



**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: Tuesday, 27 January 2009

Time: 5.00 pm

Venue: The Guildhall, York

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 this 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 the agenda. The deadline for registering is Monday 26 January 2009 at 5.00pm.

3. Minutes

(Pages 3 -
6)

To approve and sign the Minutes of the meeting held on 12 January 2009.

4. Hungate Review - Interim Report

(Pages 7 -
20)

This Interim report provides details of the information gathered at the informal consultation sessions and subsequently discussed at the formal meeting on 12 January 2009, and the additional information requested by Members.

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

Democracy Officers

Catherine Clarke and Heather Anderson (job share)

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(if contacting by e-mail, 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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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

MEETING	HUNGATE AD HOC SCRUTINY COMMITTEE
DATE	12 JANUARY 2009
PRESENT	COUNCILLORS ASPDEN (CHAIR), BROOKS, GUNNELL, HOLVEY AND PIERCE
APOLOGIES	COUNCILLOR TAYLOR

8. 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.

9. PUBLIC PARTICIPATION

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

10. MINUTES

RESOLVED: That the Minutes of the meeting held on 12 December 2008 be approved as a correct record and signed by the Chair.

11. 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, including a record and analysis of the Information gathered at the informal meeting held on 26 November 2008.

The following points were clarified for Members by the Chair and the Scrutiny Officer:

- With regard to Paragraph 9 of the Interim Report and Annex B, a summary of all the consultations had previously been made available to Members in Section 22 of the information pack circulated to Members when the scrutiny committee had been formed.
- Annex C, which was provided by Officers at the meeting, included an extensive series of information documents, which had been

difficult to copy or digitise. This information included evidence of response to change over time and would be made available to Members and interested parties via the Democracy Officer/ Scrutiny Officer.

- A simple revised budget information sheet, Annex D, was circulated to Members at the meeting and had been added to the agenda and republished online.

In response to a query from Members about the progress of the request for information from English Heritage under the Freedom of Information Act, the Scrutiny Officer reported that this had not yet been received, but that it was being chased as the deadline for receipt of this information, 20 working days after the request was made in writing, was 14 January 2009. The Chair asked the Scrutiny Officer to let Members know whether a response would be received in time for the next meeting, or whether the date of the meeting needed to be moved.

Members then considered Annex A to the Interim Report, and the following comments were raised:

- Paragraph 8, last sentence. Clarification was needed with regard to which meeting/s in December 2007 this had referred. There had in fact been two meetings with English Heritage in December 2007 - 5 December and 20 December 2007. It was agreed that the inclusion of the two dates be made.
- It was noted that there were two Paragraphs 9.
- Paragraph 11. It was confirmed that this was the Council's response. It was also agreed that a change to the wording be made in Paragraph 11: "on the basis of the evidence available..." and that earlier "negative comments from English Heritage had not been restated at the meeting on 20 December 2007". It was agreed that the exact wording would be left to the Chair and the Scrutiny Officer.
- Paragraph 12. A query was raised with regard to the use of "both instances". And that with regard to the 10%, the wording should be changed to: "Members noted that this figure was ..."

Members also raised concerns about the role of the Project Board and whether senior officers had been substituted by lower level officers at some meetings. For example, whether at the meeting on 25 April 2008 the Project team had received clear direction. The Chair noted that the Chief Executive had confirmed that the Project team had done all that could have been expected and he referred to Chief Executive's mention of "textbook governance", but that a number of points had been raised about "softer skill consultation". The Head of Property Services responded that on occasion some senior officers had been unable to attend the meetings due to busy schedules and substitutes had attended in their place. However, regular progress reports had been given at meetings of the Corporate Management Team to ensure all the directors were kept fully informed.

With regard to the consultation process, the Head of Property Services confirmed that Atkins had followed their procedures and had consulted with English Heritage.

Finally, Members revisited the original objectives of the Hungate Ad-hoc Scrutiny Committee, as outlined in the Scoping Report of 10 November 2008.

It was confirmed that evidence was awaited from English Heritage in response to objective iii on the consultation process, and with regard to objective vi, "best practice" had been followed throughout the process. The Chair confirmed that a written response on this had previously been circulated to Members.

