

**NORTH HERTFORDSHIRE DISTRICT COUNCIL**



5 July 2019

Our Ref Overview and Scrutiny Review  
of Hitchin Town Hall and  
District Museum  
Your Ref.  
Contact. Scrutiny Officer  
Direct Dial.  
Email. [ScrutinyOfficer@north-herts.gov.uk](mailto:ScrutinyOfficer@north-herts.gov.uk)

To: Members of the Panel: John Richardson (Independent Chairman), Councillor Sam Collins, Councillor Ian Moody, Councillor Helen Oliver and Councillor Valentine Shanley

You are invited to attend a

**MEETING OF THE OVERVIEW AND SCRUTINY REVIEW OF  
HITCHIN TOWN HALL AND DISTRICT MUSEUM  
(DAY ONE)**

to be held in the

**COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERNON  
ROAD, LETCHWORTH GARDEN CITY**

On

**WEDNESDAY, 17TH JULY, 2019 AT 2.00 PM**

**\*\*MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL  
AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION  
ON YOUR TABLET BEFORE ATTENDING THE MEETING\*\***

Yours sincerely,

Jeanette Thompson  
Service Director – Legal and Community

## **Agenda** **Part I**

<b>Item</b>		<b>Page</b>
<b>1.</b>	<b>HEARING PROCEDURE</b>	(Pages 3 - 4)
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NORTH HERTFORDSHIRE  
DISTRICT COUNCIL



## **Procedure Guidance for Panel Hearing of the Hitchin Town Hall / North Herts Museum Review**

### **Beginning of the meeting:**

Chairman's Welcome:

The Chairman will formally open the Hearing and the Panel will be introduced.

The Chairman will explain the format of the Hearing and the purpose of the Panel.

### **Questioning:**

Each invited Witness will be provided the opportunity to update or emphasise anything further to that which was submitted in the initial statement. A maximum of 10 minutes is allocated.

The Hearing will then proceed with the Chairman and Members of the Panel asking a series of questions to the selected Witness.

A maximum of 45 minutes in total has been allocated to each Witness and the Chairman will endeavour to strictly adhere to this in order to ensure that the business of the Panel is transacted as expeditiously as is reasonably possible.

The Chairman of the Panel may stop persons from speaking at any time if he considers the matters being presented to be defamatory, improper or outside the scope of the review.

When the Chairman speaks during a debate, any person speaking at the time must stop and the meeting must be silent.

If there is a general disturbance making orderly business impossible, the Chairman may adjourn the meeting for as long as he thinks necessary.

At the end of the questions the Chairman will invite any closing remarks of both the Panel and the Witness.

### **Right to address the Panel:**

The right to address the Panel will be confined to only those witnesses that have been invited to attend the Hearing.

Members of the public are able to attend the Hearing and sit in the public gallery.

Once a Witness has addressed the Panel the Witness may leave the Hearing should they so wish.



**Recording of the Hearing:**

An audio recording of the meeting will be taken and subsequently made available on the NHDC website.

**Recording Meetings**

Persons taking their own recording of the Hearing must comply with the Council's Protocol for Recording of Council Meetings and ensure that the Hearing is not disrupted or disturbed.

<https://www.north-herts.gov.uk/recording-council-meetings>

NORTH HERTFORDSHIRE DISTRICT COUNCIL

Council Offices, Gernon Road, Letchworth Garden City, Hertfordshire, SG6 3JF



**OVERVIEW AND SCRUTINY  
REVIEW OF  
HITCHIN TOWN HALL AND DISTRICT MUSEUM**

**THOSE INVITED TO GIVE A VERBAL PRESENTATION ON  
STATEMENTS SUBMITTED**

**DAY 1**

**17 July 2019**

**2.00 pm – 8.00 pm**

**District Council Offices  
Gernon Road  
Letchworth Garden City**

John Robinson  
Colin Dunham  
Rosemary Read  
Hitchin Forum/Hitchin Society  
Steve Crowley  
Keep Hitchin Special

**DAY 2**

**18 July 2019**

**10.00 am - 4.00 pm**

**Brotherhood Hall  
Gernon Road  
Letchworth Garden City**

Hitchin Initiative  
Patricia Cowley  
Stephen Pike  
David Leal-Bennett  
David Morgan  
Lynda Needham

**The following statements have been included.**

**However, at the time of publication, the following have indicated that they are unavailable to attend the above dates**

David Scholes  
Brent Smith

**REDACTIONS**

**Having reviewed all statements submitted, redactions refer to the removal of personal information or that which is outside the scope of the investigation.**

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## **NHDC Scrutiny Review: North Herts Museum Project Statement of John Robinson, former Strategic Director Customer Services & Project Executive for NHDC**

I was employed by NHDC between 2000 and 2016 initially as Head of Community Planning and subsequently as Director of Corporate Services and Strategic Director Customer Services from 2002. At that time I assumed responsibility for both Hitchin Town Hall and NHDC Museum Service and 'Project Executive' for the Museum & Town Hall project. This statement covers my experience until my departure in September 2016. Prior to joining NHDC I was employed since 1977 in a variety of roles in Local Government specialising in sports, recreation and community development, most latterly as Head of Community Development and Advice Services for Peterborough City Council.

**Background, Project Management & Partnership Working** - The Hitchin Town Hall and District Museum project was one of the most ambitious and complex projects undertaken by NHDC in recent years. In addition to the complexities of the construction project in a Grade 2 listed building, it was acknowledged from the outset that the decision to consolidate two museums into one and create a sustainable future for Hitchin Town Hall was likely to be contentious.

The project and the associated Council decision making process is extensively documented, as are the processes for 'partner' engagement and much of this can be viewed at <https://www.north-herts.gov.uk/home/museums/hitchin-town-hall-museum-proposals> As far as is possible the key stages in the project are illustrated in the timeline detailed in figure 1 below.

Figure 1: Key Stages & Assessment of Partnership Performance

	Aug 2005	Nov 2010	Dec 2010	Jan 2011	Dec 2012 Apr 2013	Dec 2013 to March 2015	Jan 2016 Sept 2016
<b>RIBA Stage</b>	0 A	1 B	2 C	3 D	4 E, F, G	5 K	7 L
	Strategic Definition	Preparation & Brief	Concept Design	Developed Design	Technical Design	Construction	Handover & Close Out
<b>Development Agreement (DA)</b>	Community management of Town Hall explored		Detailed development of community management model	First DA signed Oct 2012		Second DA Signed September 2013	
<b>Key Stages</b>	Cabinet agreed Museum Fundamental Service Review (FSR)	Cabinet agreed to the construction of the Museum in Mountford Hall Jan 2009	Council approves first Community Group proposal Feb 2010	Council agrees alternative Community Group proposal Nov 2011		<ul style="list-style-type: none"> <li>Hitchin Town Hall Ltd's (HTH Ltd) funders withdraw</li> <li>HTH Ltd claim breach by Council – Feb 14</li> <li>Council claim breach by HTH Ltd – Jul 14</li> </ul>	HTH Finance Ltd obtained control of 14/15 Brand Street
<b>Partnership Performance</b>	Community Organisations		Community Group represented by Hitchin Initiative		Hitchin Town Hall Ltd March 2012		HTH Finance Ltd

Green Good
Amber
Red Poor

The project was managed using the standard PRINCE methodology which was successfully utilised by the Council for major projects of this scale. <https://en.wikipedia.org/wiki/PRINCE2> Key political, community and technical interests were comprehensively involved in formal and informal process, so far as was practicable, from the outset, for example:

- NHDC Museum FSR from 2004 until 2005: A statutory service review under the terms of the Local Government Act 1999 directly involved partners from Hertfordshire County Council and the East of England Museums, Libraries & Archives Council. The review also established the NH Arts, Museum and Heritage (AMH) Forum and consulted via the Council's Citizens Panel to directly involve partners and the community at large in the development of an AMH Strategy for the district, including the proposed new Museum.
- The development of capacity and collaborative working with the 'Community Alliance' facilitated by Hitchin Initiative to develop a business case for a community managed facility and NHDC managed museum at the Hitchin Town Hall site.
- The direct and detailed involvement of HTH Ltd, the Council's political leadership and funders in the Town Hall and Museum project Board and associated technical groups to agree and implement the complex Development Agreement (DA) between it and the Council from 2012.

