

**Overview and Scrutiny Committee  
Task and Finish Group Report**

**THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS**

**May 2017**

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**CABINET (26.9.17)**

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## **1. CONCLUSIONS AND RECOMMENDATIONS**

1.1 The Task and Finish Group's terms of reference were to review the effectiveness of the Council's management of its larger projects; and to suggest improvements for ongoing and future projects. The Group looked at seven projects of different types in a variety of locations. It was also briefed on the Council's project management arrangements.

1.2 This review did not consider the Hitchin Town Hall and Museum Project. This will be the subject of a separate task and finish group once the project is complete.

1.3 Some projects were clearly well managed and successful, namely the Baldock and Royston Town Centre Enhancement Projects and the Herts 7 Building Control Project. Others were successful in some ways but less so in others for the reasons discussed below.

1.4 Despite the Council's best efforts, not every venture may succeed and even those that do may have to travel a bumpy road to do so. There is no doubt that these projects were well intentioned and everyone concerned worked hard to make them a success. Many of the Council's senior officers worked evenings and weekends to make this happen. The suggested improvements below are not a criticism of their efforts, only some constructive pointers for the future.

### **Baldock Town Centre Enhancement**

1.5 This was a very successful project which originated from a time when town centres were a priority for the Council and it had funds available to improve them. The project was managed by Louise Symes and finished on time and within its £3.2 million budget. The scheme was successful in winning the Horticultural Landscape and Amenity Award 2009 under the Category Best Commercial Project.

1.6 There was much to admire about the project. It was very well planned, and the community engagement carried out by the designers BDP was excellent. An unattractive public space was transformed with commercial and community benefits. The materials used were of high quality obviating the need for lots of ongoing maintenance.

1.7 The project met all of its objectives except its desire to enhance the link between Tesco through the Memorial Gardens to the town. The Council had included this as a condition of Tesco's planning application for expanding the store but the scheme was subsequently dropped by Tesco. Although a relatively minor point in this project, the Group considered it was important the Council set objectives that were achievable and avoided those which we're not. This will be referred to again below.

### **Enhancement of Fish Hill Square in Royston**

1.8 This was a similar project in many ways to the Baldock Town Centre Enhancement, albeit on a smaller scale. Once again it was successfully managed by Louise Symes in conjunction with BDP and was completed on time and on budget. It did not cost the Council anything (except officer time) as its initial budget of £450,000 was funded entirely from the Government's Growth Area Fund. Hertfordshire County Council contributed a further £45,000 for additional drainage works to ameliorate the flooding problem in Church Lane.

1.9 Once again the Council and the designers BDP did an excellent job in planning the project and in consulting and engaging with the community. They were creative in getting local school students involved in the design of the sculpture; and engaging with local residents and businesses in the naming the square.

## **District Council Offices (DCO) Refurbishment**

1.10 This project is the latest part of a wider project to rationalise the Council's accommodation. The first phase was vacating Town Lodge in February 2011 with attendant revenue savings of £70,000. The next phase was the Council's purchase of the building itself for £3.6 million in December 2013 which generated a net revenue saving of £128,000 which is a return on investment of 3.5%.

1.11 With the purchase of the DCO complete, the Council needed to progress the next stage of the project. However, there followed a pause between the end of December 2013 through to the summer of 2015 when the Council seemed to be undecided about what to do next and the project lacked leadership. It clearly needed to do some essential maintenance which was outstanding from its time as a lessee but was uncertain whether to do just the bare minimum, or, if more than that, how much more. The project was drifting. The Council had not learnt its lesson from Churchgate and other projects. The longer a project is in the incubation stage and the more it overruns, the more likely it is to suffer from increased costs and other unforeseen problems.

1.12 The Council appointed Howard Crompton, Head of Revenues, Benefits and IT to get the project back on track. Howard has rescued and revitalised the project by first establishing and then clearly setting out the Council's options along with the costs and benefits of each. The Council made its choice but the delays and extra project specifications have added an extra £2.4 million to the budget which now stand at £5.9 million, including contingencies. It is less clear whether the return on investment (around 1.6%) for this phase of the project is adequate, although this has to be considered alongside the other, non financial benefits to the Council.

1.13 There are two lessons here. First, large projects need leaders throughout the entire term of the project to drive them forward, which will be discussed further below. Second, it is important that the Council makes decisions and gets on with implementing them. Construction industry inflation and mission creep can add significantly to allocated budgets. Long delays can result in the Council needing to find significantly more capital than it has planned for.

**Recommendation 1: The Council needs to be more decisive about what it wants from larger projects and once it decides, it needs to get on with them.**

1.14 The tender exercise gave construction companies the opportunity to bid for the work but ultimately the complexity of the tender package and specialist nature of parts of the renovation meant there were no bidders. This caused a short delay to the work but did allow the Council to employ a local firm which will have many benefits to the local area. While it is inevitable some tenders will be complex, the Council should not include more options in its tenders than are necessary simply because it is unclear about its preferred outcome. Doing so increases the tenderers' costs (which will be reflected in the price) and can dissuade companies from submitting a bid. The group made a similar observation on the Churchgate project.

**Recommendation 2: The Council should not introduce unnecessary complexity into its invitations to tender because it is unclear about its preferred outcome. It should decide what it wants and then invite bidders to tender for it.**

## Hitchin Swimming Centre

1.15 Leisure facilities are one of the Council's successes. This project involved providing multi functional rooms required for classes to meet rising demand and replacing the aging indoor pool changing rooms with a changing village. The Council succeeded in its objective of updating and expanding an existing facility to meet local demand. The final spend was £1.859 million coming in under the final agreed budget of £1.91 million.

1.16 The project's financial and membership benefits were less clear cut, and the Group considered that these may have been overstated. The Group did not believe the increase in membership claimed by the Council could be attributed solely to the project as membership had risen to 2755 even before work began. Membership has continued to rise since the project's completion but it is not clear how much of this is due to the extra capacity and improved facilities as opposed to the growing fitness and gym market.

1.17 The same is true for the financial benefits. The project and the related contract extensions improved the Council's annual payment position with the operator Stevenage Leisure Ltd (SLL) by £163,000 annually. However the Council does not explain that it had a significantly adverse effect on the Council's income from its profit sharing scheme with SLL which was £110,000 in 2013/4, making the overall return on investment much smaller than stated.

1.18 The Council has a tendency to be selective about the financial information it presents and tends to present it as a narrative, with or without supporting tables. It would be better if complex financial information was presented in the form of accounts so that readers can see all of the relevant spending and income associated with projects.

**Recommendation 3: The Council's financial information should be comprehensive and presented in the form of accounts so the extent of profits and losses can be easily understood.**

## North Herts Leisure Centre

1.19 The Council agreed a capital budget of £3.136 million to improve the aging leisure centre in a number of ways including a new teaching pool, a new cafeteria, refurbishment of the sports hall and leisure pool changing rooms and more. There was a good financial case for doing so. Once the facility had been completed the Council would receive an extra £18,398 a month (£220,776 a year) from Stevenage Leisure Ltd which runs the facility on behalf of the Council.

1.20 The project was originally scheduled to finish in April 2016 but is now scheduled to finish in June 2017 due to delays in starting work and unexpected problems during the construction. The delay in opening of 15.5 months has cost the Council £285,000 in lost revenue. Capital costs have overrun by £445,000 to date consisting of £317,300 pre-commencement costs and £128,000 after work started due to unidentified drainage and cabling work.

1.21 The Group heard that projects such as these have milestones and tolerances which are closely monitored by the project manager and the project board, with Cabinet receiving exception reports. It is important that all members of the Council are aware at an early stage if there are problems with projects and it would be useful if exception reports had a wider distribution.

**Recommendation 4: When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail.**

1.22 There was also an underlying sense that officers' time was stretched between this and other areas of work and that this may have contributed to the delays. Evening and weekend working was a feature of many of the projects seen by the Group. It is not satisfactory for the officer leading a major project in an area outside their main job responsibilities to be required to do in the evenings and at weekends.