RESOLVED:

- (i) That the report be noted and the amendments and additional information agreed be included in a further report.
- (ii) That the following further information be requested and provided in advance of the next meeting on 27 January 2009:
 - The requested information from English Heritage.
 - Further breakdown of the project budget to be provided with expanded columns broken down into abortive costs and costs that could be re-used and which would include leases and energy costs etc.

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.

Councillor Aspden, Chair

[The meeting started at 6.10 pm and finished at 7.18 pm].

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Hungate Scrutiny Ad-Hoc Committee

27 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.
- iii. To identify whether the consultation process was conducted properly and whether due consideration was given to the responses received when deciding how to proceed
- iv. To identify whether best practice was followed throughout the process in seeking the views of statutory consultees and English Heritage

specifically, and whether those views unduly influenced the decisions made

- v. To identify whether time was a factor in reaching the decisions made throughout the process e.g. in agreeing the design
- 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

- 7. Prior to the formal meeting held on 12 January 2009, a further informal information gathering session was held and the following internal consultees attended:

Chief Executive
Director of City Strategy
Director of Resources & Project Finance Manager

Information Gathered

- 8. Information gathered at the two informal sessions and an analysis of it, is shown at Annex A.
- 9. As a result of the information gathered at the first session, Members asked that a 'Freedom of Information' request be submitted to English Heritage for copies of all their internal paperwork / communications relating to the Hungate development. This was done in two parts. Initially a request was made on 2 December 2008 for copies of any notes taken at their internal 'Important Application Review' meetings since August 2007, where discussions had taken place in relation to the new council building at Hungate. This was followed up by a further request on 11 December 2008 for any other internal documentation and copies of any letters/ emails that English Heritage may hold relating to the Hungate development. To date, no information has been provided, although English Heritage has confirmed that they will respond by 21

January 2009. Copies of their response will be provided at this meeting subject to receipt of the documentation.

10. For the formal meeting held on 12 January 2009, Members requested the following additional information:
 - a summary of all the consultation that took place throughout the life of the project, showing the timeline involved – officers highlighted that this information had previously been provided as part of the information pack presented to the Committee at the start of the review (section 22, page 5)
 - evidence of the design changes which officers had previously stated represented the project boards efforts to address the concerns of English Heritage – Officers provided a full history of revised drawings and team meeting notes, which clearly evidenced the number of changes that had been made between March 2007 and April 2008.
 - a revised version of the budget history previously provided, which clearly identified the elements of budget that were now fully committed etc – Officers presented a table showing the budget history plus a breakdown of expenditure at July 2008, and Members raised a number of queries. As a result the Director of Resources agreed to provide a further breakdown detailing any abortive costs and any other costs committed but not yet spent. Members asked that the revised information to be presented, be a fair and true picture of the costs including interest earned and additional rental costs etc (Annex B to follow).

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. Having considered the aim and objectives for this review, and In light of the above options, Members are asked to:
- Identify if any further information is required, and if not;
 - Agree that all the relevant information has now been considered, and;
 - Identify any recommendations they would like to make as a result of the review

Reason: In order to ensure any future council projects are delivered on time and on budget

Contact Details

Author:

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Scrutiny Officer
Scrutiny Services
Tel No.01904 552063

Chief Officer Responsible for the report:

Dawn Steel
Democratic Services Manager

Interim Report Approved **Date** 16 January 2009

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 Reports dated 10 December 2008 & 12 January 2009

Annexes:

- Annex A** – Record and analysis of information gathered at the two informal information gathering sessions
Annex B – Detailed Budget History

Hungate Ad-hoc Scrutiny Review

Record & Analysis of Information Gathered at Informal Information Gathering Sessions

Objective 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

Information Gathered

1. The Project Director provided a table showing the original overall budget as approved by the Executive in October 2006, and giving details of the increases in the budget approved by the Executive in July 2007 and June 2008. Having considered the information, Members were unable to draw any conclusions in regard to the first objective for this review, as it was unclear which of the figures represented costs that were already fully committed and those which were not.
2. A revised version of the table was subsequently provided by the Assistant Director of Property Services, identifying the expenditure as of July 2008 against the different workstream elements, but Members still were unclear and raised a number of queries.
3. The Director of Resources agreed to provide a further breakdown of expenditure to date detailing any abortive costs and any other costs committed but not yet spent. Members asked that the revised information to be presented, be a fair and true picture of the costs including interest earned and additional rental costs etc (Annex B to follow).

