



**Notice of meeting of  
Hungate Ad Hoc Scrutiny Committee**

**To:** Councillors Aspden (Chair), Brooks, Gunnell, Holvey,  
Pierce and Taylor (Non-voting Co-opted Member)

**Date:** Monday, 12 January 2009

**Time:** 6.00 pm

**Venue:** Guildhall

**AGENDA**

**1. Declarations of Interest**

At this point Members are asked to declare any personal or prejudicial interests they may have in the business on the agenda.

**2. Public Participation**

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the committee's remit can do so. Anyone who wishes to register or requires further information is requested to contact the Democracy Officer on the contact details listed at the foot of this agenda. The deadline for registering is **Friday 9<sup>th</sup> January 2009 at 5.00 pm.**

**3. Minutes**

(Pages 3 -  
6)

To approve and sign the Minutes of the meeting held on 10 December 2008.

#### **4. Hungate Review - Interim Report**

(Pages 7 -  
16)

This Interim Report provides details of information gathered at the informal consultation session and subsequently discussed at the formal meeting on 10 December and additional information requested by Members. Members are asked to identify what additional witnesses, if any, they would like to meet with and identify what further information they require. (Annex B can be found in the consultation summary, which is provided as part of the background papers to this scrutiny review. Annex C is available to view via the Democracy Officer, whose contact details are attached to this agenda.)

#### **5. Any other business which the Chair considers urgent under the Local Government Act 1972**

##### Democracy Officers

Catherine Clarke and Heather Anderson (job share)

Contact details:

- Telephone – (01904) 551031
- Email [catherine.clarke@york.gov.uk](mailto:catherine.clarke@york.gov.uk) and [heather.anderson@york.gov.uk](mailto:heather.anderson@york.gov.uk)

(If contacting by email, please send to both Democracy officers named above).

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting Catherine Clarke & Heather Anderson (job share)

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

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- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

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### Further information about what's being discussed at this meeting

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### **Holding the Executive to Account**

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

### **Scrutiny Committees**

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

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City of York Council

Committee Minutes

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MEETING	HUNGATE AD HOC SCRUTINY COMMITTEE
DATE	10 DECEMBER 2008
PRESENT	COUNCILLORS ASPDEN (CHAIR), BROOKS, GUNNELL, HOLVEY AND PIERCE
APOLOGIES	COUNCILLORS TAYLOR

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#### **4. DECLARATIONS OF INTEREST**

At this point in the meeting Members were invited to declare any personal or prejudicial interests they might have in the business on the agenda.

Councillor Aspden and Councillor Pierce both declared a personal non prejudicial interest in Item 4 (Hungate Review – Interim Report) as they are both personal members of English Heritage.

#### **5. PUBLIC PARTICIPATION**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

#### **6. MINUTES**

RESOLVED: That the minutes of the meeting held on 18 November 2008 be approved as a correct record and signed by the Chair.

#### **7. HUNGATE REVIEW - INTERIM REPORT**

Members considered an interim report which provided background information on the previously proposed Hungate site for the Council's office accommodation and provided a summary of the information gathered to date.

The Scrutiny Officer advised Members that she had put in a request, under the Freedom of Information Act, to English Heritage for the information that Members had requested but that this had not yet been received.

Members discussed in detail information which had been gathered and recorded at the informal information gathering session on 26<sup>th</sup> November 2008 at which Members had spoken to relevant City of York Council officers and the Regional Director of English Heritage. The Assistant Director of Property Services and the Accommodation Project Director answered Members queries and clarified information in relation to specific

issues. Members agreed to a number of amendments to the information contained in the report.

Members discussed the budget history for the accommodation project which was attached to the agenda as Annex A and queried a figure relating to risk and contingency for the current position in November 2008. Officers answered Members queries and agreed to provide revised figures for the next meeting.

Members asked the Scrutiny Officer to send another request to English Heritage to ask for clarification on what they meant by their use of the term "notes of minutes" and to request any other documents they have relating to their involvement in the Hungate project including internal documents, e-mails, file minutes etc.

Members considered the objectives for the review to determine whether any further witnesses needed to be called or whether any additional information was required. Members thought it would be useful to meet with other key senior officers who were on the Project Board and agreed that they would like to speak to the Director of Resources in respect of the budget and also the Director of City Strategy in to determine his views on the designs. They also thought it would be beneficial to speak to the Chief Executive to gain his views on the management of the project. It was agreed that a second informal information gathering session would be held prior to the next formal meeting of the Committee and the Chief Executive, Director of City Strategy and Director of Resources would be requested to attend this session.