The project engaged a wide range of partners many with vehemently held views however, the principal partnership with HTH Ltd is examined in two key aspects. The 'partnership environment' was particularly complex and widespread use of social and other media made this even more so. This is illustrated at <https://www.north-herts.gov.uk/files/partnershipspdf>

**Partnership & Trust** - As the project developed from agreeing a strategic direction through to a contractual relationship to finance, construct and manage a direct public service the nature of partnership working also changed. At the outset relations with partners were good and characterised by a strong common purpose and resolve, but as the initial 'Community Alliance' transferred responsibility to a limited company/registered charity and entered into a contractual DA, the competing pressures to control costs, ensure financial sustainability and satisfy community aspirations caused the principle relationship with HTH Ltd to become increasingly commercial in nature and fraught.

Having entered in to a formal DA in October 2012, HTH Ltd immediately and unilaterally decided to abandon this in favour of a more ambitious development. Failure to accept this would have entailed HTH Ltd deserting the project accruing significant additional costs to the Council. In agreeing the revised development level of financial and other risks to the Council increased substantially.

As negotiations to finalise the second DA proceeded HTH Ltd sought a number of changes to the scheme but seemed unable to adopt robust organisational arrangements to meet its obligations or engage constructively with local groups.

Increasingly HTH Ltd sought to influence public and political opinion to its favour in a contractual dispute whilst the Council, mindful it's financial and exposure and legal obligations sought to progress resolution as envisaged in the DA. In the end neither approach was successful as HTH Ltd's funders withdrew finance because of breaches in its funding agreement and HTH Ltd refused to engage with NHDC in the formal DA resolution provisions.

*Future working relationships with partners should therefore ensure that attempts to influence public/political opinion to the financial benefit of those partners (for example through lease terms) are precluded more effectively.*

*Although the DA foresaw the need to ensure HTH Ltd embedded public accountability and involvement in its governance, HTH Ltd refused to provide evidence this was achieved. Consideration should therefore be given to whether alternative and enforceable arrangements could be used to ensure the public benefit of similar projects is not jeopardised.*

**Councillors-** Councillors roles as both elected representatives and partners, was reflected in their detailed involvement in the project from the outset; through Full Council, Cabinet and Hitchin Area Committee in particular. These roles appeared to be made difficult as a result of the inclusion of a HTH Ltd Director in the (then) ruling Conservative group as a prospective candidate and latterly as a Councillor. Difficulties in managing apparent and real conflicts of interest were frequently presented to officers involved in the project and senior officers were subjected to a series of threats and complaints in an apparent attempt to intimidate and benefit HTH Ltd's commercial interests.

*The potential for conflicts of interest for Councillors acting as Trustees or Directors etc for local groups needs to be managed carefully. Existing processes appear unwieldy and inadequate in preventing individuals exerting influence or behaving inappropriately.*

*Councillors more generally were frequently lobbied by community activists often based on misleading media and other statements by HTH Ltd. This appeared to be a purposeful attempt to influence the Council's decision making to the benefit of HTH Ltd. As a result regular written reports, briefings and MIS notes were produced to keep Councillors fully informed. This approach appears to have been partly successful if resource draining.*



***NB: Address, Email address and telephone number had been redacted.***

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N.H.D.C.

14 JUN 2019

COLIN DUNHAM

12. 6. 19

I WISH TO SUBMIT THE FOLLOWING  
TO SCRUTINY REVIEW NTH/INH MUSEUM  
PROJECT

- (1) THE PUBLIC WERE KEPT IN THE DARK  
IN THAT WHEN JOHN ROBINSON SPOKE  
AT HITCHIN COMMITTEE NO COPIES  
WERE AVAILABLE TO CLR'S OR THE  
PUBLIC ON HIS UPDATES  
ON ONE OCCASION MR ROBINSON SENT  
HIS ASSISTANT  
HE KEPT SAYING "I DON'T KNOW" WHEN  
ASKED QUESTIONS  
THIS MY VIEW SHOWED A TOTAL DISREGARD  
TO PARTNERS I.E. THE PUBLIC  
IT MUST NOT HAPPEN AGAIN.
- (2) I BELIEVE GRANT MONEY WAS OBTAINED  
WITHOUT THE OWNERSHIP OF THE SITE  
BEING EXPLAINED PROPERLY TO THE FUNDERS
- (3) A CONTACT TO SUPPLY WAS GIVEN TO  
LIGHTBRIDGE MEDIA CORPORATION LTD  
THIS COMPANY WAS UNABLE TO SHOW PROFILES  
IN PAST YEARS  
A LARGE LIST OF DEBTS HAD ACCUMULATED  
THEY WENT INSOLVANT IN 2016  
CREDIT CHECKS WOULD HAVE SHOWN THIS  
EARLY ON. WHAT HAPPENED
- (4) THE BUILDING CONTRACTOR WAS ALLOWED  
TO USE A FORK LIFT TRUCK TO PLACE  
BUILDING MATERIALS ON THE TOWN HALL  
SPRING FLOOR

4 CONTINUED

I BELIEVE THIS HAS CAUSED  
THE PUBLIC TO HAVE TO PAY FOR  
THE REPLACEMENT OF THE SPRUNG FLOOR  
AT A HUGE COST.

(5) I MENTIONED DAMP IN THE BASEMENT  
IF YOU LOOK IN THE TOWN HALL  
TAL AREA  
TO SEE EVIDENCE OF THIS

THERE IS LOT'S MORE I COULD  
SUBMIT. BUT I AM SURE OTHER  
PEOPLE WILL SUBMIT OTHER EVIDENCE

YOURS SINCERELY

NB Address, Telephone Number and Signature Redacted

I have lived in Hitchin since the 1970s and have also worked in the town. For much of that time I have been a member of various community groups, and have a keen interest in the town's buildings and public spaces. Before retirement I worked as a pensions professional for a Life Office. I was a director of Hitchin Town Hall Ltd (HTH), responsible for liaison with the local community, from April 2011 to April 2015.

All the HTH directors had responsible professional careers. Their only motive in taking on the project was to obtain the best outcome for the town and its people. We were all, without exception, saddened and infuriated by the way NHDC treated us in our attempts to participate equally in the project under the terms of the Development Agreement (the DA) signed by both parties. The project was billed as being a "Partnership" between HTH Ltd and NHDC, which implies a high degree of equality and openness between the parties. However, throughout the project our experience was that dealings with the council were far from open or equal.

- a) The DA was initially drafted entirely from NHDC's point of view: e.g. there was provision for them to withdraw from the agreement but not for HTH to do so. Arriving at an agreement that we could sign took far longer than was necessary.
- b) NHDC made alterations to the agreed plans without consulting HTH, notably the wall across the stage, seriously reducing its size, in order to provide support for air conditioning units for the museum. HTH only discovered this when we sent a contractor in to do a survey – it was not reported to us by NHDC and was not on any of the plans that were made available to us. In addition they placed large heating and electrical units in listed areas of the building, diminishing the Hall's aesthetics and contravening listed building planning regulations.
- c) During construction, they made major alterations to the Hall, which is a Listed Building, without obtaining the requisite permissions. This was carried out without informing HTH beforehand, despite the requirement in the DA to consult us about any proposed alterations to the plans. The officer concerned managed to persuade councillors to approve what had happened and to give themselves retrospective permission, despite many well-informed representations to the contrary from both townspeople and opposition councillors. There appeared to be no avenue in law for the council to be brought to account for these actions.
- d) The Project Board meetings we attended were nothing more than HTH being told what NHDC were planning, and any input we made was ignored. We were not given reasonable notice of the meetings or offered any input into agendas. The minutes were skewed towards NHDC's interpretation of discussions, and our attempts to get minutes corrected were rebuffed. Topics which were important to us were often not on the agenda, but mentioned 'in passing' as we left the meeting.
- e) Because of NHDC's failure to consult, and having taken legal advice, in October 2014 HTH informed NHDC of eight material breaches of the agreement committed by the council. Gagging orders were imposed on the directors by NHDC when we tried to communicate our problems to the wider community by means of the local press; we wanted to do this because the council's minutes of meetings on their website did not reflect the true position accurately, and were heavily redacted.
- f) We felt that the officer in charge of the project, and our only permitted point of contact, John Robinson, was the main block to a collaborative partnership. His

primary objective appeared to be to bulldoze the project through in the way he wanted it done, despite the fact that HTH would have to deal with the consequences. We found it impossible to find a way round this problem. Appeals to the Chief Executive had no practical effect; a formal complaint against Mr Robinson was investigated by the LGA but was not upheld. We were left in an impossible situation, our business plan severely compromised and unable to launch essential marketing efforts.

