

Hungate Scrutiny Ad-Hoc Committee

10 December 2008

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. 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. 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. 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 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. At the time that the Executive decision was taken, the Council had already made a commitment to sell the other pieces of land it owned at Hungate to the developer, in accordance with the approved planning brief. Therefore, the only council owned land designated for office use available 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 their risks.
9. 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 were encouraging. Minutes taken by the Architects also recorded encouraging comments from English Heritage.

10. 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 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.
11. 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.
12. 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.
13. 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.

14. 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

15. The Committee recognised that the views of English Heritage and specifically any feedback from their own internal processes, was crucial 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 in the information pack. The Committee acknowledged that if no such feedback could be identified, it would support evidence from council officers 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. The Regional Director agreed to clarify whether a 'Freedom of Information' request would be required in order to release this information.
16. 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.
17. In regard to the budget, the Committee acknowledged that the overall increase was approx 21%. 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. In regard to the first objective for this review (see paragraph 4 above), Members will need to analyse the budget information further in order to agree whether the reasons for the increase in costs could have been identified when the initial budget was set.

Options

18. 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

19. **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.
20. **Financial** – There will be some financial implications associated with officer time spent supporting this review but this should be limited due to the small number of meetings currently scheduled.
21. There are no equalities, legal or other implications associated with the recommendation within this report.

Corporate Strategy

22. 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

23. 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

24. 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

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Interim Report Approved **Date** 1 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

Annexes:

Annex A – Budget History Information