In order to be able to identify whether the consultation process was conducted properly and whether due consideration was given to the responses received when deciding how to proceed (Objective 3), Members requested a summary of consultation that had taken place including timescales and responses.

Officers agreed to provide drawings and designs to the Committee as evidence of incremental changes to the design of the building as a result of consultation.

Members agreed that a further additional meeting after the next meeting, scheduled for 12 January 2009, would be required in order to discuss the information gathered from officers at the next information gathering session and agreed that this would take place at 5pm on Tuesday 27<sup>th</sup> January.

### RESOLVED:

- (i) That the report be noted and the amendments and additional information agreed be included in a further report. <sup>1</sup>
- (ii) That a further private informal information gathering session be arranged to take place at 5.00pm on Monday 12<sup>th</sup> January 2009 prior to the formal Committee meeting at 6.00pm and the following witnesses be called to attend this session:-
  - Chief Executive

- Director of Resources
- Director of City Strategy <sup>2</sup>

(iii) That the following further information be requested:

- Further evidence form English Heritage
- A revised version of the budget history which clearly identifies the elements of budget that are now fully committed.
- Drawings and designs to show evidence of the design changes
- A summary of the consultation that has taken place throughout the project including timescales and responses. <sup>3</sup>

(iii) That a further meeting be arranged for Tuesday 27<sup>th</sup> January 2009 at 5.00pm. <sup>4</sup>

REASON:

To progress this review in line with the timeframe agreed for the review and to ensure compliance with scrutiny procedures, protocols and work plans.

Action Required

- |  |    |
|--|----|
| 1. Scrutiny Officer to amend information in the report as agreed by Members.   | GR |
| 2. Scrutiny Officer to arrange a further informal information gathering session and invite Chief Executive, Director of Resources and Director of City Strategy to attend. | GR |
| 3. Scrutiny Officer to request additional information requested by Members   | GR |
| 4. Scrutiny Officer to arrange additional meeting to take place on Tuesday 27th January at 5pm.  | GR |

Councillor Aspden, Chair

[The meeting started at 5.00 pm and finished at 6.45 pm].

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## Hungate Scrutiny Ad-Hoc Committee

12 January 2009

### Hungate Review – Interim Report

#### Background

1. In early July 2008, the Council decided to withdraw its planning application for the proposed development of its new office accommodation at Hungate, following receipt of a formal written response from English Heritage that although the proposed building was a very impressive, sustainable and fit for purpose civic building, they were concerned that the building, by virtue of its height and massing could not be developed without harming the setting of the cluster of historic buildings and spaces around it. In summary, they objected to the proposal.
2. Members of the public commented on this decision and previous decisions taken in regard to the Hungate development and as a result of the concerns expressed, Cllr Brooks submitted this topic for scrutiny review in order to fully understand those decisions and the costs involved to date.
3. A feasibility report was presented to Scrutiny Management Committee (SMC) on 15 September 2008, and having agreed to proceed with the review, an Ad-hoc Scrutiny Committee was formed and the following remit was agreed:
4. **Aim**  
To clarify whether the correct strategy for the accommodation project was set and adhered to, in order to ensure any future council projects are delivered on time and on budget.

#### Objectives

- i. In light of the overall budget, to identify whether the initial budget set was correct i.e. that all the relevant factors had been identified and included for, including the volume of all fees both agreed and incurred
  - ii. To understand the decision taken in respect of agreeing which part of CYC would act as internal 'client' and to understand the relationship between Planning and the client.
5. On 10 November 2008 the Ad-hoc Scrutiny Committee met for the first time and agreed a timetable of meetings and a methodology for carrying out this review.

## Consultation

6. The Ad-hoc Scrutiny Committee held an informal information gathering event on 26 November 2008 and the following internal and external consultees attended:

Assistant Director of Property Services & Accommodation Project Director      CYC - Project Management Team

Maddy Jago      English Heritage

Assistant Director of Planning & Design      CYC – Planning & Conservation

Head of Risk Management & Accommodation Project Manager      CYC – Risk Management

## Information Gathered

7. Information gathered at the informal meeting on 26 November 2008 was recorded and considered in detail at a formal meeting of this Committee on 10 December 2008. At that time, Members agreed a number of amendments and the revised information and an analysis of it, is shown at Annex A.
8. As a result of the information gathered, Members recognised the need to meet with other key senior officers who were members of the Project Board. A second informal information gathering session was therefore arranged for immediately prior to this meeting, and the Chief Executive, Director of City Strategy and Director of Resources were requested to attend.
9. Members also requested the following additional information for this meeting:
- a summary of all the consultation that took place throughout the life of the project, showing the timeline involved (Annex B)
  - evidence of the design changes which officers have stated represent the project boards efforts to address the concerns of English Heritage (Annex C)
  - a revised version of the budget history which clearly identifies the elements of budget that are now fully committed etc (Annex D)

## Options

10. Having considered the information contained within this report and its annexes, Members may choose to carry out further consultation by calling on additional witnesses or agree that no further information is required.