- g) Later during the construction phase we were banned from making site visits, despite this being permitted by the DA.
- h) NHDC tried to block any suggestions from HTH for improvements to the design that would make it easier for the company to make a success of running the project: e.g. the proposal to purchase 15 Brand Street in order to improve the foyer and café area took months to finally gain their approval.

It will be clear from the above that the NHDC representatives did not have a “listening” mode, and were not prepared to give HTH as partners any credit for their professional knowledge and experience. As the original plan was that HTH would run the venue as a commercial enterprise, that approach was counter-productive.

Both parties had financial interests in the project, but NHDC only ever considered their own, never those of the community. We never felt we were on an equal footing, despite the fact that we were bringing around £500,000 to the project, plus a huge amount of goodwill from within the town.

The lessons that can be learnt from our experience are:

- The council needs to be more open, and prepared, where warranted, to treat members of the community as equals, and to respect their experience and commitment.
- If a project **partner** is required, treat the community partner as such.
- Ensure that records of meetings accurately reflect the points of view of both sides.
- Realise that the council, in a joint project, is not the only body with a financial and reputational interest.

Mrs Rosemary Read

***NB Address, telephone numbers and email address redacted***

# Scrutiny Review: Hitchin Town Hall / North Herts Museum Project

## Initial Evidence from: Hitchin Forum & The Hitchin Society 14.6.19

Our main concerns throughout this project had to do with NHDC's lack of transparency and their habit of taking fundamental decisions about Hitchin Town Hall and Hitchin Museum before consulting the public, thus making their 'consultations' essentially worthless.

1. **Hitchin Museum:** From the beginning we attended the meetings of the Council's *Arts, Museums & Heritage Forum* (established in January 2006) and their *Arts, Museums & Heritage Strategy Working Party* (started in October 2006). The TOR for the latter were to set out a common vision for Arts, Museums & Heritage services and a comprehensive strategy for service delivery, including specific priorities and actions. We went into these meetings, optimistic that we could influence the future of Hitchin Museum. However, it appeared that the Council was obfuscating; these meetings were about the context to decisions, not the decisions themselves.

1.2 It soon became clear that there was no future for Hitchin Museum. **The fundamental decision to close Hitchin Museum had already been taken by the Council in 2005**, following a Fundamental Museums Service Review in 2004.

1.3 In May 2006 community groups did a joint presentation to NHDC's Performance, Audit & Review Committee pointing out that we were strong supporters of the museum service and understood the need to plan for the future, but adding that what the Council was proposing for its Museum services was deeply flawed. We asked that all reasonable options be considered, including retaining, refurbishing and extending Hitchin Museum, and we presented a high quality option for doing so. We pointed out that the museum service review **must have public support to succeed** and that we were the Council's partners as well as constituents. (A copy of this presentation is available on request.)

1.4 This was to no avail and NHDC ploughed on relentlessly.

2. **Hitchin Town Hall (HTH):** In February 2006 NHDC took a budget decision to transfer HTH to a third party operator without considering the far-reaching implications involved in such a fundamental step change in the provision of a very significant, indeed, unique public facility. Background to this was a project to use HTH as a community engagement centre which did not proceed because NHDC was unable to come forward with the necessary capital monies and so EEDA funding of £200K obtained by Hitchin Town Centre Initiative (HTCI) was lost.

2.1 In June 2007 a special meeting of the Hitchin Committee recommended to Cabinet that a decision to award a lease for the management of HTH must be deferred and Hitchin Committee must be consulted on any future award of a lease. In July the Committee recommended the tender process for disposal by long lease of HTH be cancelled with immediate effect and as a matter of urgency Cabinet should establish a Community Forum to prepare a plan for the improvement and future management of HTH. This was ignored by Cabinet who approved their own preferred and reserve operators for the future management of HTH. In July it took a member of the public to highlight serious irregularities and risks of the shortlisted operators, using merely Google and Companies House public information.

2.2 In July the Scrutiny Committee 'called in' the Cabinet decision and, as well as many other groups, Hitchin Forum wrote to Scrutiny members saying the Council was deciding without regard to the facts or the public (letter available on request). The Scrutiny verdict was that public consultation was insufficient, the business expertise of other potential interested organisations was ignored and Hitchin Committee was not kept informed throughout the process.

2.3 In October 2007 Cabinet terminated negotiations with the bidders for management of HTH and said an alternative approach for a management partnership with HTCI should be explored, including an application to the Community Assets Fund for refurbishment funding.

2.4 In January 2009 a budget gap was identified and Cabinet agreed that they could deal with two problems at once: install the new North Herts Museum in the Mountford Hall of the refurbished HTH, thereby closing both Hitchin and Letchworth museums. The report says that *the short time available . . . means consultation with stakeholders and a very detailed operational and financial analysis have not been carried out.*

2.5 Again, a very far-reaching decision was taken without proper consideration of its implications for the community which NHDC should have been serving. Throughout 2009 this decision was opposed by Hitchin community groups, its business community, the Hitchin and Letchworth Committees and the Scrutiny Committee. In December 2009 a presentation to Full Council by Hitchin community, business and arts groups (copy available on request) asked for a pause, saying HTH was an essential community facility for a town the size of Hitchin and proposing a community partnership to run it. Council agreed and in February 2010 commissioned a full feasibility study.

2.6 In October 2010 English Heritage listed Hitchin Town Hall, again at the instigation of a member of the community. In November 2010 Council agreed to take forward the scheme outlined by Hitchin Initiative (successor to HTCI), incorporating 14 Brand Street, the Workman's Hall and the Gymnasium as the North Herts Museum and the Mountford Hall as the Community Facility.

2.7 Hitchin Forum and The Hitchin Society supported Hitchin Initiative and its successor in the project, Hitchin Town Hall Ltd (HTH Ltd), in their efforts to create a fantastic community facility for Hitchin and district. HTH Ltd and HI worked diligently and professionally despite what we understand to have been serious difficulties with NHDC. These are for Hitchin Initiative and HTH Ltd to raise with the review.

2.8 On balance, it is very regrettable that what was potentially a fantastic community/council partnership has gone so awry, but it is clear to us that the really far-reaching decisions were never properly discussed or agreement obtained with the community prior to Council adoption. This seems to us a democratic deficit that needs to be addressed.

**Hitchin Forum:** Ellie Clarke ***NB. Address, Telephone Number and Email address has been redacted.***

**The Hitchin Society:** Jane Arnold ***NB. Address, Telephone Number and Email address has been redacted.***



### **Museum and Town Hall Project Statement**

I am Steven James Crowley, Service Director – Commercial at North Hertfordshire District Council. I have worked for NHDC since 2001, first as an Operation Manager at Hitchin Swimming Centre and I was the Contract's and Projects Manager when the Museum and Town Hall project was undertaken.