**Recommendation 5: Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff's spare time allows no contingency. The Council should ensure that large projects are properly resourced. If adequate resources are not available, the project should not begin until they are.**

### **Herts 7 Building Control Project**

1.23 This project was a collaborative arrangement combining the building control departments of NHDC and six other Hertfordshire Councils into a new company. The new arrangement is intended to bring improved services and commercial benefits to the authorities. The review only examined the first phase of the project which was the establishment of the new company.

1.24 This was a successful project managed by Ian Fullstone, Head of Development and Building Control. This project demonstrates that projects can be managed and led in house where the project manager has the knowledge, skills and time to do so. The Group was impressed by the quality of the business case which enabled the Council to take a decision to proceed with a high degree of confidence. The project's management has been particularly impressive given the need to coordinate seven different local authorities and get the agreement of their political leaders.

### **Churchgate**

1.25 The Churchgate project developed from the Council's Hitchin Town Centre Strategy. Like the Baldock and Royston projects, it was conceived in an era when town centres were a priority for the Council. Unlike these projects, it was conceived on a much larger scale with the aim of redeveloping an area of the town centre and bringing significant investment into Hitchin.

1.26 Despite preliminary expenditure of more than £1 million and the best efforts of officers and members alike over many years, it was never realised due to a combination of factors which include bad timing, lack of commercial viability, local opposition and more. While acknowledging that external factors played a central role in the project's demise, there are some areas where the Group considered the Council could have handled the project better.

1.27 First, the Group considered that the Council was never clear about its objectives for Churchgate. The Council produced a planning brief which set out some broad outcomes without giving specifics. It hoped to attract developers who would use their expertise to produce a scheme for them. This was also a feature of the DCO refurbishment project where the Council produced a complex invitation to tender that attracted no bidders.

**Recommendation 6: The Council needs to have clear, documented objectives before it embarks on projects.**

1.28 Churchgate was a large, complex project which affected many conservation, community and business groups as well as the current lease holder. Such projects need strong leadership in order to drive them forward in the face of the inevitable obstacles which accompany any large scale redevelopment. There was a sense that the Churchgate project lacked both vision and leadership at times, and progressed as a series of bureaucratic exercises conducted by a Council more focused on processes rather than outcomes.

1.29 The Council has limited funds so employing outsiders is not always feasible, nor is it necessary if the right person is available in house. But for projects on this scale a champion, either internal or external, is needed.

**Recommendation 7: Large scale projects should have a champion to drive them forwards.**

1.30 Project Boards need to have the right mix of skills with an appropriate number of members. The Churchgate Project Board's membership was rather top heavy with senior Cabinet members and it could have benefited from wider, backbench experience.

**Recommendation 8: The Council should be more flexible about membership of project boards**

1.31 The Churchgate project's progress was slow. It is hard to pinpoint when the preliminary work on the project actually began. Timing and momentum can be important factors in projects. The project's slow progress meant that it missed its best window of opportunity and got caught up in the fallout from the Roanne legal case in 2007 and the economic downturn in 2008. The latter, in particular, reduced its chances of success. As has been pointed out earlier, it is important for the Council to be decisive about what it wants and then get on with it.

1.32 The project was criticised at every stage of the process by the public, conservation groups and other stakeholders. The Council did make genuine efforts at consultation, but officers themselves acknowledged that their efforts had not been successful. Those members of the public who spoke about Churchgate were clear that this was a shortcoming. However, this does not always have to be the case. The Baldock and Royston town centre enhancement projects were both excellent and creative examples of public engagement and consultation by the Council and its designers BDP, and the Council would do well to examine the features of these projects and learn from them.

**Recommendation 9: The Council should improve its consultation and engagement with the public.**

1.33 The Council's decision to use a confidential competitive dialogue tender process was costly to the Council and developers alike, and fuelled suspicion about the Council's motives. The process' lack of transparency made it unsuitable for a sensitive development like Churchgate. There may be circumstances where the Council might wish to use the process again but before it does so it should ensure the benefits outweigh the disadvantages.

**Recommendation 10: The Council should be mindful of the disadvantages of the Competitive Dialogue process and think very carefully before using it again in future projects.**

## 2. PROJECT MANAGEMENT IN NHDC

2.1 Ian Couper, Head of Finance, Performance and Asset Management, explained the basis of the Council's approach to project management.

2.2 The Council used a framework called PRINCE2 (Projects in a Controlled Environment version 2) which was the industry standard. The Council had a number of PRINCE2 qualified officers listed on the intranet to manage projects and were available for advice for those project managers who were not PRINCE2 qualified.

2.3 PRINCE2 was used flexibly depending on the size of the project, with the Council using a simpler version for smaller projects. The aim of the framework was to try and ensure that NHDC makes best use of available project management resources and also is aware of its capacity to deliver projects. Learning from experience is a key component at both the start and end of each project. The framework takes account of the additional complexity that partnership working adds to project management. The six stages of the project management process are set out below.

### Stage1: Trigger

2.4 The Project Mandate is a request to provide a solution to a business need. A weighted scoring grid is used to determine categorisation and Includes factors such as the projects' expected costs, timescales, risks, interested parties, proposed project team and contribution to corporate priorities. Projects are categorised as Major, Medium or Small; and this categorisation determines how the project will be managed.

### Stage 2: Start up

2.5 The project's personnel are fully determined at this stage. The project roles are:

- **Project Manager** - Responsible for day-to-day delivery and reporting (as appropriate) to Project Board. The allocation of this role will need to reflect experience and capacity.
- **Project Executive** - The Project Executive is ultimately responsible for the project and every project must have one. They 'own' the business case. This person must have appropriate responsibility and ability to make decisions and commit funding. Therefore they will generally be a Head of Service or above. They are appointed by Corporate Board, and could involve a recommendation to Cabinet.
- **The Project Board** provides overall management and direction, as well as making decisions. The Project Executive is involved in determining membership of the Project Board which should contain the skills required for the project and reflect any cross-service involvement. This should include Senior Users and Senior Suppliers.
  - Senior Users - represent the final users of the project. They ensure that the project is planned and delivered so that it delivers quality, functionality and ease of use.
  - Senior Suppliers – are responsible for the quality of the products delivered and represent the interests of those designing, developing, procuring, implementing and operating/maintaining the project products.



2.6 The Project Board is responsible for delivering the Project Mandate. It does this by approving the completion of key project stages, authorising the start of subsequent stages, authorises any major deviations from agreed plans, is responsible for disseminating information about the project and is ultimately responsible for Project Assurance. Councillors may be appointed to a Project Board, subject to agreement by the Leader of the Council, for projects that are high risk or have a high profile, usually in the role of Senior Users.

2.7 Project Assurance is about making sure the project sticks to the Business Case; remains viable and stays within scope; remains focused on the business need; and that the project and its anticipated benefits remain in line with the Council's priorities. It makes sure the right people are involved throughout the life of the project and provides independent assurance to the Project Board on the integrity of the project.

2.8 The Project Board is accountable for it. It can be delegated, but not to the Project Manager. Existing corporate groups can carry out Project Assurance roles, such as the Asset Management Group and Risk Management Group as well as committees and individual officers with PRINCE2 training.

2.9 The Project Manager should review the lessons learned generally and from similar projects. These should then be built in to subsequent documents e.g. the Draft Business Case.

2.10 The Project Brief is made up of the Product Description and Draft Business Case. It draws out the importance of knowing what you want to achieve, considering the balance between benefits and cost/ effort/ risk. It needs to try and be realistic, but this can be very difficult at such an early stage. This is why the ongoing role of the Project Board is important. The Project Board approves the Brief to move it on to the next stage.

### Stage 3: Initiation

2.11 The Project Initiation Document is produced at this stage, which seeks approval from the Project Board to commence delivery. The Project Initiation Document is made up of a number of elements set out below.

2.12 The first of these is **understanding the project's communication requirements**. The Project Manager should discuss with the Project Board what information they require, and when; and what information other stakeholders need, and agree content, frequency and method. The aim is to avoid misunderstandings at a later stage. The project categorisation needs to be reflected, especially for small projects where the level of communication should remain proportionate.

