
  - h) Planning Approval costs
  - i) Insurances
  - j) Cost of furniture, fit out, etc?
  - k) Waste Charges
  - l) Commissioning costs
  - m) Transitional running costs (cost of running two facilities)
  - n) Decommissioning
  - o) Disposal of Assets
  - p) Costs associated with preparatory works?
  - q) Other client or associated costs?
- 3.7.3 The method of identifying the figure included for all cost items should be outlined along with an indication of how robust the

costs are perceived to be.

- 3.7.4 The anticipated 'functional life' of the facility should be stated along with its 'physical life' if this is anticipated as being different. Also, over what period is it expected the loan charges will be repaid?

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## **3.8 8) REVENUE COST OF OPERATION**

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- 3.8.1 This section is intended to demonstrate that the Department/ Board has adequately considered the ongoing revenue costs (excluding personnel and loan charges) of the construction, and has made provision within its estimates for these costs to be met.
- 3.8.2
- a) What are the key Revenue Costs flowing from the project?
  - b) What, if any, income or cost savings will be generated to offset these?
  - c) What assumptions over income generation have been made? Can these be demonstrated to be realistic?
  - d) What are the ongoing maintenance costs associated with the project?
  - e) What are the ongoing utility costs associated with the project?
  - f) What changes in practices or policy will the project bring? What are the costs of these?
  - g) What if any other additional revenue commitments are been made in respect of the project?
  - h) What Management processes are in place to ensure changes in revenue costs are properly controlled?
  - i) Has the Department identified revenue funding from within its own resources to support the development, or will it be bidding for additional sums to support the revenue cost?
  - j) Have revenue costs been based on current levels of activity or predicted levels of activity when the project is completed?

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## **3.9 9) PERSONNEL COST OF OPERATION**

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- 3.9.1 This section is intended to demonstrate that accurate assessments of the Personnel implications of the proposal have been calculated.
- 3.9.2
- a) What levels of staffing, and at what level will be required to operate the facility?
  - b) What will be their primary roles?
  - c) What changes in working practices may result from design or technological changes within the project?
  - d) What Management processes are in place to control changes in design that may have personnel implications?
  - e) Are the Personnel implications based on current demand levels? Will more personnel be required by the time the project is completed?

- f) How will the Personnel changes be implemented?  
Retirement, Redundancy, Revised Job Descriptions, Early replacement with appropriate skills?

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## **3.10 10) PROGRAMME AND CASH FLOW**

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- 3.10.1 This section is intended to show that the capital cost is required when it has been applied for, and that a realistic spend profile can be achieved.
- 3.10.2
  - a) When does the project need to be completed?
  - b) How long will it take to plan, design, construct and commission?
  - c) When will Treasury/Tynwald approval be sought?
  - d) Are the estimates consistent with these approval dates?
  - e) Will there be a planning process to go through? What delays could result?
  - f) Have the timescales been agreed with all parties?
  - g) Have the estimates been 'cash flowed' against the programme? (If possible this needs to be at least on a quarterly basis, and monthly during the construction phase)

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## **4 PROCEDURE AND TIMESCALES**

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- 4.1.1 The process for producing a Business Case should start when you first recognise the requirement for a further Public Service, or that you can improve an existing service, or that new legislation requires a new service, or that the Department/ Minister has asked for a service to be provided.  
You should document these events in a file because you will need to refer to them when the 'Business Case' is being written.  
It would be beneficial to consult Treasury as soon as is practicable. The Capital Projects Unit is there to provide guidance on the process at the early stages.

### **4.2 TIMESCALES**

- 4.2.1 Critical Milestones are dependent on the type of service being investigated. They can generally be in two forms, internal to the Department and those which are required by outside sources. It is the Project Director who needs to plan and fix these milestones. Ultimately the critical milestone is dictated annually by the Government Planning Process, However if you simply use this as a target date it is likely that your project will overrun. Consultation with Treasury can never be too early. It is in both Departments interests to be aware of what is likely to come up and always more difficult to play 'catch up'.



- 4.2.2 The formal submission of a 'Business Case' to Treasury can be made at any time of the year once it has been reviewed by the Department's Finance Officer and relevant Senior Officers and signed off by the Department's CEO. There is good argument to support not submitting at the Budget deadline. The Business Case will then be scrutinised by Treasury Officers followed by the Treasury Board. However the project cannot be finally confirmed as included in the Capital Programme until the Council of Ministers has given its approval (usually in October).

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## 5 FOR FURTHER INFORMATION

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- 5.1.1 Please contact: –
- a) Capital Project Unit, Treasury
  - b) Budget and Financial Management, Treasury

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## NOTES, UPDATES ETC.

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# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

APPENDIX 7

## FILE LOCATION

S:\General\Alan\Business Case Procedures\Construction of Business cases for Capital Projects May.doc

## AUTHOR

THE ONLY PERSON AUTHORISED TO REVISE THIS DOCUMENT.

Name	Signature	Position	Date
		Project Sponsor	

## APPROVAL

THE CHIEF EXECUTIVE CONFIRMS THAT THIS BUSINESS CASE HAS ALL THE AGREEMENTS REQUIRED FROM THE DEPARTMENT OF

Name	Signature	Position	Date
		Chief Executive	

## DATE

## DISTRIBUTION LIST


## REVISION HISTORY

## DATE

## SUMMARY OF CHANGES

1		
2		

## PRINT DATES

LAST PRINTED 03/04/2012 14:18:00  
THIS PRINT 03/04/2012

## **AIDE MEMOIRE FOR INITIAL PROJECT BRIEFING MEETING BETWEEN DEPARTMENT, PROJECT TEAM AND TREASURY**

It is important to accurately minute the meeting so that team members have a record of agreed actions.