Analysis

4. The Committee acknowledged that the overall increase in budget was approx 10%, and noted that recent press coverage had suggested that the figure was much higher and 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.
5. The Committee noted senior officers view that the postponement of the development may not necessarily result in a financial loss to the Council as it may now get more for its money due to the down turn in the building market.
6. Overall the Committee were not satisfied that the Hungate site, due to its inner city location next to an historic building, was ever going to suit the vision of an economic structure as first identified by Councillors and the resulting budget constraints. They recognised that had a plot on an industrial site been identified or had there not been a requirement to have everyone on one site, then it was likely that the Council would not have received the objections it did.

Objective 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.

Information Gathered

7. 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.
8. The decision to proceed with the Hungate site proposal was made by the Executive following a site analysis by Atkins of a number of sites within the city centre. 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.
9. 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.
10. In regard to the relationship between planning and the 'client', 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.
11. The Chief Executive confirmed that when he met with the English Heritage Advisor at a pre-application consultation event in March 2008, the comments made were very positive and therefore he too was surprised at the letter of objection they subsequently submitted.

Analysis

12. In regard to the site analysis, the Committee noted that English Heritage's views on a suitable size of building for that site did not match those of Atkins, and were unclear whether Atkins had ever consulted English Heritage during their site analysis. They concluded that had this been done the issue of mass and scale may well have been highlighted at that very early stage.
13. The Committee were also unclear whether the project management had been successful as minutes of meetings showed that some of the senior members of the Project Board were not always in attendance and therefore not party to issues arising and decisions being made. In response officers confirmed that regular updates on progress were given to CMT ensuring all the Directors were kept updated and their views sought. 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.

Objective iii - To identify whether the consultation process was conducted properly and whether due consideration was given to the responses received when deciding how to proceed

Information Gathered

14. The Committee noted that the notes/minutes taken at each pre-application consultation meeting were always presented at the next meeting for endorsement, thus allowing those consultees present, the opportunity to address any discrepancies in the meeting notes.
15. The Assistant Director of Property Services 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.
16. The Chief Executive explained the process that was followed when the letter of objection from English Heritage was received. Firstly, he held a meeting with key officers to discuss the seriousness of the letter and to seek their advice. He also consulted with the Group Leaders. The following day he and the Director of City Strategy held a meeting with English Heritage, at which English Heritage confirmed that although they liked the design, they could not support the planning application for that site due to the scale and massing of the proposed building.
17. The Committee queried whether the Chief Executive was fully aware of the financial consequences of the decision to withdraw the planning application. He confirmed that having considered all the views gathered and the options available, he together with the Director of City Strategy made the decision to withdraw the planning application drawing a halt to any further spending on the project and removing any further financial consequences. It was also made clear that making

the decision at the time, did not rule out a later re-submission of a revised planning application for that site.

18. The Regional Director of English Heritage expressed surprise at this decision as she saw the content of their letter as being up for negotiation and had not expected the immediate withdrawal of the planning application. She confirmed that English Heritage liked the design and would have accepted a significantly smaller version of it on that site. The Chief Executive was clear however, that a significantly smaller version of the building was not a viable option as it would not allow for everyone to be on one site. Therefore the business case pointed to withdrawal of the application.
19. The Director of City Strategy confirmed that any significant change to a planning application required its withdrawal and the submission of a new application, therefore the decision they took had been in line with best practice. Also, the view of English Heritage was that the impact of mass could not have been mitigated by a change in the architectural treatment and therefore there was no other option available. He also pointed out that planning permission already exists for that plot for a building of 110,000sq ft.

Analysis

20. The Committee accepted that the Project Team had recognised from the outset that the support of the statutory consultees was crucial to the granting of planning permission and that therefore they had always sought to address any issues raised. For example, The Committee noted that the Chief Executive had been aware of the concerns of the Civic Trust and that the project team were engaging with them to address their concerns. The Regional Director of English Heritage informed the Committee that the English Heritage Advisor had raised a number of concerns with the Council's project team, in particular at a meeting held on 5 December 2007. The Project Team were able to evidence their production of some concept sketches showing changes that addressed those concerns. Notes taken at the next meeting (held on 20 December 2007) showed that English Heritage responded positively to those sketches. In fact, all of the notes/minutes of meetings held from 20 December 2007 onwards showed mostly encouraging comments from English Heritage. Those encouraging comments also appeared in the Minutes of meetings recorded by the Architects.