2.13 There should be a **Benefits Review Plan**. This is about planning how you will know if the project has been a success. The plan should consider

- Identifying the benefits and relevant objective measures of achievement
- Establishing baseline data, against which it will compare improvements
- Deciding how and when it will measure benefits, including who will be responsible for doing this (usually the customer/user for post-project reviews). It is likely that reviews will fall after the project is complete. It should therefore be separate from the Business Case so that it remains live after completion.

2.14 **Project Tolerances** are necessary in order for the Project Board to manage by exception effectively, it does not want the Project Manager reporting every minor deviation from the Project Plan. Equally, the Project Board does not want the project to overspend or overrun significantly without warning. The margins relating to the size of deviation from the Project Plan that are acceptable without the need for a Project Board decision are known as project tolerances. The two main elements of project tolerance are **cost and time**. In addition, there are a further four elements that may apply to any specific project: benefits, quality, risk and scope. The Project Board should agree relevant tolerance levels at this stage, and may wish to revisit them later on depending on the balance of information they are getting.

2.15 **Change control** covers proposed modifications to a project product's baseline specification. Changes are inevitable during the life of the project. If there is no control over these changes, it greatly reduces the chances of completing the project on schedule and within budget and to the customer's expectations. The Project Board should establish who is responsible for approving or rejecting requests for change during Project Initiation. The level of authority required may vary depending on the nature and scale of the change, as it is important to protect the Project Board from having to make decisions on minor matters and to reduce the need for formal documentation as much as possible. The Project Team should not implement any changes outside of the agreed authorisation regime.

2.16 **Risk** is assessed using the Council's standard risk assessment which is:

- Identification. Thinking through what the risks could be.
- Assessment- the impact that they will have if they were to happen. This can reflect levels of personal injury, reputation, financial loss, service delivery, delays to projects. Categorised as Low, Medium or High.
- Probability- what are the chances that it will happen. From unlikely to happen even once to could happen a number of times. Categorised as Low, Medium or High.

These are combined to map the risk on a risk matrix. If the impact or probability is high, risk mitigation needs to be considered.

#### Stage 4: Delivery

2.17 There are a number of tools to help ensure the project is on track.

- **Highlight reports**, which will include issues and risk log updates.
- **Exception Report**. If the Project Manager forecasts that any part of the Project Plan will end outside of the agreed tolerance margins, they must produce an Exception Report and present it to the Project Board immediately. The Project Manager should not wait for the project to exceed these tolerances before taking action, but should forecast whether this is going to be the case. This allows the Project Board time to react and potentially prevent or reduce the exception. The Exception Report should detail the problem and its cause, the consequences of the deviation, the options available and provide a recommendation on how to proceed.
- **Project Tolerances** Throughout the life of the project, the Project Board should confirm tolerance levels for individual stages, based on the content of Highlight Reports and as part of its authority to proceed. For larger projects, the Project Manager may wish to negotiate appropriate tolerances for detailed activities with members of the Project Team, based on the margins agreed for the overall project.

2.18 Requests for change are likely to come from entries on the Issues Log. If after conducting an impact analysis, the change needs to be authorised by the Project Board, the Project Manager should complete a Change Control Report. If the Project Manager or a Project Team member is able to authorise the change, the Project Manager should record the decision on the Issues Log and report it to the Project Board as part of the next Highlight Report. The Change Control Report should set out details of the change and request a decision from the Project Board on how to proceed. The Project Manager should subsequently record details of the Project Board decision at the end of the report and summarise these details on the Issues Log, prior to implementation. A good audit trail of decision-making and accountability is vital to successful project management and the Project Manager should ensure that they maintain evidence of the Change Control process.

### Stage 5: Closure

2.19 When the project is completed, the Project Executive needs to sign it off the **End Project Report** on behalf of the Project Board and release the Project Team from their responsibilities. This requires the Project Manager to produce an End Project Report, as part of Project Closure, which they present to the Project Board. The End Project Report sets out how the project performed against the original Project Initiation Documentation. It should answer the following questions:

- How effectively were the needs that led to the project understood?
- How effective was the project scope?
- Has the project delivered all required products?
- What benefits have been achieved already?
- What benefits are due to be achieved post implementation?
- How effective was the Project Team's performance?
- How realistic was the original Project Plan, in terms of budget, resources and timescales?
- Did any unexpected risks or opportunities become known during the project?
- What key lessons were learned that might benefit other projects?
- The Project Manager should derive the content of the End Project Report from the various documents that were completed at each stage.

2.20 The Project Manager should retain the completed and signed off End Project Report in the project file. They should also forward a copy to the Performance and Risk Management Team, who will collate this in to a log of unexpected risks and Lessons Learned across all NHDC projects. This is published on the Intranet.

### Stage 6: Evaluation

2.21 This happens after the project as may take time to fully see the impact. The Project Manager schedules a Post Implementation Review. The review should use the Benefits Review Plan, which was created for this purpose. The Project Manager should choose a timescale relevant to the project's products and at this time, arrange to meet again with the Project Team, the Project Board and the appropriate end users to review the project. The main purpose is to review the project's products in operational use and identify further Lessons Learned, both of which may be useful for future projects.

### 3. CHURCHGATE

3.1 Norma Atlay, Strategic Director of Finance, Policy and Governance made a presentation to the Group on the project.

#### Project Background

3.2 Norma said the Churchgate was a series of related sub-projects consisting of NHDC's Town Centre Strategy for Hitchin; the Council's Planning Brief which was developed as a consequence of that; a procurement exercise; a Development Agreement with Simons; and associated work with Hammersmatch who were the owners of Churchgate.

3.3 Anthony Roche, now the Council's Corporate Legal Manager and Monitoring Officer but then a solicitor, was the Project Manager for the procurement stages. Louise Symes, Strategic Planning and Projects Manager became the project manager once Simons were appointed.

3.4 The history of the Churchgate project was reported in detail to Council in January 2013. The main stages are set out below.

June 79	Council opted not to acquire the head lease of the Churchgate Centre
Nov 86	The Council instigated a review of town centre policies in its Local Plan
July 1993	Local Plan No.2 was adopted identifying that for Biggin Lane, Churchgate, Market, St Mary's and Portmill Lane East car park "an opportunity exists for the development of the whole area ...to provide for mixed retail, commercial and other town centre uses..."
April 2000	Churchgate Area Working Party (CAWP) established
June 2000	"It was agreed that although there was an emphasis on moving quickly they did not want to rush into any agreement too quickly if it proved not to be in the best interests of the townspeople of Hitchin." CAWP
2001	Hammersmatch became the owner of Churchgate

3.5 Norma said it took four years to agree the Hitchin Town Centre Strategy. The draft planning brief included all 5 areas for possible development. Following pressure from local Hitchin Groups, the brief was changed to immediate development of sites A1 to A3 with recognition that sites A4 and A5 would be developed "within the next 15 years"

November 2004	The Hitchin Town Centre Strategy was adopted and this led to a project to develop the planning brief for the area
November 2005	The planning brief for Churchgate development area was adopted. £400k of costs had been incurred by NHDC in its capacity as landlord/owner and planning authority.
December 2006	Hammersmatch queries the viability of only developing sites A1 to A3
2007	Council sought expert external commercial advice from DTZ on Hammersmatch's view
Spring/Summer 2007	Threat from a local developer of judicial review of any Council decision to enter into a transaction with Hammersmatch without an open competition
Sept 2007	Decision to invite prospective developers to submit proposals for the redevelopment of the Churchgate shopping centre and surrounding area

3.6 The Roanne case led to a ruling by the European Court of Justice in 2007 that a deal signed between the municipal council of Roanne and a developer for urban development, as far as the authority's requirements went, was a public works contract and should have followed European public procurement rules.

3.7 The ruling meant the Council's marketing exercise had to be halted and other Councils were similarly affected. The Council sought external legal advice from Eversheds on its procurement options resulting in the Council adopting a competitive dialogue process for Churchgate. This was thought, by the external professional advisers, to be the best method to progress such a complex development as it allowed developers who were the experts in the field to suggest a solution.

3.8 In seeking a developer, the Council set out its key objectives for the project under five headings: quality and design; viability; financial return; commerciality and delivery programme. The Council set high level objectives to allow developers to use their expertise to produce best design for the area.