My first involvement in the project was as a Project Advisor in 2012, at that stage I assisted Ros Alwood. I was then asked to take over the Project Management responsibility in September 2012 (approximately, based on the first Highlight report I produced for Project Board).

I have been a qualified Project Manager since September 2003 (nearly 16 years) and have been responsible for project managing or advising on many projects on behalf of the council, these include but are not limited to:-

- Project Manager for the build of three dance studios, replacement of changing rooms to village and air conditioning units £1.6 million. Providing a revenue reduction of £146,000 per annum to the council (2014).
- Project Advisor for capital improvement scheme to Howard Park and Gardens in Letchworth £2.7 million (2012) with £1.84 million from the Heritage Lottery Fund and Big Lottery Fund through the 'Parks for People' scheme.
- Project managed the procurement and tendering of the council's three leisure management contracts on three separate occasions
- Project managed the procurement, tendering and contract management of the council's outdoor markets. Provided in excess of £65,000 per annum revenue savings
- Project managed the 'design and build' of a £5 million wet and dry leisure centre (Royston).
- £1.5 million refurbishment of fitness suite, 2 dance studios, health suite, 4 squash courts and ancillary facilities (2006). Provided £125,000 annual revenue saving to the council.
- £1.5 million refurbishment of a reception area, cafeteria and plant room at one of the council's leisure centres (2007).
- Project Advisor for North Hertfordshire District Council on the introduction of a new waste management system to improve the council's recycling and waste minimisation.

I am happy to be called as a witness, however this statement provides a general overview which I hope is useful.

When I first got involved in this project I noticed there was tension between members of Hitchin Town Hall Ltd (HTHL) and the Council, however, I tried to put that to one side and do my job. I was most impressed with John Robinsons' (Project Executive) professionalism during meeting, as there were times when representatives from HTHL were very direct and close to being aggressive, however, John always remain calm and professional.

Quite early on in the construction phase we came across an issue which required a storeroom in the Town Hall to be modified due to the current stair case. I sent over architect drawings and explained they had to be turned round quickly and they did. This meant the project could continue without any delays and a small price increase.

Unfortunately the next issue that was identified was the wall that had been built around the stage. This lead at HTHL accusing the council of being in breach of the Development Agreement (DA). From this point the project become very difficult to manage. HTHL wanted access to the site very often to check on the progress, which caused issues with the contractors (Borras, who could be called to provide evidence) as members of HTHL would turn up on site expecting to be shown round. The DA agreement stated HTHL could have reasonable access to the site, however, our contractors felt they were attending site too often which was impacting on their progress.

John Robinson (Project Executive) chaired project meetings and ensured consultants were present when required to ensure technical issues were presented and discussed. However, it wasn't clear if HTHL had the relevant professionals to fully understand the technical aspects. This was apparent a number of times (conduit in main hall and ventilation to name two, other examples can be provided if required) which caused issues and delays on site resulting in increase cost to the project.

#### Conduit and ventilation issue

I was due to show David Leal-Bennett (from HTHL) around site, upon entering the Mountford Hall he asked me why there was a conduit running the length of the hall. I explained it was to house the IT cables and electrics. It was clear that he wasn't expecting this and thought the cabling would have been imbedded in the brickwork. David also noticed the new ventilation which had been installed in the hall (above the balcony) and questioned this, I explained these were shown on the plans, however, he disagreed with me. This resulted in a delay of the project as Listed Building application has to be obtained and works could not progress during this time.

As mentioned above, I think one of the biggest issues was the lack of relevant professionals on HTHL board. I believe this had a major impact on the project as HTHL seemed to focus on the strategic aspects, but did not understand the detail which is where the council ended up disagreeing on, this then lead to significant impacts on the length and cost of the project.

I believe the issue with the wall on the stage was a signification turning point on the project, as from that point the Council and HTHL hardly ever seemed to agree. From my experience, once trust is lost in a project it is very difficult to deliver within the time and cost, and this is what happened with this project.

**Keep Hitchin Special**  
(Caring for our Historic Market Town)  
***NB. Address redacted.***

1. Issues that arose with Partners during the Project
  - a) The Council and its Architect Neal Charlton of Buttress failed to observe the fact that the Mountford Hall was of a significant architectural merit that it proposed to develop it into a museum with a mezzanine floor etc. without adequate consultation. An Options Appraisal dated 4<sup>th</sup> September 2009 refers. Because of deep concern Keep Hitchin Special had no option but to submit an application to English Heritage on 30<sup>th</sup> October 2009 requesting it be listed. This was confirmed by EH on 3<sup>rd</sup> December 2009 and agreed as a Grade II on 16<sup>th</sup> August 2010. Time and unnecessary expenditure was incurred by the Council. A detailed report by Scott Wilson completing an assessment of a Hall Retained and Gym Retained scheme was presented in October 2010 only then was the Mountford Hall together with the Lucas Room retained.
  - b) Instruction was given by the council to protect the Mountford Hall floor and its adjusting mechanism. During the period of reconstruction by Borrás. When all directors of HTHL were banned from site, a fork lift truck carrying composite concrete blocks and cement was driven onto the floor subsequently damaging the mechanism for the sprung floor adjustment. These blocks were used to divide the stage, another controversial decision which was contrary to that contracted. Authorised access was given to me to witness this incident.
  - c) The Council obtained planning approval and built on land it did not own. Re: 14 & 15 Brand Street.
  - d) An establish right of way was removed during the redevelopment.
  - e) A company called Light Brigade Media Corporation Ltd contracted to work on the museum went into administration in March 2016 part way through this work creating a lot of disruption. This might not have happened had proper credit checking been done on this company before offering a contract. This seemed to be a problem with previous contractors and something the council should be more aware of.
  - f) Work was being completed without listed building consent. This consent was being requested retrospectively ref. 14/01633/1LB. Changes to the original plans were being made without consultation with HTHL and subsequently the local community groups. The council takes a very dim view on retrospective planning applications and we were surprised that it was ok for them to do it themselves.
  - g) Project reports by the Strategic Director Customer Services were made without a written report, this happened at Hitchin Committee where these were hand written (back of a fag packet) during the Hitchin Town Talk and then presented at Hitchin Committee. This did not give Councillors a fair opportunity to make comment.
  - h) The public were concerned about the expenditure as the project proceeded particularly the amount of 106 monies allocated to other projects which were diverted

to pay for extra expenditure on the District Museum. Maybe this was in Part II papers but not something that should have been hidden from public view.

j) The quality of workmanship when refurbishing the Mountford Hall was very poor and this can be seen now that paint is flaking off the walls carpets lifting etc. As a listed building this deserved a little more care and consideration than was awarded it. There was a public outcry at the loss of the back of the stage and changing rooms which prevents use for pantomimes and quality stage productions. This we understand is still not used for museum storage because of problems with damp.

k) This particular project was managed by the Strategic Director of Customer Services who appeared to find it difficult to communicate effectively with local community groups preferring to work independently ignoring any constructive comment from individuals or groups to the detriment of the project. This is a real pity because projects working in partnership with the council recently have been productive and a pleasure to deal with

2 How did the Council and its Partners seek to resolve these issues?

We would appreciate comment on this.

3 How effective were these approaches?

Several of these concerns were raised at various Council Committees in Public Participation where there is no feedback.

4 What lessons can be learnt to improve future working relationships with partners?

Be very careful what is contained within any development agreements. "Partner beware"

That recently communication has improved and it has been a pleasure to deal with the councils officers when working on a joint project e.g. leasing and refurbishment of Walsworth Community Centre etc.