### **Project Management Issues**

Introductions

Background to Project

Project Objectives/Project Brief/Project Execution Plan

Key Issues/Key Constraints

Project Governance and Structure

Possible Procurement Routes

Programme Review

- Deadlines/Milestones/Approval Periods
- Planning Approvals/Tender Process

Risk Management

Change Control Procedure

Communication and Approval Routes

Design Co-ordination – confirm design team leader, design programme etc

Site Supervision Requirements

Achieving Best Value for Money

CDM Regulations

### **All Government Projects**

Financial Regulations/Procedure Notes for Management of Construction Projects

Appointments/Fees/PII/Check on Consultants' Statutory Payments

Stages/Capital Scheme Stage Report

Nominated/Domestic Specialist Sub-Contractors/Domestic Sub-Contractors

Form of Construction/Use of Local Services, Materials, Energy Conservation etc

Emphasis on Cost Control/Monthly Progress Reports and Financial Reviews/Extent of

Variations /Work Permits/Certificated Craftsmen/Report of the Council of Ministers/Role of

Chairman of Value for Money Committee of Treasury

Planning Approval/Building Regulations

Tendering Procedures/Certificate of Readiness/Advertising/Form of Tender/Certificate of

Non-collusion/Undertaking from Design Team/Report on Tenders

Manx Accredited Construction Contractors Scheme

Check on Contractors/Sub-Contractors Statutory Payments

Contract Guarantee Bond/Parent Company Guarantee/Joint Venture Agreements

No subletting without permission

## SCHEDULE OF ITEMS TO BE INCLUDED IN QUANTITY SURVEYOR'S REPORT ON TENDERS

The Quantity Surveyor's Report on Tenders shall contain the following: -

- 1 Description of Scheme.
- 2 Confirmation that the Scheme was advertised for tender, enclosing copy of advertisement, the list of applicants, the results of interviews held (if any) and the final list of selected tenderers approved by the Department.
- 3 Confirmation of the basis on which tenders were sought including details of the Form of Contract used with any amendments noted.
- 4 Confirmation of the date of issue of tender documents to contractors.
- 5 Confirmation of the time and date for return of tenders.
- 6 Confirmation of the time and date of opening of tenders, the people present at the opening and confirmation that all the tenders were received before the appointed time and date.
- 7 Schedule of Tenders received in ascending order indicating the price difference between tenderers using the lowest tender as Index 100.
- 8 Comment on the examination of the contractor's priced Bill of Quantities.
- 9 Confirmation of any action required by the Tendering Procedure adopted.
- 10 Financial provision in the capital estimates.
- 11 Details of any reductions required to bring scheme within budget.
- 12 Cost comparison with the financial provision in the capital estimates, broken down as follows:-
  - a) Recommended tender (Fixed Price/Fluctuating). \_\_\_\_\_
  - b) Professional fees and expenses (with each discipline's fee shown) \_\_\_\_\_
  - c) Site investigations and other survey costs. \_\_\_\_\_
  - d) Client insurance's (Bond, Clause 22b etc.). \_\_\_\_\_
  - e) Site supervision \_\_\_\_\_
  - f) Plant/Equipment/Furniture/Equipment costs. \_\_\_\_\_
  - g) Other costs (advertising, legal fees, etc.). \_\_\_\_\_
  - h) Provision for inflation (if applicable) \_\_\_\_\_
  - i) **TOTAL CAPITAL COST** **£** \_\_\_\_\_

- 13 Comment on cost comparison between capital cost and financial provision.
- 14 Cost analysis (in approved format) of recommended tender. Note – the analysis shall be forwarded to the BCIS of the RICS.
- 15 Comment on tendering levels.
- 16 Comment on whether the scheme is considered to be value for money, stating the criteria used to determine same including comparisons with similar schemes.
- 17 Comment on provision for inflation (if applicable) indicating the basis on which the amounts are calculated.
- 18 Anticipated dates for commencement and completion of project and time for completion (in calendar weeks).
- 19 Completed application form for Contract Guarantee Bond to be sought by the Treasury from the nominated company.
- 20 Comment on arithmetical check on Bill of Quantities under consideration.
- 21 Comment on pricing levels of Bill of Quantities under consideration.
- 22 Adjustment of all P.C. sums
- 23 Confirmation that there were no qualifications to the tender or the Bill of Quantities or if there were that have been withdrawn without amendment of the Tender Sum.
- 24 Anticipated spending plan for the project for each financial year.
- 25 Copy of the Form of Tender submitted by the recommended contractor.
- 26 Copy of the Certificate of Non-Collusion signed by the contractor.
- 27 Copy of the Undertaking from Design Team signed by all members of the Design Team.
- 28 Any other relevant information.