May 2008	The competitive dialogue process commenced with the publication of the OJEU notice
Feb 2010	The contract awarded to Simons Developments (Recorded vote 31 for, 2 Against, 1 Abstention)
	Costs incurred during the procurement process £588K with the largest elements being Legal property & Procurement advice - £289k Specialist property development advice -£292k
Feb 2010	Future governance arrangements for the project agreed by Council and the Churchgate Project Board; and the Churchgate Liaison Forum established
March 2010	Development Agreement with Simons signed. It required regular updates on financial viability. The first cut off date was 19 <sup>th</sup> March 2013
June 2010	DTZ produced Post implementation review of procurement process

3.9 In January 2013, Simons requested additional time to produce a proposal. They said the economic climate following the economic downturn between 2008 and 2013 had affected the project's viability and there was a funding gap in the project. Council considered Simons' request and passed a resolution to reject it. In March 2013, the Council sent Simons a letter formally terminating the Development Agreement.

3.10 In July 2013, Hammersmatch made a presentation to Council suggesting that they could deliver a scheme in the short term which could be completed and open for business around Christmas 2015. Council decided to continue its dialogue with Hammersmatch and other interested developers; and await the outcome of the Local Plan before re-considering its approach.

July 2014	Council received a report on discussions with interested parties
July 2015	Hammersmatch granted exclusivity in order to give them confidence to invest resources to progress their ideas for a scheme. Ultimately Hammersmatch concluded their scheme was not viable.
January 2016	Council decides that: <ul style="list-style-type: none"> <li>• work on the Churchgate Project should cease; and</li> <li>• the possibility of acquiring the Churchgate Centre be explored, subject to further consideration of the commercial case for so doing at a future meeting of the Council.</li> </ul>

3.11 The TFG had raised a number of issues in advance of the meeting and Norma Atlay addressed these in turn.

#### **Was this project a wise choice?**

3.12 Norma questioned whether Churchgate really was a single project. In her view there were a number of different strands combined under the heading of "the Churchgate project":

- Regeneration - the project was more akin to a regeneration scheme in which the Council had a role in what would ultimately become a partner's project.
- Asset Management – this was a development opportunity for which a high level outcome was being sought rather than a project fully specified by the Council.
- Planning brief – the original flexibility in the draft planning brief to cover all areas A1-A5 was curtailed.
- Procurement – Members recognised the need to build flexibility in to the development opportunity following advice from DTZ

#### **Were reports to Members objective?**

3.13 Norma said they were. Officers sought to provide the pros and cons of options in an objective manner. They sought independent professional advice as appropriate, bearing in mind the cost of doing so. They endured public criticism for being negative when they sought to provide a context for their comments and advice.

#### **Spending Priorities**

3.14 Norma said the key point was that the project was a regeneration opportunity born from the Town Centre Strategy and the then Council priority of Town Centres. It was almost incidental that the Council was the land-owner. It was not designed as a project to generate income for the Council although it did seek to protect the Council's current income, and incidental benefits would have arisen from car parking income, business rates income and new homes bonus.

### **Staff Time**

3.15 Norma said Council projects are factored into officer workloads as part of the service planning process. Officers have to balance the many conflicting demands on their time. The time required may, however, increase where there is significant public and Member interest. The timescale for this project coincided with publicity around Localism Act which meant that a vocal public minority was seeking to change a Council decision.

### **Interactions with other projects**

3.16 Norma said the Council had an ambitious programme which was prioritised against a backdrop of reducing staff resources. Buying in external expertise can help although experts would require management and support from the Council. Officers continually manage time across a range of projects so there was no direct impact on either the Local Plan or the shared services project.

### **Value for Money**

3.17 Norma said the use of experts was subject to a tender exercise. The deal with Simons was based on an external expert's view of what the market required at that stage. The terms offered were consistent with other schemes at that time. The timing of the scheme, which coincided with the banking and funding crisis, was a key consideration.

### **Accountability**

3.18 Norma said clear reporting lines were established at the outset. Delivery against decisions was reported back to Council. Project documentation was available on website with as few redactions as possible. The Churchgate Liaison Forum was established to provide public input into the development of Simons' proposal.

### **Information and Visibility**

3.19 Norma said a flaw of the Competitive Dialogue Procurement process was that it required all discussion leading to the award of contract to be totally confidential. Once those discussions were complete, everything was put in the public domain. The Council needed to have the time and space to discuss things confidentially and then to make decisions. The public sought a level of transparency that would mean that the Council was trying to negotiate with all its cards on the table. There was something of a culture clash between the commercial approach and the usual Council service approach.

### **Lessons Learned: DTZ Review**

3.20 In June 2010, Cabinet received a report from DTZ which had conducted a post implementation review of the procurement process. It concluded:

*"The prime objective of the procurement process was to appoint a development partner. Clearly this objective has been met"*

*"The process was undertaken during unprecedented times in the development market and followed a previous process for the town centre that had to be cancelled due to the infamous "Roanne" ruling. A large number of other projects have either stalled or effectively been "shelved" due to these issues and in that context the award of the contract should be seen in a very positive light as one of very few schemes to reach this point in the current cycle"*

## **Lessons Learned by the Council**

3.21 Norma said that the Council had a post-project protocol to review and record the lessons learnt under a number of headings. This had been circulated to the TFG and included:

- Project team continuity and increased knowledge of participants
- Procurement lessons
- Need for policy flexibility to cope with changing external/internal influences
- Reports identifying the options and outcomes
- Taking tough decisions
- Clarity on what the Council defines as a “Council Project”
- Development of a policy to manage internal conflicts of interest

## **Discussion**

3.22 Members said that secrecy was one of the main criticisms directed at the Council. Cllr Steve Jarvis said the competitive dialogue process with its confidentiality requirements was not an appropriate one for a local authority and officers acknowledged this disadvantage. Anthony Roche said the Council took external expert legal and development advice in 2008 and that the competitive dialogue process was recommended as the most suitable one for the circumstances. In practice it was costly, time-consuming, proved unpopular with developers and its confidentiality was unpopular with the public. With hindsight, the Council probably wouldn't use it again. By 2011 the same external experts were giving different advice as to the process to use for such opportunities and the Council hasn't used the competitive dialogue process since.

3.23 Cllr Jarvis said it was not clear what the Council was ever trying to achieve with the Churchgate project. There was not a clear enough set of objectives. The brief set out the broad outcomes without giving specifics, which would be expensive for bidders. The Council could have decided what it wanted and then tendered for it.

3.24 Anthony Roche said the Council could have been either more or less prescriptive about its requirements. He said the planning brief was so tightly drawn it provided little flexibility. Other options had been explored such as a joint venture and the Council reaching its own view of what was needed. This could have included selling the land. Anthony said there were many points when different decisions could have been made which might have led to different outcomes. This is of course viewed with the benefit of hindsight, as the decisions were taken by Members with the best of intentions at the time.

3.25 The planning brief was in some ways too specific and sought too many things such as a walkway by the River Hiz, car parking and other things which would be costly to implement without necessarily generating much income.

3.26 In terms of the cost of the process the Council checked that Simons was still giving value for money throughout the process. There was also another bidder deep in the process. Cllr Jarvis said this second bidder must have doubted whether the project was viable. He said the Council could have put the project on hold for a year or so to decrease costs.



3.27 Anthony Roche said that the downturn was very severe after the banking crisis hit. The Council had already spent £588,000 on external advice and other necessary preliminary work. These costs were inflated by a longer than expected competitive dialogue process which lasted 20 months instead of 12 months. This increased the costs of external advisors. The bidders sought to minimise their costs which meant that Eversheds ended up doing most of the drafting of agreements which the Council ultimately paid for. The second bidder did not leave the process over viability concerns. The bidders, and the Council's professional advisers, viewed positives in planning developments during a downturn which could then be delivered as the economy improved. The issue was the downturn was more severe and lasted longer than anyone predicted.

3.28 Cllr Judi Billing asked whether the decision to keep going was affected by involvement of Councillors at the project board or working party level. The working party was, in effect, the whole of Hitchin Committee. There was a danger that Members represented the views of their area not necessarily that of the Council as a whole. Anthony said the decision to award a contract was a political one (meaning one made by Councillors) and was made nearly unanimously by full Council.