Chris Parker  
Chairman

13<sup>th</sup> June 2019

***NB. Telephone Number has been redacted.***

## **Scutiny Review: Hitchin Town Hall/ North Hertfordshire Museum Project**

### **Witness Statement: Hitchin Initiative**

#### **Background**

Hitchin Initiative (formerly Hitchin Town Centre Initiative) has worked in partnership with North Hertfordshire District Council on a huge variety of projects both large and small for the past 25 years. One of our main roles as a Town Centre Partnership is be the effective conduit between the private and public sectors. Our joint partnership working has been across all portfolio areas, officer engagement at all levels including regular meetings with the Chief Executive and members of the Senior Management Team. Engagement with Elected Members of all parties has been through individual collaboration and more formally through the Area Committee, Cabinet and Full Council structures. Engagement of one form or another with officers or elected members is weekly if not daily. Due to the longevity and regularity of engagement between the two organisations it is natural to have experienced everything from truly positive, successful project outcomes to protracted, combative negotiations that end in failure. It is this diversity of direct partnership experience that helps provide measure and balance to this submission. We remain NHDC's 'critical friend'.

#### **Hitchin Initiative (HI) Specific Project Involvement.**

From 2006 to the inception of the charity Hitchin Town Hall Ltd (HTH Ltd) in 2012 Hitchin Initiative was the anchor organisation that worked with the community and civic organisations to oppose NHDC's proposals to let Hitchin Town Hall on a commercial lease to a 3<sup>rd</sup> party operator, bought forward the vision plan to bring in 14/15 Brand Street to create The Town Hall and District Museum and led on the funding application to the then Community Builders Fund which successfully bought in circa £1m to the project. Once HTH Ltd was formed HI was no longer required to play a lead role. As the project developed and serious issues arose HI continued behind the scenes to assist.

#### **1. What were the issues that arose with partners during the Project?**

Difference in interpretation of definition of Partnership working

Variations to Build Contract of a substantial nature without partnership discussion or consent that impacted business plan and ability to deliver on it.

'Them and Us' culture

Interpretation of Local Government rules and regulations

Personality clashes that resulted in distrust and had major negative impact over months/years.

Lack of acceptance of the professional skills and experience of the HI/HTH Ltd team which has resulted in further public money needing to be spent on the building to make it fit for purpose.

Discussions with HTH Ltd bankers without consent resulted in complete breakdown of the project relationships.

#### **2. How did the Council and its partners seek to resolve the issues ?**

Combination of individual meetings, Project Board discussions, emails trails and forms of mediation.

**3. How effective were those approaches?**

Became considerably less effective over the lifetime of the project as relationships and trust broke down.

Project Board ineffective as a forum to resolve differences.

**4. What lessons can be learnt to improve future working relationships with partners.**

There needs to be an understanding from both private and public sectors of the very real differences between the two. The Chair of Community Builders Fund flagged the issue at the first joint meeting and this should have been taken more seriously.

Genuine, consistent and effective Senior Officer involvement in community engagement may help with this understanding.

Issues such as a personality clash must be confronted swiftly to avoid project impact.

HI holds files relating to this project that extend to paperwork 14” tall and over 2,000 emails. Contained within these emails and files is significant evidence to back the points made above. It is impossible to include all relevant information within the set 2 x A4 sides limit. We welcome this Independent Scrutiny Review and happily volunteer to make these files available on a strictly confidential basis if it would assist. In addition we would welcome the opportunity to answer questions at the Panel hearing.

**Morag Norgan**

**Chairman Hitchin Initiative**

***Nb. Email address and telephone number has been redacted.***

## Submission for Scrutiny review of the Hitchin Town Hall/North Hertfordshire District Museum

Submission from Mrs Patricia Cowley, ex Portfolio holder for Community Engagement and Rural Affairs. Portfolio Holder responsible for the project from the in 2011 until May 2013 when I was elected Vice Chairman, and for continuity remained on the Project Board for the Project until I left the Council in May 2015.

1 What were the issues which arose with partners during the project?

# The Council had already started to progress plans and financing for the project when a Community group, which later evolved as Hitchin Town Hall Ltd (HTHL) approached the council to be involved and to bring funding to the project, This proposal was agreed by Full Council.

# From that point on, although the Council had appointed an architect who had produced plans which had been agreed and passed and a budget approved for the project, to combine the Town Hall with a new Museum for the District, HTHL asked for changes on a regular basis irrespective of the additional costs and possible delays to the project, seemingly ignoring the provisions in the Development Agreement which they had signed up to.

# When, through discussions between the Council officers, myself and HTHL representatives were unable to resolve the issues surrounding these requests/demands, mainly due to budgetary implications, HTHL leaders would resort to declaring that if their requests/demands were not included it was a "deal breaker".

2 How did the Council and partners seek to resolve the issues?

# The Council sought to resolve the issues through first of all discussion and reasoning and then referring HTHL to the Development Agreement which had been negotiated with them and signed by them. There were clear procedures set out in the Development Agreement to resolve any issues arising.

# HTHL appeared to ignore the procedures laid out in the Development Agreement and on several occasions issued statements to the local press detailing in a critical manner that their demands were not being met by the Council.

# The Development Agreement clearly stated that statements to the press throughout the project would be agreed by both parties before being released. This did not happen.

3 How effective were those approaches?

# On the whole approaches made by the Council to achieve agreement, mainly on variations requested by HTHL were not successful and the actions of HTHL proved very difficult for the Council to counter and progress.

4 What lessons can be learnt to improve future working relationships with partners?



# Although it was clearly set out in the Development Agreement at the start of the partnership what the working relationship would be, this maybe needs to be more emphasised and focussed upon at the beginning.

# It would also be advisable that a newly-elected Member of the Council should not be involved in leading the Community Group. Council policies and procedures are not always familiar to anyone who has not worked in the public sector before and this was quite apparent when negotiating with a group essentially made up of local business people. Any Member of the Council principally involved with a Community Group working with the Council could at sometime during the project find themselves with a conflict of interest.



NB: Signature has been redacted



Witness Statement  
From Hitchin Town Hall Ltd  
To  
Scrutiny Review Panel

We feel rather than restricting input into your review to just written statements you should meet with all the individuals involved in the project. If this is not done then we are afraid that the community will come to the inescapable conclusion that your review will be a whitewash.

Would you please confirm that your terms of reference allow you to interview the individuals involved and that you will be doing so.

As an initial 'heads up' we respond as follows:

1. What were the issues that arose with the partners during the project?

Looking at the situation from a high level, a group of professional individuals with the support of the local community groups, created Hitchin Town Hall Ltd ("HTH") and managed to raise over £1m for this project.

Unfortunately owing to the determination, we believe, of the executive at NHDC, who in effect always wished to run the facility, it has been impossible to proceed in the manner envisaged in our original Business Case.

A short form summary of our dispute with NHDC is as follows:

A second Development Agreement ("DA") (replacing the first) was entered into between NHDC and HTH on 9th September 2013.

NHDC awarded the building contract to Borrás Construction Limited, The same being recorded in an Agreement dated 6th February 2014 (a copy being supplied to HTH on that date), construction having commenced, it is understood, on 3rd November 2013. The DA had within it many 'red line' requirements for the development of the Town Hall. It is now clear that the building contract awarded to Borrás ignored many of these and in effect, from the very start, side-lined our contractual requirements and we believe (and we were legally advised) were in breach.

There had never been an easy relationship between HTH and the officers of NHDC (but considerable support from the elected councillors). HTH were not treated as stakeholders who were introducing circa one million pounds into the project and would then be running it for the lease period of 125 years. There were numerous issues relating to the quality of the end product.

For an example the provision of museum stores at the rear of the stage had been the greatest concession made by the community groups supporting HTH but only on the basis that it could be removed at a later date. The agreed wording in the Listed Building application prepared by BFAW being "The second intervention is the addition of an acoustic screen to the stage – reducing its capacity and insulating the

stage from the dwellings to the rear of the complex. This stud wall would be acoustically isolated, and ultimately reversible to recreate the full stage capacity". In fact what was built was a permeant concrete wall.

HTH requested that work on this wall be stopped but this was not agreed to. A dispute arose between the parties. Ducts, plant and pipes have subsequently been installed behind the wall and its removal and the reinstatement of the stage would be a massive and costly exercise.

It was apparent to the Directors/Trustees of HTH and the community groups, to whom the Directors/Trustees regularly reported, that the relationship between NHDC and its major stakeholder had broken down.