Objective iv - To identify whether best practice was followed throughout the process in seeking the views of statutory consultees and English Heritage specifically, and whether those views unduly influenced the decisions made

Information Gathered

21. 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, as part of the pre-planning consultation process. 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.

22. 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 statutory consultees to iron out as many issues as possible at pre-planning stage, was fundamental to a successful outcome. 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.
23. 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. The Regional Director of English Heritage confirmed that a 'Freedom of Information' request would be needed in order to release any information / documentation produced as a result of their internal reviews. This was done in two parts. Initially a request was made on 2 December 2008 for copies of any notes taken at their internal 'Important Application Review' meetings since August 2007. This was followed up by a further request on 11 December 2008 for any other internal documentation and copies of any letters/ emails that English Heritage may hold relating to the Hungate development. To date, no information has been provided, although English Heritage have confirmed that they will respond by 21 January 2009. Copies of their response will be provided at the meeting scheduled for 27 January 2009, subject to receipt of the documentation.
24. In regard to the massing and scale 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 specifically identified the efforts of the project team to address those concerns of English Heritage. Instead the notes suggest the focus at the meetings seemed to be on other elements of the design such as materiality. In response, officers stated that the evidence of those concerns over massing being addressed, was apparent in the number of changes made to the building design prior to the submission of the planning application. The Project Director produced evidence of those design changes by providing a full history of revised drawings and team meeting notes. They clearly showed the number of changes that had been made between March 2007 and April 2008.

Analysis

25. The Committee recognised that feedback from English Heritage's own internal processes, was imperative to identifying their ongoing view of the evolving project. The Committee were unable to find evidence of any such feedback from English Heritage's internal reviews in the information pack provided at the beginning of the review. They therefore acknowledged that this lack of feedback supported the 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. To clarify whether any such feedback had ever been generated by English Heritage and sent to the Project Team, the Committee made the 'Freedom of Information' requests referred to in paragraph 11 above.

26. The Committee questioned whether the issue of mass should have been fully addressed earlier in the process, 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.

Hungate Ad-Hoc Scrutiny Review

Detailed Budget History

1. At Hungate Ad Hoc Scrutiny Committee on Thursday 12 January 2009, Members requested:
 - a further breakdown of the Budget History for the Administrative Accommodation Project expenditure at July 2008 and
 - clarification of the NPV (Net present Value) Analysis for the Administrative Accommodation project located at the Hungate site
 - Information with regards to the costs of leases and carbon costs as part of the Hungate budget

2. Table 1 below was presented to Members at the meeting on 12 January 2009 and a further explanation of these costs is reported below.

Table 1 - Budget History Accommodation Project

Workstream	October 2006 Exec report	July 2007 Exec report	June 2008 Exec report	Expenditure @ July 2008
Land Assembly				
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
Total	£2,608,000	£3,050,300	£3,125,463	£2,036,060
Design & Construction				
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
Total	£28,082,067	£31,199,000	£34,699,000	£1,625,272
Property Exit				
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	
Total Property Exit	£2,399,520	£3,611,331	£3,544,290	£432,873
Other Costs				
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	
Total	£2,558,369	£2,443,360	£2,435,247	£732,490