3.29 Asked about his prior experience of project management, Anthony said this had been his first project and he had learnt a great deal from it. Louise Symes said she had been involved in the project since 2000 in the development of the planning briefs. She had also been involved in delivering the Baldock and Royston town centre enhancement projects. She was PRINCE2 trained and had experience in a different range of projects. Norma said she was involved in the town centre strategy work from the finance and asset management perspectives.

3.30 Anthony said he worked alongside DTZ who also had a Project Management function. The DTZ role was liaising with the developers and running the competitive dialogue. His role was coordinating activities and making sure that things happened. He monitored things on a daily basis to ensure compliance with the procurement requirements and to keep the project moving forward. This was possible because he didn't have an active caseload as a lawyer, having only just joined the Council at the time. Norma Atlay said she made a deliberate decision to use Anthony on the project because there was an opportunity to develop expertise in this area in the legal team and she was conscious of the Council shortage of expertise in this area. Anthony said he had spent more than 1,000 hours on the competitive dialogue process saving a considerable amount in external fees and other expenses.

3.31 Cllr Jarvis asked who decided if changes to the project plan were outside the project board's remit and asked about the process for deciding who should go back to Council if things went wrong. Norma said the Development Agreement set out the Council's requirements and it had milestones which the Council and its partner were managing against.

3.32 Cllr Jarvis said members didn't find out about the problems with Churchgate until late in the day. He asked when the Council needed to report exceptions. Anthony Roche said in future this might be an area the Council need to define better at the outset. Louise Symes said the risk log identified the risks.

3.33 The Scrutiny Officer Brendan Sullivan said there had been a task and finish group on project boards a few years previously which recommended that the Overview and Scrutiny Committee receive exception reports. Cabinet had rejected the recommendation. Norma said that was because Cabinet and Council already received exception reports and there was no need to change this arrangement and add in an extra layer of reporting.

3.34 Anthony Roche said there had been a DTZ review of the procurement process. Members said it would have had more value if it had been conducted later on. Anthony said the Council had been criticised weekly for its handling of Churchgate and this had generated a lot of work for officers. In 2013 there were lots of press comments and criticism of the Council. Norma Atlay was mentioned in Private Eye and Anthony had been threatened with being reported to the Law Society. Simons held an exhibition as a means of engagement with the local community. Anthony said that of those who attended, there were more people against the project than in favour of it. The Council was conscious of community feeling.

3.35 Anthony said the Council had decided to deliver its town centre strategy. If Churchgate was being developed by private developer, they would still have to contend with this sort of environment. Cllr Gerald Morris said a private developer would make sure one person would be entrusted with the responsibility of the project, the budget, selling the project to the community and sticking to the timetable. The Council's over-reliance on systems seemed to deliver results by accident.

3.36 Officers noted that the approach the Council decided to take, in appointing a development partner, was that the developer had this lead role to deliver a development

3.37 Cllr Judi Billing said the Council should have been responsible for driving every aspect of the project instead of leaving it to external consultants to come up with a detailed proposal. The Council set up control points but still didn't have full control of the project or personnel. The planning briefs restricted creativity and prevented people from putting forward imaginative solutions, making it more difficult to find the best way forward. The Council didn't have the expertise for this type of project on this scale. There was friction with the local community.

3.38 Cllr Billing said the Council needed to show better leadership. She said the Council was a political organisation and the political leadership determines its success or failure. 20 years ago people were wary about changes to car parking in Hitchin Market Place but the governing Conservative group implemented those changes under the leadership of Geoff Woods and made it a success.

3.39 Norma said that members gave the policy direction at a time when town centres were a Council priority. It was not clear at the time which type of scheme had the greatest chance of success. Cllr Jarvis said the Council need to be clearer when things weren't going to work and call a halt to them much faster. Cllr Morris said if the project was not completed by 2008 before the crash, the Council should have halted the scheme. Anthony said a small scheme might have succeeded, but the adopted planning process was not flexible enough.

3.40 Norma said the scheme was not designed to generate income for the Council. It was meant to regenerate Hitchin town centre and bring in more than £50 million of investment to Hitchin. The Council also wanted to protect its existing income streams. In terms of staff time Norma said lots of staff time have been spent on the project but staff were accustomed to juggling their work priorities. Cllr Morris said a scheme of this size needed a proper project manager. Every large development has difficulties, but the difference is that successful ones have a champion driving them. Norma said employing an outside project manager was a luxury and the Council instead chose to identify a dedicated team of staff.

3.41 Members said there had been a lot of publicity about localism. When negotiations are confidential, how does the council report on them; and balance the need for confidentiality with the need for transparency and accountability? Anthony said the Churchgate Liaison Forum didn't work as intended. Simons met with local representatives and it turned into a public meeting with lots of heckling. It was set up with the best of intentions although it didn't work well for the Churchgate Project.

3.42 Members said the Council needed a way to explain the process to the community. Some people don't trust the council. Cllr Billing asked why there was so little trust between the Council and some people in Hitchin. Cllr Morris said this was a general problem with local government. As for the lessons learnt, Norma said the Council had gained a lot of knowledge, particularly the small group of officers who were involved in the project.

3.43 In terms of project management capacity, Norma said the Council conducted a maximum of four major projects at any one time, along with a number of smaller ones. Members questioned whether this was still viable for an organisation of this size with its current level of resources.

3.44 As for lessons learnt, the Council now had an internal Conflict of Interest Policy. This would cover situations like, for example, when the Council needed planning advice from its planning department but a project might also need a planning decision from the same department.

#### **4. HERTS 7 BUILDING CONTROL PROJECT**

4.1 Ian Fullstone, Head of Development and Building Control spoke to the briefing which had been circulated only to members of the Task and Finish Group as it contained confidential material of a commercially sensitive nature.

4.2 Ian said that building control was a statutory function for local authorities which had been opened up to private sector competition since the mid 1990s. Local authority building control departments could only operate fully within their administrative boundaries. Competition from the private sector on service delivery was around their ability to work Countrywide with no administrative boundaries, the private sector was also able to offer better pay and reward packages making recruitment and retention of local authority staff very difficult. Neither was competition on a level playing field as private operators were not required to publish their fee structure and could therefore offer their service by undercutting a council's published fees, anecdotal evidence suggested this would be by about 10%.

4.3 The key points of building control services in Hertfordshire were:

- The majority of Hertfordshire's Building Control Services were run at a cost to their General Funds;
- As a result of recruitment and retention problems Councils find it difficult to market their services and attract commercial clients and are struggling to maintain their client base in competition with private operators;
- It was becoming increasingly difficult to recruit and maintain qualified and experienced staff. Most Hertfordshire authorities had small, ageing building control teams which lacked resilience;
- It was increasingly difficult to run services effectively with current resources and overheads;
- Despite their difficulties, Hertfordshire's local authority building control was still attracting a healthy fee income and were trusted by their local population.

4.4 Ian said he was the Project Manager for the Herts 7 Building Control Project. This was a collaborative arrangement involving seven councils: NHDC, Stevenage, Welwyn Hatfield, Broxbourne, Three Rivers, East Hertfordshire and Hertsmere.

4.5 The project was first considered by the Chief Executives Group in 2013, progressed with East of England Local Government Association support in 2014, to a point where in August 2016, NHDC's staff were transferred to the new company.

4.6 The new arrangement for delivering building control services was made up of three wholly owned local authority companies limited by shares. Each authority has an equal share and equal voting rights through shareholder representatives, directors and contract managers. The companies are:

- Broste Rivers Ltd which is the parent holding company;
- Broste Rivers LA7 Ltd, now trading as Hertfordshire Building Control, which will undertake the not for profit statutory building control work on behalf of the 7 LAs. This includes fee earning (application based) and non-fee earning (dangerous structures, demolitions etc.) work;
- Broste Rivers H7 Ltd, to be known as Rapport will undertake commercial (for profit) building control related functions within and outside of the administrative boundary of the 7 LAs.

4.7 The potential service benefits from the collaborative arrangement were identified as:

- Improved service resilience;
- Improved economy, efficiency and effectiveness;
- Improved customer service;
- Increased ability to retain, develop and recruit staff and thus improve service quality;
- Provision of a broader service offer to customers.