Accordingly, and with great reluctance, on 9th October 2014, HTH gave formal notice pursuant to section 8.3 of the Development Agreement that in their opinion the breaches of the Development Agreement by NHDC constituted a material breach and accordingly terminated the agreement.

By letter dated 23rd October 2014, HTH gave notice to exercise the 'Put Option' granted to it by Clause 11 of the Agreement in respect of No's 14 and 15 Brand Street, the purchase price payable being £440,000.

NHDC have not accepted that the Development Agreement was validly terminated and accordingly had refused to comply with the terms of the Put Option

2. How did the Council and its partners seek to resolve those issues?

Stone walled us with 'process' and not treating us as partners (treated us as an annoying community group).

3. How effective were those approaches?

Not effective as far as we are concerned but probably very effective at protecting and reinforcing the position of the relevant NHDC officers.

4. What lessons can be learnt to improve future working relationships with partners?

Work much harder at partnership relationships, particularly with community groups and have much more detailed scrutiny of officer actions and reports with political oversight.

S.V.Pike

Chairman

Hitchin Town Hall Ltd.

13/6/19

## Note to Scrutiny Review Panel

Firstly I wish to state that I concur with the witness statement sent by Stephen Pike, Chairman of Hitchin Town Hall Ltd.

The individuals listed below, all professionals, were involved in this sorry saga and together raised over £1 million to contribute. Because of the stance of NHDC officers and the leader Lynda Needham this did not materialise and a long unnecessary dispute followed.

Matters were so bad that a formal complaint was made against the lead officer Mr Robinson, and a report compiled following an investigation by the LGA. Details of this report have never been made available. It is our firm belief that had Mr Robinson been taken off the case the end result would have been totally different and would have been settled several years ago.

All involved from the Community side should be called to give evidence including:

- ☐ Brent Smith – Director, Hitchin Town Hall Ltd
- ☐ Stephen Pike – Chairman, Hitchin Town Hall Ltd
- ☐ Rosemary Read – former Director Hitchin Town Hall Ltd
- ☐ David Leal-Bennett – former Director Hitchin Town Hall Ltd
- ☐ David Morgan – Lawyer and senior partner with Foreman Laws

### Critical Path Event

A crucial meeting took place on 28th February 2014 just after the start of the construction of the concrete wall, a material breach of the agreement, and before any notice of breach had been served. The minutes of this meeting were never finalised since officers attempted to sanitise the record, what is available is the officers' version with HTH comments as a correction. Fortunately there is recording of this critical meeting. David Parsley FRIC, led the meeting.

The following, extracted from some of the many lengthy documents, highlight but a few instances where NHDC acted unreasonably and illegally with their "Partner" Hitchin Town Hall Ltd – there are many other examples.

#### 1. Project Completion

- a. It would appear that the Buttress (Overseeing architect) were aware of the problems which caused material contractual breaches:
  - i. On 10th March 2014 the architect stated at a Project Board meeting:
    1. "the inclusion of the requirement for a stud wall by reference to the Design & Access statement appears to be a mistake. Otherwise, the logical conclusion would be that the parties (i.e. Borrás & NHDC) intentionally entered into an agreement which is impossible to perform".
- b. Another key requirement was the roof replacement
  - i. It was one of the "Development Requirements" under Annex 6 of the DA.
    1. All existing pitched roof finishes shall be stripped and replaced. The pitched roofs shall incorporate breathing



sarking felt and insulation to at least current Building Regulation standards. As detailed in the architectural restoration specification page 53 and costs identified in the Cost Report, page 6, which identified pitch roof to town hall will be stripped and replaced.

- c. Under these circumstances HTH find it incredulous that a Certificate of Practical Completion was issued?
- d. The logical conclusion would be that the construction contract with Borrás bore no resemblance to the requirements NHDC were obliged to deliver under the Development Agreement.

Extracts concerning additional Contract Breaches

1. Contract with HTH - The Development Agreement ("DA")

- a. NHDC maintain that the DA is still in existence in spite of HTH serving notice of Material Breach. As such NHDC would be bound by the DA and the clauses therein? This poses the following questions
  - i. Because of the delay, since 9th March 2015 NHDC have been obliged to pay the principal and interest on the SIB loan £12,750 and £6,375 per quarter respectively, Clauses 9 & 10.
    - 1. This has not been paid? but is an obligation on HTH
  - ii. Freedom of Information requests
    - 1. Under Clause 15.1a these have to be advised in writing to HTH.
    - 2. NHDC have posted redacted Project Board minutes on the website, without any communication with HTH?
  - iii. Certificate of Practical Completion
    - 1. The contract states that HTH have to be invited to inspect the work BEFORE the certificate is issued to discuss outstanding points.
    - 2. HTH were never advised prior to issuance.
    - 3. The certificate was issued even though work on the roof (see above) has not been undertaken.

In short NHDC's officers and the CEO did what they wanted when they wanted and expected HTH Ltd to agree. Unfortunately for NHDC the individuals involved from HTH were all professionals with many years experience in the commercial world and as such were not prepared to be treated in this manner, particularly when NHDC had clearly breached the contract.

David Leal-Bennett

Director HTH Finance Ltd

***NB. One sentence has been redacted as it is not pertinent to the scope of the review.***

***NB: As submitted and for completeness the following two pages have been included. However, only the first two pages have been considered by the Panel, as per the requirement stipulated in the 'Call for Written Witness Statements' document.***

## SCHEDULE OF BREACHES OF THE DEVELOPMENT AGREEMENT

DATED 9 SEPTEMBER 2013 ("DA")

Defined terms used in this Schedule shall have the meanings applied in the DA unless specified to the contrary.

Breach	Applicable Clause(s)	Evidence
1. Council varied the plans and did not notify HTH Limited of the variations within 10 working days or provide 2 sets of the revised documents at the time of the variation.	Clause 5.1 (e), (f) Schedule 2 Clause 1.3	Plans not forwarded to HTH Limited until 1 Nov 2013. Design & Access Statement ("DAS") dated 12 June 2014, written after the work had been carried out. Drawing 7198(06)002 not provided to HTH Limited until inclusion in Listed Building Application. Harris Electrical and Ambivent Mechanical drawings all dated Feb 2014 not issued to HTH Limited until inclusion as above.
2. Failure to apply for the Requisite Consents before work carried out as required for a Listed Building.	Clause 5.1 Schedule 2 Clauses 2.1, 2.2 and 5.2(d)	Listed Building Application 14/01633/1LB submitted June 2014.
3. Failure to consult HTH Limited about alterations to the Approved Documents and to ensure that variations are in accordance with the Requisite Consents.	Clause 5.1 (f)  Schedule 2 clause 1.1	Email from Brent Smith of HTH Limited to John Robinson of the Council dated 29-Apr-14.  DAS and retrospective application for Listed Building Consent.
4. Failure to carry out the refurbishment of the Hitchin Town Hall Gymnasium (the "Hall") in accordance with the DA.	Clause 5.1 (g) Schedule 2 clauses 2.2, 5.2(c), 5.2(h) Schedule 6 HTH Limited requirements  Schedule 2 cl 1.4	a) Stage: letter of 25 February 2014 from HTH Limited to NHDC. b) Foyer: email from Helen Bylett to HHS 6 June 2014; from David Leal-Bennett of HTH Limited to David Scholes of the Council, 28 April 2014 Reference to Sound Attenuation section of the HTH Limited requirements and its link to the DAS confirming the stage should be reversible.
5. Inspection: HTH Limited were frequently prohibited from visiting the site – often when instances in this Schedule were taking place.	Schedule 2 Clause 8	Emails: David Leal-Bennett to Keith Gaynor/Steve Crowley, 17 April 2014, and Keith Gaynor reply.  Email from Brent Smith to John Robinson 29Apr14: see 3 above.
6. Freedom of Information request not	Clause 15.1 (a)	Emails: David Leal-Bennett to Sharon Nahal on 8 April 2014 reply from John



passed to HTH Limited within the specified time.		Robinson 09 April.
Breach	Applicable Clause(s)	Evidence
7. Failure of Project Management by not holding regular meetings, giving insufficient notice of meetings to HTH Limited ignoring HTH Limited requests for inclusion of significant points raised by them in minutes of meetings.	Clause 16.1 Annex 5	Emails: David Leal-Bennett to John Robinson on 24 March 2014, and 11 April; replies from John Robinson 9 April and 23 April. "Draft" minutes of Design & Construction team meeting 28 02 2014 attached to email from John Robinson on 18 March 2014. Amended draft minutes of meeting following default notification from HTH Limited.
8. Failure to use the Liaison Process to review the plans and to enable HTH to obtain the consent of ACF on any proposed amendments.	Clause 4.3(c)	See 7 above.