## Implications

11. **Human Resources** – If having considered all of the information provided to date, members decide that further clarification is required, it will be necessary to hold further interim meetings requiring the involvement of members of the

project team. This in turn will reduce the time they can spend on their ongoing work on the development.

12. **Financial** – Originally there were only limited financial implications associated with this review, based on officer time spent supporting the minimal number of meeting scheduled. It is recognised however, that the financial implications will increase as further meetings are arranged.
13. There are no equalities, legal or other implications associated with the recommendation within this report.

### **Corporate Strategy**

14. The provision of the new accommodation and the consequential improvements in services to our customers will contribute to all of the Council's priorities and key change programmes.

### **Risk Management**

15. SMC agreed with the view of Cllr Brooks that this review should be conducted quickly and in a minimum number of meetings, in order not to adversely affect or delay the ongoing work of the Project Team and to enable the findings and resulting recommendations to benefit their processes.

### **Recommendations**

16. In light of the above options and in order to provide recommendations in regard to the key objectives set as part of the remit for this review, Members are asked to:
  - Identify what additional witnesses if any, they would like to meet with
  - Identify what further information they require

Reason: In order to progress this review in line with scrutiny procedures and protocols

### **Contact Details**

**Author:**

Melanie Carr  
Scrutiny Officer  
Scrutiny Services  
Tel No.01904 552063

**Chief Officer Responsible for the report:**

Dawn Steel  
Democratic Services Manager

**Interim Report Approved**  **Date** 18 December 2008

**Wards Affected:**

All

**For further information please contact the author of the report**

**Background Papers:**

Feasibility Report dated 15 September 2008

Scoping Report & Information Pack dated 18 November 2008

Interim Report dated 10 December 2008

**Annexes:**

**Annex A** – Record and analysis of information gathered at the informal meeting on 26 November 2008

**Annex B** – Consultation Summary (contained within the information pack in Background Papers)

**Annex C** – Information on Design Changes (not available on-line due to size and quantity. Documents can be viewed by contacting Democracy Officer – see contacts details on agenda front sheet)

**Annex D** – Revised Budget History

## Hungate Ad-hoc Scrutiny Review

**Record & Analysis of Information Gathered at Informal Meeting Held  
on 26 November 2008****Information Gathered**

1. The Committee were informed that in terms of project governance, as the Corporate Landlord resides within the Resources Directorate, ownership of the project had from the outset been placed with Resources. Project management arrangements were put in place and a Member Steering Group made up of the Leader, Executive Member for Resources and the Shadow Leader was formed to provide support and advice to the project team, and consider what decisions required Executive approval. Therefore, throughout the project, the Executive were responsible for all formal decisions made.
2. The decision to proceed with the Hungate site proposal was made by the Executive following a site analysis of a number of sites within the city centre, carried out by Atkins. The master plan for the Hungate site designated the type of use for each plot of land on the site. Members were informed that the Council first issued a set of Heads of Terms to Hungate York Regeneration Ltd for the sale of the Hungate sites in December 2004. In May 2006, the Executive approved the selling of the freehold interest in a number of sites located within the Hungate Development area. The overall value of those sites was £960k and as part of the sale, HYRL were obligated to pay under a Section 106 Agreement the sum of £1m as a contribution towards the Foss Basin Transport Plan relating to the Peasholme Office site.
3. The sale was completed in December 2006, therefore the only council owned land designated for office use and available to the Council at Hungate, was the plot fronting on to Peasholme Green next to the Black Swan Public House. This plot was deemed acceptable as the initial site analysis had identified that the size of the plot, including land occupied by the Peasholme Hostel, would allow for 15,333 sq m of gross office space which was over and above the council's requirements. It was however recognised from the start that the planning risk was always going to be high and therefore this was identified within the project risk register and reviewed monthly throughout the life of the project by the workstream manager and project board, The Risk Management team provided training and access to the Council's risk register Magique to assist the project in managing all of the risks.
4. In regard to the pre-planning consultation process, the Committee were presented with evidence of a series of meetings held by the project team with the statutory consultees i.e. English Heritage, CABE, Civic Trust etc. Notes from those meetings were included in the information pack provided to the Committee. They recorded the views of the consultees and the Council's Planning Dept and showed how they had helped to inform the progress of the project. The issues identified were flagged with the Architects which in many cases, ultimately led to changes in the building design. For example following a debate on materials, an effort was made to soften the interface between the Council building and the public house next door. The Committee noted that comments from English Heritage recorded in the notes/minutes of meetings held on 20 December 2007 onwards were mostly encouraging. It was also made clear to the Committee that the notes/minutes taken at each meeting were always presented at the next meeting for

endorsement. Minutes taken by the Architects also recorded encouraging comments from English Heritage.