Total project budget	£35,647,956	£40,303,991	£43,804,000	£4,827,145
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3. It is currently difficult to breakdown the costs incurred at July 2008 in table 1 into those which remain relevant to the administrative accommodation project going forwards and those costs which cannot be incorporated in to the revised building solution. This can only be determined once a new solution has been chosen. The Council is currently undergoing a procurement process which is at an early stage and therefore it is not possible to specifically identify which costs already incurred will be relevant to the further development.
4. However, on a summary basis the following explanation will give Members an idea of the costs that will still be relevant.
5. Land Assembly Costs – the expenditure incurred for the relocation of the Peasholme Centre provides a new facility that meets the required registration standards. The costs of the Ambulance station and archaeological investigations will have added value as a cleared site that is recoverable if sold at the right time on the open market.
6. Design & Construction – the fees incurred related to the building design at the offices proposed at the Hungate site and include both in-house and appointed consultant fees, procurement costs and planning fees. It is possible that some of these design principles maybe used by the future developer. Therefore some of these costs could be relevant to the new administrative accommodation building.
7. Property Exit – all of the expenditure incurred on the property exit strategy should be relevant. This includes renegotiated leases, disposals, professional and legal fees. The exit strategy remains the same whether the Council moves into an Office located in Hungate or to an alternative location. Costs incurred to prepare for the move into a new building remain the same so the Council is fit to move the work done is not redundant and will still be used.
8. Other Costs - Project Management and Facilities management costs have been incurred over the life of the project, of which most will be attributable to the administrative accommodation project going forwards. Much of the expenditure would have resulted from identifying the needs of the business, space awareness requirements, organisational change etc. These costs will be essential to future development and will continue to be relevant to the project.
9. Other costs – User Change Management expenditure could be partially relevant to the new offices, as costs have been incurred to develop user requirement and the change management processes of the business to make the new office accommodation increasingly efficient. This documentation collated will be relevant to the new building.
10. Members requested details with regards to the NPV (Net present Value) Analysis of the Administrative Accommodation project when it was to be located at the Hungate site. Net present Value is a measure of the total discounted value of all the cash inflows and outflows from a project.

11. In the report to Executive June 2008, in order to measure the viability of the Administrative Accommodation project two measures of affordability were developed:
 - a) The Net present value of the savings that the Council would achieve over the next 30 years by moving to the new offices
 - b) The short term indicator which measured the initial revenue impact of the transition to the new buildings. This was referred to as the early years deficit and would be funded from the Council's venture fund, which stood at £4m and would therefore have no impact on the Council Tax payer.
12. The NPV analysis reported to Executive in June 2008 showed a net present value saving as being £4.768m of moving to a new location rather than continuing in current administrative offices. Over the long term it is beneficial for the Council to build new administrative office accommodation rather than staying in current locations as a saving results.
13. The short term indicator showed that the early years deficit was £2.094m. This is the cost of undertaking the project in the early years until the breakeven position is reached and then a saving over the life of the project.
14. In future the financial position of the new administrative accommodation project being located as a result of the developer procurement process will be reported to Executive.
15. Finally, members also requested information with regards to costs of leases and carbon costs as part of the Hungate budget. Leases costs (more accurately known as rental costs) and carbon costs are not costs that are included in the Hungate budget of £43.804m. Lease and carbon costs are costs incurred by the Council, along with many other revenue costs, whether or not the Council stays in the current administrative accommodation or moves to the Hungate site. The levels of these costs would change depending on whether the Council stayed in the current administrative accommodation or moved to the Hungate site.
16. The revenue costs, which include the lease and carbon costs, are taken into account in the finance model that calculates the NPV (net present value) analysis. As previously stated, the NPV analysis shows a saving of £4.768m if the Council moves to the Hungate site rather than stays in the current accommodation. The NPV analysis saving of moving to the Hungate site compared to remaining in current administrative accommodation indicates that the revenue costs incurred, along with the Hungate budget capital costs, would be lower over the life of the project.
17. With regards to the carbon costs, whilst the administrative accommodation proposal for Hungate was being decided, modelling and feasibility analysis were undertaken to select the most appropriate technologies to meet the Council brief of delivering a sustainable development. Those technologies included within the final planning submission for the Hungate site included ways of reducing carbon costs.
18. In the Executive report that went to Members on 17 June 2008, paragraph 40 detailed some of those technologies: Bio Diesel – fuelled combined heat and power

(CHP) system, natural ventilation, a mechanical cooling system, electric lighting system, rainwater harvesting, fully integrated drainage system & proprietary extensive green roof system.

19. Specifically carbon costs related to the Bio Diesel – fuelled combined heat and power (CHP) system: to deliver at least 20% of the energy used on site by renewable means including electrical energy, heating demand and cooling demand (via absorption chillers) to the building using renewable fuels which will provide a significant reduction in CO₂ emissions (1290 tonnes p.a.) which equates to a 86% reduction on the current administrative portfolio.