4.8 The potential commercial benefits of collaboration were:

- Councils using existing skills and expertise to access new fee earning work in both new and existing areas to increase financial benefits;
- Collective investment in enabling technologies and business development capacity which would not be possible on an individual basis;
- The opportunity to stem the long term decline of building control services and share the resulting efficiency gains; and for H7 to trade commercially and return profits to local authorities who were the share holders.

4.9 The Company's staff will initially be based in two hubs: one in Hertsmere, the other in Welwyn Garden City. Two hubs were chosen as a result of staff feedback. Most support staff were local, tended to be lower paid and travelling long distances to work would not have been easy for them. The specialist support services e.g. payroll, legal, IT etc. for the company would initially be provided by individual local authorities. After two years of operation, the company can review the position and choose different providers if it wishes to.

4.10 Hertfordshire Building Control would employ around 37 staff, and Ian was one of the company directors. A managing director would be appointed who will be recruited through an outside recruitment agency. Since the T&F Group the MD has been appointed and the new company is migrating the seven building control databases onto its new single IT system, this is expected to be completed by May 2017.

4.11 Councillor Morris asked whether the company could go bust and Ian said theoretically it could if there was insufficient funds in its accounts. However, the business model identified significant growth opportunities and the seven local authorities had undertaken too provide a loan to enable the company to start up.. If the company was wound up, given the statutory duty the staff would return to their parent local authorities.

4.12 As for the other options, the council could have shared its building control service with another authority or tried to carry on alone, but these would not have overcome the over-arching resilience issues. The collaboration had been a very challenging process. Ian had written the business plan which was accepted by all seven councils with only a few questions on the financial model from the group accountants. All seven councils adopted the business plan, and the Project Board was supported by an external consultant. The project board was made up of the seven chief executives or their deputies along with a representative from the East of England LGA.

4.13 The project had led to Ian working evenings and weekends. At the same time the day job needed to continue. While officers were best placed to start the process, they needed the time and capacity to do so. Ian said that the project could have gone ahead with only 4 or 5 local authorities and been completed faster but it was decided by the Project Board to spend longer to ensure all 7 went forward. There had been some interruption to the continuity of the project for example when there were Executive Member changes at Welwyn Hatfield District Council which meant that parts of the process had to be revisited.

4.14 As for his experience running projects, Ian said NHDC's Building Control Service was already commercially orientated due to the private sector competition and Local Authority building control work having to secure sufficient work to break even at the end of the year. Asked about problems, Ian said that there were seven local authorities with their own staff, each had their own personal and professional concerns that needed to be considered as part of the TUPE process. For some staff if they were local to the existing offices the challenges were practical concerns like picking up children. For other staff it was concerns around a new way of working, some staff though saw this as an opportunity to access new areas of work and develop themselves.

4.15 The seven Hertfordshire authorities were the first to form a company limited by shares to undertake the building control function. Whilst expert legal advice was engaged, it was appropriate for officers with experience of building control to get the project off the ground.

4.16 Asked about whether Council should employ professional project managers, Ian said that in his opinion NHDC officers had the necessary expertise to begin projects such as this with the necessary expert advice sought as required. Steve Jarvis asked whether the seven were clear about the objectives, as each authority had its own priority which might be more resilience, more income or something else. Ian said that each authority had entered into the partnership for its own reasons but they would work to common objectives, this was all identified within the business plan.

4.17 As for doing anything differently, Ian said he wouldn't work weekends and evenings. He would find a way of doing the project while delegating more of the day job. He also said staff engagement could have been handled better. The council should have been more proactive with staff by giving them key messages much earlier.

4.18 Members said the project had been completed comparatively quickly, especially given the involvement of so many councils. There had been consultation with the public, but perhaps more would have been desirable in an ideal world. The quality of business case meant the Council could take a decision and stick to it, rather than the project proceeding through a series of small decisions and increments.

## **5. DISTRICT COUNCIL OFFICES (DCO) REFURBISHMENT PROJECT**

5.1 Howard Crompton, the Head of Revenues, Benefits and IT said he had been in local government for more than 40 years. In 1988 he managed a major housing benefit change when all claims had to be recalculated using completely new rules. In 1989 there was more change with the implementation of the Community Charge and three years later, the Council Tax. Then there were all the welfare benefit changes that have taken place over the intervening years. In those days there was no such thing as PRINCE2, although projects were managed in a similar way with good will and good planning.

5.2 Howard said he was registered as a PRINCE2 practitioner in 2005. He first used it in an IT infrastructure change, working in a collaborative partnership with the supplier to change the way customers accessed services. In 2010 he became the project manager for the rationalisation of Council accommodation which required promoting home working to allow the Council to vacate Town Lodge. This brought the beginnings of a change in culture and working practices at the Council with more home working and hot desking. This part of the project was delivered on time and on budget although it had all been done on a shoestring and relied on great cooperation from all staff. The Council saved £70,000 moving from Town Lodge. When the lease on Town Lodge expires there will be more savings because NHDC will no longer have to make the building weather tight, pay insurance and other fixed costs. As for the DCO, the Council had a full repairing lease on it so it would have had to spend a significant amount bringing it up to standard even if it hadn't purchased it.

5.3 The main features and milestones were:

- 15/12/2009 Cabinet sets up a Project Board to firstly move all staff to the DCO from Town Lodge and then develop and implement a longer term plan for Office Accommodation
- Project Team began work in February 2010
- Required culture change to implement more home working
- Virtually no budget – had to be funded from existing budgets
- Lease extended from December 2011 to December 2016
- Town Lodge vacated February 2011 – Revenue saving £70K
- Andy Cavanagh took over as Project Manager for phase 2
- December 2013 Council agrees to purchase DCO

5.4 There have been changes to the designs leading up to an open tender process in the summer of 2016. However no bids had been submitted probably due to the complexity of the tender, which contained a number of options. The council then decided use a Scape framework agreement. Howard became involved again in March 2016 after Andy Cavanagh, the previous project manager had left. The Scape framework agreement promotes the use of local contractors as much as possible which has many benefits for the local economy. Willmott Dixon is the principal contractor.

5.5 The key milestones for the next phase were:

- December 2013 DCO purchased
- 2014 – Design phase Stevenage Borough Council (SBC) appointed as architects
- Planning Permission granted August 2015
- Planning and other enhancements included in the spec
- Summer 2016 - Open tender
- July 2016 Council agrees scope and budget
- July 2016 Decision taken to go with SCAPE Framework Agreement

5.6 The DCO was classified as a major project because it scored maximum points on the scoring matrix. Howard summarised the main features of the scheme and this can be found in the background papers. The project was being managed using Prince 2 methodology, but applied sensibly and proportionately. Howard said it was more cost effective for officers to manage the project rather than hire outsiders. They understood the organisation, and knew how to unlock problems.

5.7 The Project Executive is the Strategic Director Norma Atlay. The Senior User is the Executive Member for Finance and IT, Cllr Terry Hone. The Project Manager had been the Head of Finance, Performance & Asset Management, Andy Cavanagh until his departure, but was now Howard Crompton. The Project Board and Project Team were in place. The trigger, start up and initiation stages had been completed, and the project was now in the delivery stage.

### **State of Play in October 2016**

5.8 The project was now at the delivery stage. Following the Council meeting on 14 July 2016, there was now clarity about the scheme to be implemented and the budget the Council needed to deliver it. On 20 July 2016, the Project Board decided to enter into a SCAPE Framework Agreement.

5.9 Local contractors were being used, so money would filter back into the local economy. There was an open book process to ensure value for money. The decant of staff to Town Lodge would take place over five weekends beginning on 5/6 November. The contractors Willmott Dixon had completed the Feasibility Study. Willmott Dixon and NHDC had held a workshop to determine the exact requirements of the project. Willmott Dixon were tendering work packages at the moment (as at October 2016).

### **Future Work and timescales**

5.10 Howard said NHDC, Willmott Dixon and the suppliers would meet from November to January to agree prices within the allocated budget. Willmott Dixon would begin surveys and other preparatory work in early December. Strip out contractors would remove asbestos starting in January. The final price for the project would be agreed by end of January, and construction work would begin by March, and last for 35 weeks construction. The estimated return date to the DCO was November 2017.