## **SCHEDULE OF ITEMS TO BE INCLUDED IN CONSULTING ENGINEER'S REPORT ON MECHANICAL AND ELECTRICAL SERVICES**

The Consulting Engineer's Report on Mechanical and Electrical Services Tenders shall include the following:

- 1 Brief description of scheme.
- 2 Confirmation that the works were advertised, enclosing copy of advertisement, the list of applicants, the results of interviews held (if any) and the final list of selected tenderers approved by the Department.
- 3 Confirmation of the basis on which tenders were sought including details of the Form of Contract used with any amendments noted.
- 4 Confirmation of the date of issue of tender documents to contractors.
- 5 Confirmation of the time and date for return of tenders.
- 6 Confirmation of the time and date of opening of tenders, the people present at the opening and confirmation that all the tenders were received before the appointed time and date.
- 7 Schedule of tenders received in ascending order indicating the price difference between tenderers using the lowest tender as Index 100.
- 8 Comment on examination of the sub-contractors' tenders.
- 9 Confirmation of any action required by the Tendering Procedure adopted.
- 10 Copies of Forms of Tender submitted by the recommended sub-contractors.
- 11 Cost comparison with P.C. sums (if applicable) or financial provision included in contract.
- 12 Comment on tendering levels.
- 13 Comment on whether the tenders are considered to be value for money stating the criteria used to determine some including comparisons with other schemes.
- 14 Comment on the pricing levels of the tender documents under consideration.
- 15 Confirmation that there were no qualifications to the tenders or if there were that these have been withdrawn without amendment of the Tender Sum.
- 16 Firm recommendation with regard to the acceptance of tenders for Mechanical and Electrical Services.
- 17 Details of the firms recommended for acceptance, including their management structure, manpower and other resources, the firms' current workload, previous schemes carried out by the firms for Government Departments, Statutory Boards or Local Authorities and private sector work together with comment on their performance.

- 18 Copies of the Certificates of Non-Collusion signed by the sub-contractors.
- 19 Any other relevant information

## SCHEDULE OF ITEMS TO BE INCLUDED IN ARCHITECT'S REPORT ON TENDERS

The Architect's Report on Tenders shall contain the following: -

- 1 Comment by the Architect on the Quantity Surveyor's Report on Tenders.
- 2 Comment by the Architect on the Mechanical and Electrical Consultant's Report on Tenders.
- 3 Firm recommendation with regard to the acceptance of a tender or tenders for the Main Contract and any Sub- Contracts.
- 4 Details of the firms recommended for acceptance, including management structure, manpower and other resources, the firms' current workload, previous schemes carried out by the firms for Government Departments, Statutory Boards or Local Authorities and private sector work together with comment on their performance.
- 5 Copy of the Planning Approval, with confirmation that there is no appeal or, if there is, that these procedures have been completed.
- 6 Confirmation that any conditions attaching to the Planning Approval have been incorporated in the tender.
- 7 Copy of the Building Regulations Approval.
- 8 Any other relevant information.



## APPENDIX TO THE FORM OF TENDER

### PART 3

## CERTIFICATE OF NON COLLUSION

1. The essence of tendering is that the client shall receive bona fide competitive tenders from all Companies tendering. In recognition of this principle, I/We certify that this is a bona fide tender intended to be competitive, that I/We have not communicated the contents of this tender as to the prices or intention to submit a tender to any other person engaged in this type of business, that I/We have not prepared this tender in collusion with any other tenderer and that I/We have not fixed or adjusted the amount of this tender by or under or in accordance with any agreement or arrangement with any other person.
2. In this certificate the word 'person' includes any person, body, or association, corporate or un-incorporate and 'any agreement or arrangement' includes any such transaction, formal or informal and whether legally binding or not.

Signature: .....

Name: .....

For and on behalf of: .....

Address: .....

.....

.....

Date : .....



**Isle of Man**  
Government  
*Reilitus Ellan Vannin*

**CLIENT:**  
**SCHEME:**

## UNDERTAKING FROM THE DESIGN TEAM

### [TO BE COMPLETED PRIOR TO RECOMMENDING ACCEPTANCE OF TENDER]

The Design Team confirm that: -

I/We undertake that, to the best of our knowledge and belief the work to be carried out under this recommended Tender is in accordance with the agreed Brief and, so far as we can ascertain at this stage, no variations will be carried out other than those provided for by the Contingency Sum included in the contract except with the expressed approval of the Client Department.

I/We confirm that any savings, adjustments or negotiated changes made since the tenders were received have been agreed with the contractor and that the relevant documentation will form part of the Contract Documentation.

I/We also confirm that this recommended tender is within the Approved Construction Budget and that the recommended Contractor appears on the Approved Contractor List under the appropriate category.

Signed for and on behalf of:

	NAME OF FIRM	SIGNATURE	DATE
ARCHITECTS			
QUANTITY SURVEYORS			
CIVIL/STRUCTURAL ENGINEERS			
MECHANICAL/ELECTRICAL ENGINEERS			
PLANNING SUPERVISOR			
OTHERS			

I confirm my satisfaction that these statements are correct and that all parties employed by the Client to undertake the design of this project have signed this certificate. I also confirm that the Total Cost as itemised in this Stage Report is within the overall Approved Budget of £.....

PROJECT MANAGER			
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## LATEST DATES FOR DELIVERY OF FINANCIAL MOTIONS TO TREASURY

Financial Motions are required to be submitted to Treasury for concurrence prior to the submission of the Financial Motion to the Office of the Council of Ministers. The Office of the Council of Ministers will forward Notices of Motion to the Clerk of Tynwald's office for placing on the Tynwald Order Paper. To assist in the proper pre-planning of capital schemes which require Tynwald approval, a schedule, setting out the latest dates for submission of Financial Motions for Treasury concurrence, will be issued to Departments from time to time. It must be emphasised that the dates shown for submission to Treasury are the latest dates.

It will be appreciated that Treasury concurrence to a Financial Motion will only be given when all the appropriate information has been placed before Treasury for consideration. All documentation required by the Procedure Notes for Construction Projects issued by the Treasury, therefore, shall be submitted to Treasury at the earliest possible opportunity to enable the documentation to be examined and to allow time for queries or clarifications to be addressed. Client Departments shall allow an appropriate period for this when planning the programme for each capital scheme. Requests for Treasury concurrence received too late to allow proper examination and evaluation shall be deferred and will be considered for the following Tynwald Order Paper.