5. The Assistant Director of Property Services confirmed that the project team were under no illusions that support from the statutory consultees would be key to getting planning permission and it was always expected that conditions would be attached. It was always recognised therefore that working closely with the consultees to iron out as many issues as possible at pre-planning stage, was fundamental to a successful outcome. He also acknowledged that although the project team had provided lots of feedback when they had responded positively to comments from consultees, they could have done more to explain why they were unable to respond positively to other issues. In his view, the letter of objection dated 8 July 2008 from English Heritage was unexpected, bearing in mind the amount of work which had gone into the pre-planning consultation stage, the resulting changes to the design and the encouraging comments received throughout the process from English Heritage.
6. The Project Director provided a history of the budget for the project – see Annex A. This detailed the original overall budget as approved by the Executive in October 2006, and gave details of the increases in the budget approved by the Executive in July 2007 and June 2008.
7. At the meeting the Assistant Director of Planning & Design provided copies of all the objections received in regard to the planning application, together with a copy of an internal memo which outlined some issues raised by the planning team during the pre-application consultation stage. He also confirmed that he had attended many of the pre-planning consultation meetings and that the letter of objection sent by English Heritage had come as a complete surprise to him having witnessed no sign of a strong objection prior to its arrival. The Committee were also informed that at the time when the application was withdrawn, many of the issues flagged up within the internal memo and with the Architects had not yet been addressed, therefore it was not possible to say what the recommendation from the Planning Dept would eventually have been in regard to the application.
8. The Regional Director of English Heritage informed the Committee that it was standard practice for an English Heritage Advisor to attend pre-application consultation meetings with developers, and to provide advice on the impact on the historic environment of any proposals and specific elements of the design, presented to them. Their Advisor would then as a matter of course, involve other specialist officers from English Heritage in carrying out their own internal review of the information provided, and where necessary provide feedback to the developer, either verbally or via email. Maddy Jago informed the Committee that the concerns of English Heritage had been raised with the Council's project team, in particular at a meeting held in December 2007.
9. It was noted that following the decision to withdraw the Council's planning application for Hungate, the Chief Executive and Executive had given a clear commitment to greater ownership and support for the project and project team. This change in stance was deemed to be the best way forward to reach a successful planning approved design and led to a review of the structure and governance of the management of the project. The Director of City Strategy was subsequently nominated as the Project Champion and chair of the Project Board, and it was agreed that the Corporate Management Team would play a greater role in the governance and decision making within the project.

## Analysis

9. The Committee recognised that the support of English Heritage was crucial to the granting of planning permission, and feedback from their own internal processes, was imperative to identifying their ongoing view of the evolving project. There was a record of the concern expressed by English Heritage at the meeting in December 2007 but the Committee were unclear whether any feedback from English Heritage's internal reviews had ever been received, as they could find no evidence to that effect. The Committee acknowledged that if no other such feedback could be identified, it would support evidence from the Assistant Directors of Property Services and Planning & Design, that the letter of objection sent by English Heritage had come as a complete surprise. The Committee therefore requested copies of the minutes of any internal review meetings held by English Heritage during the life of the project, which could help to identify their views on the evolving project.
10. Following the informal meeting with the Regional Director of English Heritage, it was confirmed that a 'Freedom of Information' request would be needed in order to release the required information and a request was made in writing on 3 December 2008. Members were informed of this at their formal meeting on 10 December 2008 and at that stage they agreed to make an additional 'Freedom of Information' request for any other written information held by English Heritage relating to the Hungate development. This subsequent request was made in writing to English Heritage on 11 December 2008.
11. In regard to the massing of the building and its position next to the historic public house, the Committee could find no written evidence within the notes of the various meetings, which identified the efforts of the project team to address the concerns of English Heritage. Instead the focus at the meetings seemed to be on other elements of the design such as materiality. The only evidence of their (and others) concerns over massing being addressed, was the changes made to the building design prior to the submission of the planning application in June 2008. Therefore, the Committee questioned whether the issue of mass should have been fully addressed earlier, as this was fundamental to the success of the project. The Committee concluded that if it was not possible to overcome the concerns of the statutory consultees in regard to this issue, work need not have progressed, which in turn might have limited the amount spent on the project.
12. In regard to the budget, the Committee acknowledged that the overall increase was approx 10%. Members expressed their surprise at this figure as the recent press coverage had suggested that the figure was much higher and noted that in both instances the reason for the increases had been reported to the Executive and approved. Members agreed that the figures in the Press had been misleading and had not always compared like for like.
13. In regard to the first objective for this review (see paragraph 4 in the main report), Members analysed the budget information but were unable to draw any conclusion as it was unclear which of the figures represented costs that were already fully committed and those which were not. Therefore Members requested a revised version of the budget summary in order to ascertain whether the reasons for the increase in costs could have been identified when the initial budget was set.