### **Culture change**

5.11 Howard said the construction work was only one challenge. The refurbishment would require a significant culture change to enable a successful move to Town Lodge, with more home working and hot desking. It would take a good deal of co-operation from staff to make it happen. Further cultural changes would be needed when staff returned to the DCO, with fewer offices available and a more open plan work space, with informal break out areas. Staff would need to have more discipline around room bookings, clear desks and more; and there was an expectation of sharing the DCO with other organisations.

5.12 Once complete, the project would provide a modern, multi-functional building which would provide a wider range of services to the public, secure the value of the building as an asset, provide an income stream for the Council, secure Letchworth as a civic centre for the future and be a comfortable place to work in and visit, in a building providing some civic pride.

## Discussion

5.13 Howard said that Stevenage Borough Council were the Architects who had done the original design which went for planning permission. NHDC's planners wanted things added so the building had a more civic feel, and there had been a number of staff suggestions which were good and reasonable and so were included. When the Council went out to open tender it didn't have the authority to spend all the money required, and the tenders were very complex. There was a possible base scheme: and there were other options which might or might not be included. The package was unacceptable to contractors due to its complexity. It would have been a messy contract, with most contractors preferring to build a new building. Howard said replacing the curtain walling was difficult and there were now very few suppliers. Willmott Dixon will sub-contract the work and will remain in overall charge of the project. Howard said the budget was fixed, and the project had a 35 week timescale.

5.14 Cllr Jarvis said the Council had taken a long time to decide on the final project and there seemed to have been considerable mission creep. He asked about the difficulty in progressing it after the purchase of the DCO had been completed. Howard said it was difficult to comment as he hadn't been involved at the time. He wasn't sure how much pressure there was at the time but with hindsight it would have been better for the Council to have had a projected end date in mind. There was a pause in progress between the end of December 2013 through to the summer of 2015. When asked about whether the business case was up to date Howard said when he needed to update it he submitted a revised business case to the project board for approval. Asked about the visibility of project boards and transparency, Howard said there had been a number of reports to Cabinet and Council.

5.15 Cllr Ian Albert, substituting for Cllr Judi Billing, said that Willmott Dixon had worked on a school in Hitchin and had done a good job. Howard said the Council's own building surveyors were heavily involved. The Council also had other expertise like planning and building control involved. There was a Gantt chart produced by the surveyors and Willmott Dixon had done the same thing for the construction phase. Howard said the reality of being a senior officer in a small District Council was that you didn't work a 37 hour week. If the council employed a project manager at the cost £100,000 there would be £100,000 less to spend on construction. Furthermore the council already had the expertise to do the project in house.

5.16 The group asked whether the project would be successfully concluded on time. The Council was a small organisation with little backup and little resilience, and a lot depending on individuals. Outside help was very expensive. Howard said inside knowledge was sufficient. The Council's senior officers had the authority and knowledge to unblock problems with projects.

5.17 Cllr Jarvis asked how the projected benefits and culture change was planned. Howard said he would run a series of exercises to make people aware. Staff would also have a taste of the new arrangements when they moved to Town Lodge where there would be less space available and more hot desking. Asked how the council would manage people in Town Lodge and keep them motivated, Howard said conditions were less than perfect but he was pushing the advantages of flexible working. Furthermore many staff liked and valued it. Howard had some staff who lived miles away and home working suited them, and it also enabled them to work around their children's needs. The turnover of staff was not high in the Council.



5.18 Howard said the open tender stage was transparent and everyone had had the opportunity to bid for the contract, but it had ultimately resulted in a month's delay. He confirmed that the council have been indemnified by Willmott Dixon for errors and problems with the construction. This didn't guarantee that contractors won't go bust. As for lessons learnt or things done differently, Howard said he was very fortunate with the people we have here. We will move back into a nice a working environment, and staff had been very cooperative. A specific timetable would be helpful for the middle stage of the project.

#### **Update since the meeting:**

5.19 On 17 February, Howard reported that the final contract with Willmott Dixon Construction (WDC) was signed and so now WDC can proceed and place all the orders for the components and all the ancillary equipment required to start the construction phase of the project, which is due to begin on Monday 6 March 2017. Because the amount of asbestos in the building which had to be removed and was more than originally thought, a further month has been added to the duration of the contract and so the end date is now 30 January 2018 and this date is now firmly set in the contract.

5.20 The contract value was £5,386,777.33 plus an additional £246,605.77 for the removal of the asbestos, making a total of **£5,633,383**. There have been are some minor changes to the scheme but it will still deliver what the Council expected.

## **6. THE HITCHIN SWIMMING CENTRE PROJECT**

6.1 Vaughan Watson, Head of Leisure and Environmental Service said the council ran two outdoor pools, both at a financial loss. One of the Council's policies was to invest to save by spending to reduce operating costs. Investment in leisure facilities had proved effective in reducing running costs and /or boosting income for the Council. Since the development of Archers Gym in 2000, the demand for classes, in particular from women has increased substantially and outstripped the available supply. At the same time, although membership had achieved by 1,600 members, there was a risk term that competitors would enter the market and have a negative impact on Archers.

6.2 In February 2012, Council approved a feasibility study to expand and refurbish the centre. An architect and quantity surveyor were appointed to look at the design and costs of providing the multi functional rooms required for classes and the replacement of the aging indoor pool changing rooms with a changing village. The Swim Centre had traditional changing rooms, but the trend was towards a changing village which gave users more space and more flexible for families.

6.3 Stevenage Leisure Ltd (SLL), which operates the centre on behalf of NHDC, commissioned a study to determine latent demand of approximately 1,000 extra customers of this catchment area.

6.4 SLL put forward a proposal to NHDC that they would be willing to fund between £720,000 and £1.1 million of a project to develop multi functional room at Archers provided the contracts for Royston and Hitchin were extended to 2024. This was reported and agreed by Cabinet in March 2013.

6.5 As a result, SLL agreed to make an additional payment of £163,000 per annum starting from April 2014 for a period of ten years providing a total of over £1.63m pounds to the general fund. The reported final outturn for the development of the multi functional rooms was £1.035m, showing a financial surplus of about £600,000 over the ten years for the original capital cost.

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6.6 The Council also provided as part of the works a new indoor changing village and air conditioning that cost a further £810,000. The agreed Capital programme was £1.910m and the final spend came in under budget at £1.859m.

6.7 In 2016 memberships have risen to an all time high of 3,230 members, well exceeding the extra 1,000 member projected. This year there will be profit share that will assist in current and future projects.

6.8 The project had suffered a 10 week delay because of drainage issues, but this was not a major problem. The only part of the project which hasn't gone well was a collapsed drain. They had also been temporary changing facilities which was inconvenient for customers; and the air conditioning for Archers was old and needs replacing.

6.9 Cllr Steve Jarvis said the review was looking at the process of managing projects, including financial objectives and how well the process worked. He asked whether there was a formal review process for financial and other benefits. There seemed to be a lack of formality about this information. Vaughan said the Council had regular meetings with the contractor and received the profit and loss statement. The Council monitored the Centre's performance against the revised business case.

6.10 Cllr Jarvis asked which increases were a result of the project as opposed to the general growth in the leisure market. Vaughan said there were too many factors to untangle to answer that question.

6.11 Judi Billing asked about improvements to car parking at the Swim Centre. The current proposal to build at Butt's Close should have been part of the Swim Centre Project. She asked what the process was for making suggestions and giving feedback. Steve Crowley, the Council's Contracts & Projects Manager said there had been a consultation which would have explored car parking. The Council had introduced a £1 charge to stop commuters and other people parking at the Centre and then walking into town. The charges had now increased in the town centre causing a problem for the swim centre. Asked about SLL's management of the facility, Steve Crowley confirmed there was monitoring of electronic tills and audited accounts.

6.12 Vaughan said he wouldn't do anything different on the project. The Centre was very popular, but there was an issue with car parking. Judi Billing said the demographics in Hitchin were changing with more families and flats and more commuters, and she asked whether this was taken into account.