It is emphasised that it is a matter for the Department to ensure that adequate time is allowed in their programme for each capital scheme for the submission and consideration of the fullest documentation with time allowed for any necessary meetings, discussions or clarifications which may be required and bearing in mind that there may be several capital schemes from other Departments being progressed by Treasury for concurrence prior to the motion being placed on the Tynwald Order Paper.

A draft copy of the Motion for which concurrence by Treasury is requested should be submitted with the other required documentation.

Treasury concurrence will not be given to a Financial Motion unless all the appropriate procedures have been followed and all the necessary documentation has been submitted in adequate time to enable Treasury to examine same and be satisfied that the Motion represents proper expenditure of public funds.

**FORM 2**



**NOTICE OF MOTION (SO 2.4(1))**

**FOR THE [insert date] SITTING OF TYNWALD**

**NAME: [insert name of member who will be proposing the motion]**

**CAPACITY: [insert title of member who will be proposing the motion]**

**TO MOVE: [insert title of proposed scheme]**

**That Tynwald—**

**approves the Department [insert name of Department) incurring expenditure not exceeding [insert financial sum being request] in respect of [insert title of scheme]**

*[Ref: Item no. [insert item number] under the heading “[insert heading]” on page [insert page number] of the Isle of Man Budget [insert relevant years] and as detailed in the Estimates of Capital Payments ?? to ?? on page ?? of the Isle of Man Budget ??.]*

Signed: .....

Date: .....

**FOR OFFICE USE**

Received



Examined



Number



**SCHEDULE OF DOCUMENTATION TO BE SUBMITTED BY DEPARTMENTS  
WHEN REQUESTING TREASURY APPROVAL OR CONCURRENCE TO A MOTION  
BEING PLACED ON THE TYNWALD ORDER PAPER**

- 1 Request to Treasury for approval or concurrence, as appropriate.
- 2 Copies of the Reports from the Project Manager, Architect, Quantity Surveyor and Mechanical and Electrical Engineering Consultant (Project Team).
- 3 Endorsement by the Department of the Project Team's Reports.
- 4 Confirmation of the Department's decision to accept the relevant tender(s).
- 5 Confirmation of the financial provision with appropriate references to the Isle of Man Budget (Pink Book) and the capital estimates and comparison with the amount for which approval or concurrence is sought.
- 6 Copy of Draft Motion proposed (refer to Appendix 14) to be submitted to the Office of the Council of Ministers.
- 7 Any back-up information including studies, reports etc.
- 8 Any other relevant information.

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

APPENDIX 16

Department of			
<b>CONTRACT MONTHLY RETURN</b>			
<i>Commercial - in confidence</i>			
Local Authority/Department Unit:			
Project Title:		Period Ending:	
Project Sponsor (person):		Report Number:	
<b>Section A: PROGRESS</b>	<b>Section B: VARIATIONS</b>	Issued £	Anticipated £
1. Contract Commencement Date	1. Design Team Variations		
2. Contract Completion Date	2. Client Variations		
3. Revised Completion Date	3. External Factors		
4. Original Contract Period	4. PC Sums Adjustments		
5. Revised Contract Period	5. Provisional Sums/ Quantities Adjustments		
5. Planned expenditure %	6. Ground Conditions		
6. Actual expenditure %	7. Claims		
	8. Other		
	<b>TOTALS</b>		
N° of Variations Issued	N° of Items Instructed		

## Section C: COSTS (excluding fluctuations)

	£		£
<b>1. Contract Costs</b>		<b>3. Current Budget Allocation</b>	
a) Approved tender sum (excluding contingencies)		<b>4. Variance +/-</b>	
b) Issued variation		<b>5. Total Contingencies approved for Contract</b>	
c) Anticipated variations		<b>6. Final Cost (excluding fluctuations)</b>	
d) Ascertained claims			
e) Balance of notified claims			
f) Anticipated claims			
g) Balance of contingencies			
<b>2. Contract Commitment</b>			

## Section D: EXPENDITURE SINCE LAST REPORT

a	b	c	d	e	f	g
		CUMULATIVE VALUE			AMOUNT IN COLUMN C FOR	
N° of Certificate	Date of Certificate dd/mm/yy	Contract Works* £	Fluctuations £	Claims £	Engineering Services* £	Variations + £

\* Before deducting retention and excluding fluctuations and claims

+ Assessment of variations included in certificate

## Section E: ADDITIONAL INFORMATION

<b>Department of</b>
----------------------

<b>CONTRACT MONTHLY RETURN</b>	
<i>Commercial - in confidence</i>	
Local Authority/Department Unit:	
Project Title:	Period Ending:
Project Sponsor (person):	Report Number:

<b>ARCHITECT'S/CONTRACT ADMINISTRATOR'S COMMENTS AND ASSESSMENTS</b> <i>(Incorporating other Design Team Members comments, if required)</i>
--

<b>Physical Progress and Programme</b>
--

<b>Costs (including confirmation that project is expected to be delivered within budget)</b>
--

<b>General State of Contract (delays, claims, other)</b>
--

<b>Completed by:</b>		<b>Name: (CAPITALS)</b>	
<b>Position:</b>		<b>Telephone:</b>	
<b>Address:</b>		<b>Email:</b>	
		<b>Date:</b>	

