

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