Dear Mr Richardson,

### Hitchin Town Hall and Museum Project Review

I am a now retired solicitor. My firm, HRJ Foreman Laws of Bancroft, Hitchin, acted on a non-profit basis for Hitchin Town Hall Ltd. ('HTHL') in the period leading up to and completion of the second Development Agreement. The firm was pleased to be associated with this community project.

To my mind, the review should look at the project in three phases.

1. From commencement of the legal work to the date the second Development Agreement was completed.
2. The period through to withdrawal of HTHL from the project due to the alleged breaches of contract by NHDC.
3. The negotiation by NHDC of its purchase of 15 Brand Street Hitchin from the social investment bank (as it had not accepted the mechanism and price set out in the Development Agreement) and its subsequent purchase from Hitchin Town Hall Finance Ltd.

My firm was not engaged with phases 2 and 3 as we did not wish to advise on litigation against NHDC in respect of this community project. I was personally well aware of problems arising during these latter phases and attended meetings as I was concerned that what had taken many hours of voluntary time would be lost.

In my view the following need to be addressed in relation to future project partnerships.

1. NHDC should always appoint an external project manager and not use heavily engaged Officers to take the role of project manager when they are already in a naturally close relationship with Councillors as employee and employer.
2. It has to be recognised that most Councillors do not have commercial, construction, development or legal expertise to challenge Officers on the detail of a project and must set aside sufficient time and if necessary, call upon third party expertise.
3. NHDC should respect the views and expertise of their partners. In this instance, HTHL were responsible for procuring £1.5 million in loans and grants, obtained planning permission and listed building consent for the development to include 15 and 16 Brand Street on favourable terms with vacant possession and were about to embark on a £300,000 fund raising campaign. Its team included an architect, planner, estate agent, senior surveyors, accountant, sound engineer, marketing experts, a banker and myself with 40 years experience of property development and construction.
4. The Development Agreement incorporated the 'Prince 2 protocol' to be followed when working in partnerships such as this. HTHL complained that minutes and notes did not accurately record issues raised at meetings particularly in relation to the basic HTHL requirements which were not addressed. The protocol did not appear to be followed.

5. There needs to be openness. The use of Part 2 in Council meetings meant that HTHL could not know what was being reported to the Councillors and it felt as if HTHL was being briefed against with no opportunity to respond.
6. There were disagreements and personal issues between directors of HTHL and Officers of NHDC and also, it appeared, within the Conservative group which was allowed to colour NHDC'S opinion of HTHL as a whole. There were faults on both sides but relationships should not have been allowed to hinder the project. The Chief Executive of the Council should be prepared to stand back, review and bring matters back on an even keel.

Being retired, I do not have access to my files but should be pleased to give oral evidence based on my memory of events.

Yours sincerely

David *[Morgan]*



SCRUTINY REVIEW: HITCHIN TOWN HALL/NORTH HERTFORDSHIRE MUSEUM PROJECT

I wish to respond to your call for evidence with regard to the above. I would point out that as Leader of the Council I received regular updates through the entire process and detailed briefings routinely after either Project Board meetings or NHDC/HTH LTD meetings, but for your exercise I wish to give evidence on the actions within the process where I was personally involved.

1. What were the issues that arose with partners during the Project? One of my main concerns was the total lack of abiding by what had been agreed either at the commencement of the project or measures put in place during to ensure a workable continuance.

To support this statement I would quote the very unfortunate email received at NHDC by accident and its contents, regarding the safety of an officer, leading to a written agreement from HTH Ltd that the HTH Ltd member on the Project Board would be replaced and another trustee would be the new project board member. The very next project board, which I attended in the Portfolio Holder's absence, this agreement was totally overridden and ignored.

Although only quoting one incidence, this very much became a pattern throughout the process and I would be able to give further examples if requested.

2. How did the Council and its partners seek to resolve those issues? The issues that arose with regard to the Development Agreement from HTH Ltd had processes to be followed within that Agreement but these were never exercised by HTH Ltd.

At one stage it was agreed that a mediator be engaged. NHDC agreed to pay any costs for this, as HTH Ltd explained they did not have the finances to share the fee, but again a HTH Ltd trustee approached a councillor who's occupation was a solicitor to recommend a firm that HTH Ltd could contact for a Mediator this happened without NHDC knowledge. Upon learning of this I asked the CE to contact the Institute of Arbitrators, (which was his suggestion to maintain a truly independent person) an Institute who also have professional Mediators to provide an independent person. This was actioned but not without a personal attack on myself. The meeting took place.

The contents of this confidential meeting were shared with councillors, by HTH Ltd, who then raised the content of the meeting at the next Council meeting, but with incorrect information being supplied.

3. How effective were those approaches? Unfortunately not very successful as consequently there was an approach to the Hitchin Area Committee by an HTH Ltd trustee, and this committee was chaired at that time by another HTH Ltd Trustee for roughly £70,000 to assist in meeting commitments made to residents who had contributed financially to the project. I asked the CE the following morning what we knew about this, what the Project Board knew about this but no further information was forthcoming as to how this amount had been arrived at, or any additional information with regard to whom the money was owed.

The CE and I were then asked for a meeting by SIB at which they informed us because of multiple breaches of their financial agreement by HTH Ltd they were not prepared to forward further funds and would be closing down their interest in the project. A request was made for a written confirmation on the part of SIB of the content of this meeting which was received.

This then led to meetings with SIB where they notified us of how much of the originally agreed funding had been forwarded to HTH Ltd and roughly the breakdown between grant and loan and SIB seeking back from the tax payer the full repayment. Negotiations were entered into but not finalised. NHDC were being requested to reimburse SIB with no knowledge of where the money had been committed with the negotiations between SIB and HTHL being strictly confidential at their request.

Eventually a payment was made to SIB by HTH Finance and the charge over 14/15 Brand St being passed to them and negotiations with NHDC commencing.

This was followed by an emergency item at Cabinet in March 2017 agreeing a payment of £550,000 which we understand would bring the project to a conclusion. However, the HTH Ltd/HTH Finance negotiating team changed without notice and included a member whom it had been agreed initially would not be included, with suddenly many extra clauses regarding the Museum and Town Hall and nothing to do with 14/15 Brand Street the subject of the negotiations.

4 .What lessons can be learnt to improve future working relationships with partners? Make it clear at the onset, that financial dealings and interactions with third parties (SIB and many financial contributors from other sources) are available to all parties. The Council has a responsibility to be open but certainly there are still many questions about where the SIB money had been expended. This was a project for North Herts, not an adversarial enterprise, where information was not to be shared and certainly it was confidential when HTH Ltd and HTH Finance wished, which was honoured during the total exercise by NHDC but not on every occasion by HTH Ltd. Many reports went to Full Council, Cabinet and Hitchin Area Committee and NHDC Auditors were kept in the picture all the way and financial statements regarding this project were in the regular reports to Cabinet and FAR, which were available to all.

Equally this exercise has proved the difficulty experienced when a Trustee is also an elected Councillor and from my perspective certainly on occasions attempts at blurring the lines of negotiating/client areas caused unnecessary extra issues.