**PLEASE RETURN TO:** The Treasury, Capital Projects Unit, Government Offices,  
Buck Road, DOUGLAS, Isle of Man IM1 3PU

## POST PROJECT EVALUATION AGENDA

**Department:**

**Project:**

**Date:**

**1.0 Introduction:** Purpose of Post project Evaluation

**2.0 Project Manager:** Introduction of Project + Key Project Statistics

- Overall Capital Sum
- Construction Cost
- Contract Commencement Date
- Contract Completion Date
- Extension of Time
- Actual Completion Date
- Final Account
- Completion of Defects
- Total Expenditure compared with overall financial provision

**3.0 Client: Project Sponsor's Review**

**4.0 Architect: Project Review**

4.1 Review of Brief and Pre-Contract Design Phase

- Programme
- Procurement Process

4.2 Construction Phase

- Programme
- Valuations and Certificates
- Health and Safety – Site Management

4.3 Post Contract Period

- Completion of Defects
- Health and Safety File

**5.0 Quantity Surveyor: Project Review**

**6.0 Contractor: Project Review**

**7.0 Structural Engineer: Project Review**

**8.0 Planning Supervisor: Project Review**



## **9.0 Building Services Engineer: Project Review**

## **10.0 Project Manager: Summary**

## **11.0 Capital Projects Co-ordinator: Any further actions/comments**

## **12.0 Any Other Matters**

- Project Sponsor's Evaluation Report
- Practical Completion Certificate
- Making Good Defects Certificate
- Final Certificate
- Bond Release

## EULER HERMES GUARANTEE PLC

Surety House  
Lyons Crescent  
Tonbridge  
Kent TN9 1EN

Telephone: 01732 770 311  
Facsimile: 01732 770 361  
e-mail: info@ehgplc.com

From: I. Luxton  
Capital Projects Unit  
Treasury, Government Offices  
Douglas Isle of Man IM1 3PX

### APPLICATION FORM CONTRACT GUARANTEE BOND

Please provide a Contract Guarantee Bond for the undermentioned Contract.

<ol style="list-style-type: none"><li>1. Name and Address of Employer: <i>to be inserted in Bond.</i></li><li>2. Name and Address of Contractor:</li><li>3. Description of work to be done:</li><li>4. Location of work:</li><li>5. Contract price:</li><li>6. Commencement Date:</li><li>7. Contract Period:</li><li>8. Maintenance Period:</li><li>9. Method of Payment [<i>i.e. fortnightly, monthly etc</i>]</li><li>10. Percentage of Retention:</li><li>11. Amount of Liquidation Damages:</li><li>12. a) Is price variation allowed for? <i>or</i> b) Is contract firm price?</li><li>13. Brief details of work to be sub-contracted</li><li>14. Form of Contract to be used:</li><li>15. Name &amp; Address of Lead Consultant</li><li>16. Other Tender Prices:</li><li>17. Amount of Bond required:</li></ol>	
--	--

I/WE hereby declare that the statements and particulars given herein are true and that we have not concealed any material fact or circumstances that ought to be communicated to EULER HERMES GUARANTEE PLC.

<b>SIGNED:</b> _____	<b>POSITION</b>
	<b>HELD:</b> _____
<b>FOR:</b> _____	<b>DATE:</b> _____



**Scheme:** .....

## CERTIFICATE OF READINESS

**[TO BE COMPLETED PRIOR TO ISSUE OF TENDER DOCUMENTS]**

The Design Team confirm that: -

- a) The layout, general arrangement and details have been approved by the Client Department;
- b) The design is frozen and will not be altered by the Design Team during the course of the contract, other than in exceptional circumstances and with the prior approval of the Client Department;
- c) The scheme has been fully designed and the Pre Tender Estimate of £..... is within the Approved Construction Budget of £.....;
- d) Once the contract is awarded, the project should be able to proceed to completion without delay and, so far as the members of the Design Team can ascertain at this stage, within the Approved Construction Budget;
- e) Tender documentation is consistent with and fully reflects the general production information to be provided to the contractor;
- f) The design complies with all relevant Regulations, Codes of Practice, Fire Standards, British Standard Specifications and in particular the Building Regulations and Planning Approvals where appropriate, at the time of tender;
- g) Client Indemnity Insurance where appropriate, and Insurance of the Works have been included in the Tender Documentation or confirmation of other suitable arrangements has been obtained;
- h) The sum of £..... per week has been included in the Tender Documents for Liquidated and Ascertained Damages. We confirm that it is a substantiated and genuine pre-estimate that has been established in conjunction with the Client.

Signed for and on behalf of:

	NAME OF FIRM	SIGNATURE	DATE
ARCHITECTS			
QUANTITY SURVEYORS			
CIVIL/STRUCTURAL ENGINEERS			
MECHANICAL/ELECTRICAL ENGINEERS			
PLANNING SUPERVISOR			
OTHERS			

I confirm my satisfaction that these statements are correct and that this certificate has been signed by all parties employed by the Client to undertake the design of this project.

PROJECT MANAGER			
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**[SPECIMEN ADVERTISEMENT FOR LIST OF SELECTED TENDERERS]**

**[DEPARTMENT/STATUTORY BOARD]**

## **NOTICE TO BUILDING CONTRACTORS**

**[NAME OF SCHEME]**

Applications are invited from suitably qualified and experienced Building Contractors interested in being included on the List of Selected Tenderers for the above scheme.