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**Budget History Accommodation Project**

Workstream	October 2006 Exec report	July 2007 Exec report	June 2008 Exec report	Expenditure @ July 2008
<b>Land Assembly</b>				
Land Assembly Fees	£8,000	£2,300	£3,683	£3,683
Peasholme Hostel	£1,400,000	£1,800,000	£1,800,000	£735,597
Ambulance Station	£1,200,000	£1,248,000	£1,249,225	£1,249,225
Archaeology			£72,555	£47,555
<b>Total Land Assembly</b>	<b>£2,608,000</b>	<b>£3,050,300</b>	<b>£3,125,463</b>	<b>£2,036,060</b>
<b>Design and Construction</b>				
Construction	£26,782,067	£25,834,000	£29,334,000	
Risk		£1,060,000	£1,060,000	
Furniture	£1,300,000	£1,500,000	£1,500,000	
Fees		£2,805,000	£2,805,000	£1,625,272
<b>Total Design and Construction</b>	<b>£28,082,067</b>	<b>£31,199,000</b>	<b>£34,699,000</b>	<b>£1,625,272</b>
<b>Property Exit</b>				
Property exit fees	£555,629	£539,062	£626,290	£333,675
Social Services Adaptations	£60,000	£1,060,000	£1,000,000	£99,198
Dilapidations	£1,344,552	£1,344,552	£1,250,000	
Repairs and Maintenance	£439,339	£667,717	£668,000	
<b>Total Property Exit</b>	<b>£2,399,520</b>	<b>£3,611,331</b>	<b>£3,544,290</b>	<b>£432,873</b>
<b>Other Costs</b>				
Facilities Management	£99,000	£101,994	£101,994	£36,010
ICT	£861,149	£861,540	£861,540	
User Change Management	£491,051	£474,472	£326,274	£161,914
Project Management	£832,290	£828,842	£1,081,311	£535,016
Risk/contingency	£274,879	£176,512	£64,128	
<b>Total Other Costs</b>	<b>£2,558,369</b>	<b>£2,443,360</b>	<b>£2,435,247</b>	<b>£732,490</b>
<b>Total project budget</b>	<b>£35,647,956</b>	<b>£40,303,991</b>	<b>£43,804,000</b>	<b>£4,827,145</b>

**October 2006 Exec report**

Overall approved project budget

**July 2007 Exec report:-**

The increase was as a result of an increase of £3.2m in the cost of construction.  
(Exec report July 2007 para 55)

A £1m adjustment for the cost of social services adaptations as a consequence of the closure of the Yearsley Bridge Centre which was to have been funded from the Yearsley bridge capital receipt with a nil net effect. Although this figure was included within the overall project financial model, no adjustment had been made to the capital programme/spend profile.

A £400k increase in Hostel budget due to inclusion of additional flood prevention measures, pitched roofs to front and side elevations and the difficulties of building on a site of restricted size.  
(Exception report 03 Apr/May 2007)

**June 2008 Exec report:-**

The £3.500m increase in construction costs was attributable to the changes in the materiality, additional inflation costs caused by delays and the costs for the introduction of a combined heat and power plant.

(Exec report June 2008 para 54)

**Further notes regarding commitments:-**

Whilst many of the activities around the design of the new Council HQ came to a fairly abrupt end when the planning application was withdrawn, some continued. Those that continued carried a financial commitment with them, including the Peasholme Hostel.

As long as the council continues to pursue its objective of replacing existing accommodation with new, many of the other elements will develop as part of the project e.g. Property exit, Archaeology, Facilities Management, ICT and project management.

The balance of funding remaining after these commitments and essentials will be available to build the new office, including appropriate funding of risk and contingencies.