Lynda Needham

***NB: Address, Email Address and Telephone Number have been redacted***

# **Hitchin Town Hall & North Herts Museum Review**

## **Background**

I am David Scholes and I am the Chief Executive at North Hertfordshire District Council. I have held that position since 2012 and prior to that I held positions as Head of Planning (2002-2009) and Director of Planning, Housing & Enterprise (2009-2012). As Chief Executive I undertake the statutory function of Head of Paid Service as well as being the Returning Officer and Electoral Registration Officer for the Council. I am a Chartered Member of the Royal Town Planning Institute and have over 30 years experience in both the public and private sectors. I have extensive experience in dealing with complex development and land assembly projects including handling large scale developments.

## **The Project**

The project has a long history which predates my involvement and I understand that the review panel has access to all relevant papers. In essence, the project emanated from a desire by the Council to replace two existing museums which were not fit for purpose with a single District museum which afforded better facilities and access to exhibits. This represented a significant capital investment for the Council but this would be offset by reduced running costs as stated in the business case. The initial project involved relocating the museums into the Hitchin Town Hall building. Following campaigns by a number of local groups who were opposed to the relocation of the museums in the town hall building and wished to save the Town Hall as a community/ entertainment venue the building was Listed as being of architectural/historic importance. A proposal came forward initially by Hitchin Initiative to use an adjacent building and other land within the control of the Council & Working Mens' Club for a bespoke museum whilst retaining/enhancing the town hall for community use.

## **Project Governance**

The Council uses Prince 2 project methodology for running its larger projects – this being one such project. The Full Council made decisions on the principle of the project, financial parameters and agreed the detail of the development arrangements (Development Agreement 1 & 2 – DA1&2). Exceptions reports were made to Full Council when there were variances which could not be contained within the agreed parameters.

## **Key Points**

### **Complexity of the project – project partners**

The project involved a wide range of partners – NHDC, The Working Mens' Trust, Hitchin Town Hall Limited, Hitchin Initiative (early stages), Adventure Capital Fund (Social Investment Bank) and The National Lottery. Following the withdrawal of financial support by ACF/SIB a new company was established – HTH Finance. The range of partners, their skills/experience and often competing demands placed additional burdens on the project as it progressed.

### **Skill base of the partner organisations**

Local community representatives stated (on the one hand) that they had expertise and skills in certain aspects of the project yet then stated that they were voluntary groups and did not have the necessary skill/capacity to deliver a project on the agreed project timescales.

### **Lack of clarity (perceived or real) in relation to project outputs**

A key issue arose at an early stage of the project build in relation to the specification of the build. Whilst full construction plans had been supplied by Buttress to HTHL at an early stage it became apparent that they had not been fully evaluated/understood. This led to the 'dispute' in relation to the method of construction of the wall to the rear of the stage and claims that the Council had carried out unauthorised works involving alterations to the heating pipes in the reception area and surface ducting in the town hall.

### **Loss of faith and trust between the partners**

This manifested itself in a substantial way following the instigation of the first phase of dispute resolution procedures by HTHL to which the Council responded and no further action being taken by HTHL to either accept the response or escalate the matter in accordance with the terms of DA2.

At around this time (Spring 2014) ACF/SIB were considering whether HTHL needed additional capacity building support to enable it (HTHL) to achieve its fund raising objectives and meet the loan/grant conditions between it (HTHL) and ACF/SIB. The Council could also recognise that there were difficulties and was supportive of HTHL being provided with resource. In May 2014 ACF/SIB stated that it was not in a position at that time to provide support. On the 27 August 2014 I received an e mail from ACF/SIB requesting an urgent private meeting with myself and the Leader of The Council. That meeting took place on the 29 August and we were advised that ACF/SIB would be withdrawing their funding offer to HTHL due to multiple breaches of the funding agreement by HTHL. ACF/SIB would also be seeking to reclaim monies already advanced. There were numerous meetings with ACF/SIB in the ensuing months and then in January 2015 the Council agreed to make an offer to purchase the property (known as 14/15 Brand Street) which acted as security for the loan/grant in the event that the property was put on the market. This occurred through a Land and Property Act (LPA) Receiver appointment. The Council made a bid within the prescribed timescale having taken expert valuation advice. The period for bids was subsequently extended by approximately 1 month. The Council bid was not considered as the LPA receiver was 'stood down' when ACF/SIB sold the debt to a newly formed company, HTH Finance Limited.

Extensive negotiations took place between HTHL/HTH Finance and the Council to seek to secure the acquisition of 14/15 Brand Street. The sum for acquisition was settled relatively quickly and it was thought that the terms of the settlement were well progressed. The former owner of the properties 14/15 Brand Street was party to the negotiations (in a role as Director of HTH Finance) and advocated completion of contracts by mid May 2017. That did not occur and the terms of the purchase became embroiled in an extensive dispute. Eventually after a protracted period of over 2 years the acquisition took place in January 2019.

### **Balance of risk and responsibility**

The Council procured the architects (Buttress) and tendered the construction contract. The Council ran the project management and took responsibility for paying the contract sums with the exception of the final sum which, by virtue of DA2, was due to be paid by HTHL from a combination of loan/grant and fund raising. HTHL did not pay that final sum and the cost fell to the Council. The balance of risk lay with the Council in considering the progression of the project and the reports to Full Council reflected that factual position.

### **Outcomes From The Project**

The Council has re-provided its museum service in a state of the art modern facility in accordance with the original project objective.

The delivery of the museum has taken longer than anticipated and has been opened in a phased way due to the dispute with HTHL/HTHF regarding land formerly known as 14/15 Brand Street.

Hitchin Town Hall has been retained for community/leisure use and has been refurbished/enhanced in accordance with the specification of DA2. Additional enhancements are underway in addition to those in DA2 which includes sound attenuation measures and improvements to the floor surface.

The hall is in use and is used for a mixture of community and commercial events. The Council operates the hall in accordance with an agreed business plan based upon the principles of the HTHL business plan.

The capital cost of the project to the Council has increased but the Council retains the town hall rather than it being operated on a 125 year lease by HTHL. The income from the town hall and café are an additional revenue source for the Council.

[REDACTED]

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**From:** Brent Smith [REDACTED]  
**Sent:** 14 June 2019 14:43  
**To:** Scrutiny Officer  
**Subject:** Hitchin Town Hall Review

Dear Sirs

I have just returned from holiday and understand that there is a review of the Town Hall project. I would have thought that you would have contacted me bearing in mind my role in the project – I was chairman of Hitchin Initiative; came up with the design which was ultimately built (but not to the exact details of my design – a matter which I have corresponded with you over); was chairman of Hitchin Town Hall Ltd and remain a director of that company; and attended most of the project meetings.

I can confirm that I would be happy to attend your review panel and give evidence to them.

I am firmly of the opinion that the problems with the project stemmed from the actions and attitude of the project director, John Robinson, and a lack of control and direction from the councillors involved.

Briefly, I would see the principal failures of the project as being:

- Late, over budget and not to the quality which could reasonably have been expected.
- Two of our key requirements, improvement of the acoustics and maintenance of the sprung floor, were not done and have already needed further work.
- The capital injection from HTHL, part grant and part loan, was lost to your Authority due to the breach of contract regarding the wall across the stage (there were other matters but this was the principal breakdown).
- You could have had the Town Hall operated and managed by our team, we believe that this would have produced a thriving facility – certainly better than what you have now!
- The project could have been a successful partnership between a Local Authority and a Community Group. Its failure goes beyond our local situation and makes other such partnerships elsewhere in the future less likely – a bad outcome.
- Your team breached Listed Building Regulations, a very serious offence, but simply dealt with it by self-granting a "Retrospective Listed Building Consent". This needs a thorough investigation.

I would be grateful if you could acknowledge safe receipt of this e-mail and look forward to hearing from you.

Brent Smith  
[REDACTED]

NB: Email Address and Telephone Number Redacted

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