**[Provide a brief description of the intended works to enable an initial assessment to be made]**

An information pack about this project and the terms and conditions which shall apply may be obtained by writing to: -

**[NAME AND ADDRESS OF PERSON TO WHOM APPLICATION SHOULD BE MADE]**

After examining the information pack the Contractor will be required to submit a formal application. The closing date for receipt of such formal applications will be 12 Noon on [DAY AND DATE].

**[CHIEF EXECUTIVE OR OTHER AUTHORISED OFFICIAL]**



## FORM OF TENDER

**TENDER FOR**  
**[NAME OF CLIENT DEPARTMENT]**

**[NAME OF SCHEME]**

TO: *[Chief Executive or other Authorised Official]*

FROM: ..... *[Name of Tenderer]* .....

### TENDER OFFER

I/We, having visited the site and having fully acquainted myself/ourselves with all the documents, including the Drawings, Specification, Bills of Quantities, Instructions to Tenderers and the matters set out in the Appendix hereto provided to me/us and the Conditions of Contract referred to therein, do hereby offer to execute and complete the whole of the works described in accordance with all the documents referred to above for the sum of:

..... *[Price* *in*  
*Words]*.....

(£ ..... *[Price in Numerals]* .....) Excluding VAT

I/We agree to complete the whole of the works within [number] calendar weeks from the Date of Possession.

The anticipated Date for Possession of the Works is *[Insert Date]*

This tender remains open for acceptance for 18 calendar weeks from the latest date fixed for the submission of tenders.

### TENDERING PROCEDURE

I/We understand that this tender is invited and submitted in accordance with the principles for Single Stage Selective Tendering as contained in the JCT Practice Note 6, 'Main Contract Tendering' or 'Tendering for Civil Engineering Contracts' published by Thomas Telford in May 2000 as appropriate or NBS Guide to Tendering for Construction Projects. In any case, the procedure for errors is omitted.

I/We further understand that Clauses specific to the Tender Documentation will take precedence if there is a conflict with the principles of the above publications.

### TENDERING ERRORS

I/We agree that should any errors in pricing or errors in arithmetic be discovered in the priced Bills of Quantities submitted by me/us before acceptance of this Tender I/We will be given the details of such errors and afforded the opportunity of confirming or withdrawing this offer. I/We further agree that if I/We confirm this offer the Bill of Quantities will be endorsed to indicate that all rates and prices (excluding preliminary items, contingencies, prime cost and provisional sums) are adjusted in the same proportion to maintain the same total as this tendered sum.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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### CONTRACT GUARANTEE BOND

I/We undertake, if so directed, to furnish the Surety appointed by the Isle of Man Treasury with all information requested to enable that Surety to provide a Contract Guarantee Bond in an approved form for the fulfilment of the contract, all as set out in detail in the Bill of Quantities

In the event that the Surety appointed by the Isle of Man Treasury decline to provide the required Contract Guarantee Bond. I/we nominate..... as an alternative Surety who is registered and authorised in a member state of the UK/EU/IoM or British Isles to carry on insurance business in those territories and have undertaken to provide a Contract Guarantee Bond containing no less favourable terms and conditions than those included in the standard Contract Guarantee Bond issued by the Surety appointed by the Isle of Man Treasury and in a sum equivalent to 10% of the contract sum. If requested to do so, I/We will furnish within 14 days, a draft of this Alternative Bond to the Isle of Man Treasury, and if deemed satisfactory I/We will execute the Alternative Bond before any Contract is signed or work started on the site.

I/We confirm that any cost incurred for the Alternative Bond which is over and above that which would be incurred for the Bond with the Treasury appointed Surety will be paid by me/us.

I/We also confirm that no amount relating to the provision of any Contract Guarantee Bond has been included in this tender.

### PARENT COMPANY GUARANTEE

I/We confirm that in the event of my/our having a Parent Company it shall if so directed, prior to Contract award, provide a suitably worded Parent Company guarantee to cover my/our satisfactory performance and the carrying out of all my/our obligations under the Terms and Conditions of the Contract. I/We understand that failure by my/our Parent Company to timely provide the said guarantee shall lead to my/our tender being declared non compliant and not being considered further.

The Parent Company guarantee shall include an undertaking that the Parent Company shall ensure that the subsidiary company shall duly execute the works required by this contract and that the full resources of the Parent Company whether financial, personnel or otherwise are available to the subsidiary to perform efficiently and effectively. Upon receipt of the Employer's written demand, the Parent Company will immediately take whatever steps are necessary to achieve satisfactory performance and the carrying out of all contractual obligations.

I/We agree that this Guarantee will be in addition to the Contract Guarantee Bond

### VALUE ADDED TAX

Value Added Tax chargeable against materials, goods and services on any part of these works in connection with this contract has not been included in our Tender and we acknowledge that we are able to recover any Value Added Tax in accordance with the procedure laid down in the Value Added Tax Act in force at this time and regulations made thereunder. We have included for all the administration costs of payment and recovery of such tax within our Tender Sum.

### CREDITOR STATUS WITH THE ISLE OF MAN GOVERNMENT

I/We confirm that all appropriate returns have been made to Treasury by the due date, that there are no outstanding statutory payments, such as I.T.I.P., Company Tax, National Insurance Contributions or V.A.T., currently due to the Isle of Man Government and that I/we are in no other way indebted to the Isle of Man

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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Government.

I/We fully understand that it is my/our responsibility to ensure that my/our obligations in respect of the submission of returns and/or payments are in order.

I/We hereby authorise Treasury to seek and obtain any necessary information required to verify that all appropriate Returns have been made and that there are no outstanding statutory payments or other debts currently due to the Isle of Man Government.

I/We fully understand and hereby agree that if there are any outstanding returns or debts due to the Isle of Man Government my/our tender will not be considered further and that I/we may prejudice my/our inclusion on the List of Selected Tenderers on future schemes wholly or partially funded or underwritten by Government. I/We understand that no explanation will be given and I/we agree that no claim or action will be taken by me/us as a result of any decision taken in respect of this matter.

### **PERMANENT ESTABLISHMENT FOR TAX PURPOSES**

I/We agree that, if awarded this contract, should one not already exist I/we will establish and maintain a permanent establishment for tax purposes in the Isle of Man for the duration of the contract from Contract Award until the Final Certificate is issued. I/We further confirm that if we are notified as lowest tenderer I/we will enter into and complete full and formal discussions with the Assessor of Income Tax, the Department of Social Care and the Customs and Excise Division of the Isle of Man Treasury at least 4 weeks before the commencement of any operations in the Island thereby obtaining a ruling on and confirming my/our liability to income tax and all other consequential obligations under the Income Tax Acts, confirming my/our liability for National Insurance and confirming my/our liability to be registered for Value Added Tax and all other consequential obligations under the purview of Customs and Excise. I/We note that failure to comply with this clause could invalidate this tender.

### **CERTIFICATION OF CRAFTSMEN AND WORK PERMITS**

I/We undertake not to allow onto the site nor to employ any person on this contract, directly or indirectly, as an employee or as a sub-contractor or as an employee of a sub-contractor unless they have produced to me/us, prior to being allowed onto the site to start work on the contract, the appropriate certificate under the Scheme for the Certification of Craftsmen 1990 and a valid Work Permit unless the person is an "Isle of Man Worker" as defined in the Control of Employment legislation.

I/We further undertake to complete and return to the Isle of Man Employers Federation on a weekly basis, a list of all the workers employed on this contract along with their relevant details and acknowledge that this information may be used by Government Departments holding a statutory right to request information from Companies and Individuals.

### **APPROVED CONTRACTOR STATUS**

I/We confirm that I/we are included on the current Manx Accredited Construction Contractors Scheme List (details of which may be obtained from the Employers Federation, 23a The Village Walk, Onchan, IM3 4EB Tel: (01624) 660188) or, that I/we have applied for inclusion thereon. I/We understand and accept that the successful tenderer must be included on or be formally accepted for inclusion on the current Manx Accredited Construction Contractors Scheme List prior to being awarded the contract and must maintain this Approval until the Final Certificate is issued.

## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

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<b>USE OF LOCAL SUPPLIERS AND LABOUR</b>	<p>I/We further acknowledge that failure to complete this contract or make good the defects as required by the contract could result in my/our removal from the Manx Accredited Construction Contractors Scheme List until such time as the work is satisfactorily completed.</p> <p>I/we undertake to obtain quotations from local suppliers and/or producers for all goods and materials specified in the works and to give preference, wherever reasonable, to local Isle of Man labour, tradesmen and services and to use materials from Isle of Man based producers and/or suppliers provided that they comply with the specification and are readily available at competitive prices.</p>
<b>SPECIALIST SUB-CONTRACTORS AS DOMESTIC</b>	<p>I/We confirm that I/we have consulted with all the specialist sub-contractors selected by the employer to carry out specific works as domestic sub- contractors all as set out in the Bill of Quantities. I/We confirm that I/we have ascertained the proposed programmes and requirements for executing these specialist works and I/we hereby agree to appoint the specialist sub-contractors named in Part 2 of the Appendix to this Form as domestic sub-contractors under the provisions of the Conditions of Contract.</p>
<b>DOMESTIC SUB-CONTRACTORS</b>	<p>I/We confirm that I/We have during the compilation of this tender negotiated with and intend to appoint as Main Sub-Contractors those companies listed in Part 2 of the Appendix to the Form and that no other company will be appointed in place of any of those listed without the written approval of the Employer.</p>
<b>CONSTRUCTION (DESIGN AND MANAGEMENT) REGULATIONS 2003</b>	<p>I/We accept our role as Principal Contractor under these regulations and understand the duties and responsibilities required of this role.</p>
<b>DEPARTMENT NOT RESPONSIBLE FOR EXPENSES</b>	<p>I/We understand and accept that the Department will not be responsible for any expenses incurred by the competing contractors in the preparation of their tenders and are not bound to accept the lowest or any tender.</p>
<b>NO RELATIONS IN DEPARTMENT</b>	<p>I/We confirm that I/we nor any of my/our staff is related in any way to a Member or an officer of the Department to whom this tender is submitted. (If it is not possible to make this declaration please delete this clause and provide full details of the relationship on a separate sheet of paper).</p>
<b>CORRUPT PRACTICES</b>	<p>I/We confirm that no representative or employee of this Company shall offer give or agree to give to any member employee or representative of Government or the Employer any gift or consideration of any kind as an inducement or reward for doing or having done or refraining or having refrained from doing any act in relation to the obtaining or execution of this Contract or any other contract with Government or for showing or refraining from showing favour or disfavour to any person, partnership or company in relation to this Contract or any such contract.</p> <p>I/We acknowledge that the Employer shall be able to determine my/our employment under this or any other Contract with immediate effect if I/we are proved to have breached this clause or have committed an offence under the Corruption Act 1986 and such determination shall not prejudice or affect any right of action or remedy which shall have accrued or shall accrue to the Employer.</p>
<b>CONDITIONS OF</b>	<p>I/We confirm that I/We are in possession of a copy of the Standard Conditions of</p>



## PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

**CONTRACT** Contract to which this tender refers and understand my/our rights and responsibilities under this contract.

**FORMAL CONTRACT** I/We undertake in the event of your acceptance of this tender to execute with you a formal contract as a deed under Manx Law embodying all the conditions and terms contained in this offer.

**RETURN OF TENDER** This tender is to be returned in the envelope provided and delivered to [*specify exact person and precise address and location*]

not later than 12.00 noon on: \_\_\_\_\_

Tenders submitted by facsimile will not be accepted. Any tender received after the official time and date for receipt of tenders will not be considered and will be returned unopened unless, before the other tenders are opened, proof can be provided of the tender being despatched by the Tenderer in sufficient time to guarantee under normal circumstances delivery of the documents to the location stated and by the time for submission at the latest and with no opportunity for the tenderer to interfere with the same.

**SIGNED BY/ON  
BEHALF OF THE  
TENDERING  
COMPANY BY A  
DIRECTOR OF THE  
COMPANY**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Signature: \_\_\_\_\_ Director: \_\_\_\_\_

Position in the Company: \_\_\_\_\_

Name of Tenderer: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail address: \_\_\_\_\_

**INFORMATION OF THE  
TENDERING  
COMPANY**

Isle of Man Company Registration No.: \_\_\_\_\_

Isle of Man Income Tax Company Ref.: \_\_\_\_\_

Isle of Man N.I. Employer's Reg. No.: \_\_\_\_\_

V.A.T. Registration No.: \_\_\_\_\_

# PROCEDURE NOTES FOR MANAGEMENT OF CONSTRUCTION PROJECTS

## APPENDIX TO THE FORM OF TENDER

### PART 1

*[THIS PART IS FOR THE INCLUSION OF INFORMATION SPECIFIC TO THE CONDITIONS OF CONTRACT. OR TO THE WORK REQUIRED UNDER THE CONTRACT EXAMPLES ARE INSURANCE'S, COMPLETION DATE, SECTIONAL COMPLETIONS ETC.]*

## APPENDIX TO THE FORM OF TENDER

### PART 2

CONTRACTS (RIGHTS  
OF THIRD  
PARTIES) ACT 2001

The parties hereto agree that the provisions of the Contracts (Rights of Third Parties) Act 2001 (as amended or superseded) shall not apply to this Contract.

SPECIALIST SUB-  
CONTRACTORS AS  
DOMESTIC

#### LIST OF SPECIALIST SUB-CONTRACTORS :

DOMESTIC SUB-  
CONTRACTORS AND  
USE OF LOCAL  
SUPPLIERS AND  
LABOUR

	TYPE OF WORK	NAME & ADDRESS OF SUB-CONTRACTORS
1		
2		
3		

(  
PAYMENT OF SUB-  
CONTRACTORS

#### LIST OF DOMESTIC SUB-CONTRACTORS :

USE OF LOCAL  
SUPPLIERS AND  
LABOUR

	TYPE OF WORK	NAME & ADDRESS OF SUB-CONTRACTORS
1		
2		
3		
4		
5		

I/We undertake to pay all Sub-Contractors, which includes those employed on a Labour-Only basis, in accordance with their Agreement the terms of which are no less favourable to the Sub-Contractor than the terms of the main contract and in no case shall payment which is properly due be made later than 30 days after the receipt of invoice.

#### LIST OF MAIN SUPPLIERS OF PLANT, MATERIALS, GOODS ETC. WHICH ARE NOT OBTAINED LOCALLY ARE AS FOLLOWS :

	SUPPLIER OF:	NAME AND ADDRESS OF SUPPLIER
1		
2		
3		

## APPENDIX TO THE FORM OF TENDER

### PART 4

## FINANCIAL REGULATIONS DECLARATION

To .....[Client Name].....

I/We confirm that all appropriate returns have been made to Treasury by the due date, that there are no outstanding statutory payments, such as I.T.I.P., Company Tax, National Insurance Contributions or V.A.T., currently due to the Isle of Man Government and that I/we are in no other way indebted to the Isle of Man Government.

I/We fully understand that it is my/our responsibility to ensure that my/our obligations in respect of the submission of returns and/or payments are in order.

I/We hereby authorise the Treasury (a Department of the Isle of Man Government) to seek and obtain any necessary information required to verify that all appropriate Returns have been made and that there are no outstanding statutory payments or other debts currently due by me/us to the Isle of Man Government.

I/We undertake not to employ any person on this Contract, directly or indirectly, as an employee or as a sub-contractor or as an employee of a sub-contractor, unless they have produced to me/us, prior to being allowed on the site to start work on the Contract, the appropriate Certificate under the Scheme for the Certification of Craftsmen 1990, and a valid Work Permit unless the person is an Isle of Man Worker as defined by the Control of Employment Act.

Signature: .....

Name: .....

For and on behalf of: .....

Address: .....

Date: .....

Isle of Man Company Registration No.: .....

Isle of Man Income Tax Company Ref.: .....

Isle of Man N.I. Employer's Reg. No.: .....

V.A.T. Registration No.: .....

## APPENDIX TO THE FORM OF TENDER

### PART 5

## REGISTER OF TENDER DOCUMENTS

*[This part is for listing all the documents that form part of the Tender Documentation and should include enough information to be able to identify the specific document, Title, Version, Issue Date, Author etc. The list should be updated with any further item issued for amendment or clarification during the tender period.]*

*[This register will be the basis for the schedule of documents referred to in the Form of Agreement as the Contract Documents.]*

# PROCEDURE NOTES FOR CAPITAL SCHEMES

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