### **Follow Up**

6.13 After the meeting, there was correspondence from Mr Bernard Eddleston, a member of the public who attended the meeting, and the TFG. He asked that his points be taken into account. His correspondence with the Council is set out below.

### Mr Eddleston's Initial e mail

6.14 Unfortunately I was not allowed to raise questions on the projects being reviewed last night. I am afraid some inaccurate figures were presented and the full picture was not presented on the Hitchin Archers fitness studios.

- i. Under a FOI request and published on the NHDC website the number of members of Archers at the end of 2012 is stated by NHDC as 2509. Thus the increase in members since then is only 700 (current figure quoted as 3230) and certainly hasn't doubled. The 1,000 increase expected has not occurred.
- ii. The presentation of the return on the investment takes no account of the effect of the agreement on SSL/NHDC of the profit sharing scheme. During 2012/3 the share of profits coming to NHDC was £142,000 and in 2013/4 it was £110,000 (again established by a FOI request on NHDC website) Because of the effect of the renegotiated arrangement with SSL after the studios were completed the profit share coming to NHDC dropped to zero in 2014/5 and 2015/6 although there may be a small element in 2016/17.
- iii. So the improvement in the finances is not the £163,000 presented but only about £53,000 per annum (since the profit share has gone from £110,000 to zero.) Thus over the 10 years NHDC will only recover about £530,000 not the £1,63 million stated, a shortfall of about £1.0M. Not quite the success claimed.
- iv. Although the initial capital cost was about £1.1M, there was to be return on capital of 6% so the amount to be recovered is £1.465M. This was omitted from the report. However since the public were not able to ask questions I'm afraid these facts did not emerge which might have changed the nature of the discussion. Please take the above into account, Regards, Bernard Eddleston

### Response from Steve Crowley, NHDC

6.15 I would like to thank Mr Eddleston for his contribution at the meeting last night. With regards to the further questions that he has raised, I have provided a response to these:-

- i. Mr Eddleston is correct that as of December 2012 the membership for Archer was 2509 however, the latent demand estimated was completed in January 2012 which demonstrated a total demand for Hitchin Swimming Centre for fitness of 2,981. This was based on the membership that at the time of the report being written was 1,950, therefore leaving a latent demand of 1031. Prior to the work commencing on site the membership had grown to 2755, by February 2015 memberships had increased to 3005 and as of December 2016 the total membership was 3,230, therefore, significantly above the projected latent demand for this facility. The December membership is 8% above the business case projections.
- ii. Mr Eddleston is correct about the profit share figure, however, the return on investment is regarding the change in the leisure management fee and not the profit share. As of 2013/14 the Council paid SLL £110,877 for operating the Hitchin Contract, following the completion to the capital project SLL paid the Council £35,670 (2014/15) a variation in the contract of £146,547 per annum. At the same time the Council negotiated an increase payment for the Royston Contract, as of 2013/14 SLL paid the Council £28,26 for this contract, as of 2014/15 SLL increased their payment to the Council to £44,952, an increase of £16,687. Therefore, £146,547 + £16,687 = £163,234 increased annual payment by SLL to the Council for these contracts, this is

- iii. an income to the Council of £1,632,340 over the remaining ten years of the contract from 2014/15. The profit share is a totally different item and was not part of the business case.
- iv. I hope this provide a satisfactory response to the questions that Mr Eddleston has raised. Regards, Steve Crowley, Contracts & Projects Manager

Further email from Mr Eddleston

6.16 Thank you for the response to my comments from Steve Crowley which reinforces points made in my presentation quite clearly. I do not want to enter into an extended debate but I must respond to Steve's reply to demonstrate this.

- i. Membership of Archers. It is clear from the figures that the majority of the increase in membership was obtained before the extension to Archers was even begun and if one projected those increases going forward one would have reached the current figure of 3,230 in any case. Therefore one cannot in truth attribute any of the increase in membership to the extension but just a growing fitness and gym market. Just draw yourself a simple graph.
- ii. The response just confirms my view that projects are not looked at from a real business perspective or examined thoroughly before they are agreed. The effect on the profit share is integral to the business case and is not a totally different item. It is no good saying that SSL are going to improve the nett payment situation by £163,000 on the one hand without taking into account the fact that by doing so you are reducing the profit share to NHDC from £110,000 to zero on the other hand. It was evident that by decreasing SSL income (or increasing costs however one wants to present it) by £163,000 the profit would disappear. The effect on the Council is then not £163,000 improvement but only £53,000 and nett income to the Council over the 10 year period will be only £530,000 a shortfall of nearly £1M. This was evident at the time this scheme was being proposed and was pointed out to some Councillors who took no notice. Regards, Bernard Eddleston

- 6.17 Commenting on the exchange, Cllr Gerald Morris made the following observations:
- In reading the emails back and forth it seems to me that depending on who is looking at the financial information, one can come up with different answers.
  - NHDC's leisure facilities are a large part of the council's activities involving substantial sums of money. As such, I think they should be treated as if they were a subsidiary company which is part of a large organisation.
  - It would be clearer and less ambiguous if the figures were presented in an accounts form rather than as a narrative. Similarly because of the size of money involved they should also be independently audited.
  - These accounts could be accompanied by a narrative which may well expand upon particular aspects of the facilities performance, as is normal practice.
  - By presenting the performance of our leisure centres in an accounts form, there would be little room for misinterpretation or ambiguity.
  - I also understand that our leisure facilities are a public service and we can take a view as to whether they should make a financial contribution or not. By presenting figures in the way I have suggested we would at least know clearly the position we are in.

## 7. NORTH HERTS LEISURE CENTRE (NHLC) PROJECT

7.1 Vaughan Watson said the NHLC had been built in the mid 1980's and was now over 30 years old. It had been very popular and well supported since it was built. Given the success of Hitchin Swim Centre project, the Council had been looking for more invest to save opportunities. SLL had a waiting list of 700 people for swimming lessons which could not be met by NHLC's current facilities. As well as the financial benefits of the project there were also social benefits. Given the centre's age, the Council's options were:

- do nothing
- Demolish and replace the Leisure Centre
- invest in the existing facility and extend its current life

Of these the least risky and most sustainable option was to invest in the existing facility.

7.2 A capital budget was agreed to improve the Centre including:

- A new teaching pool;
- A new cafeteria;
- replacement offices;
- conversion of the old cafeteria to a multi functional room;
- refurbishment of the sports hall including flooring and lighting;
- refurbishment of the leisure pool changing rooms;
- Plant room improvements; and
- Improvements to car parking.

7.3 As well as a much improved facility for the public, the Council would receive an extra **£18,398** a month (**£220,776** a year) from SLL once the facility had been completed. This was originally scheduled to be April 2016 and was now scheduled to be June 2017.

7.4 Cllr Gerald Morris asked whether the Council took account of asset depreciation when calculating its profit and Vaughan said it did not.

7.5 There had been a number of delays to the project. The initial delay of 7.5 months before work began were due to having to secure further funding of £317,000 of capital from Council with £138,000 of income lost as a result. There were then further negotiations with the main contractor, resulting in further delays of 5.5 months and further costs funded from contingencies before work started on site, resulting in a loss of £101,000 of potential income. The initial tender was substantially over budget and the Council pursued a value engineering exercise in order to bring the costs down. This exercise was necessary but time consuming as it involves careful consideration of amendments to design and build in order to reduce cost without any material impact on the usability of the completed works.

7.6 Since work began on site further issues with cabling and drains were identified that resulted in a further 10 week delay on the overall programme costing an extra £127,000 in capital funding and resulting in the loss of £46,000 of expected income.

7.7 The total revenue implications associated with delays in opening the teaching pool is the loss of contractual savings on the Letchworth Leisure Contract, which equates to £18,398 per month. The delay in opening of 15.5 months has resulted in a loss of **£285,000** in expected income.

7.8 The increase in capital costs on the project are £317,300 of additional capital funds agreed by Council before work began and £128,000 after work started due to drains and cabling work not identified prior to commencement of contract, a total of **£445,000**. Cllr Gerald Morris said the normal contingency for such projects was 10%. An estimate is only an estimate, not a quotation.

7.9 Cllr Judi Billing asked if the Council had any data on loss of clientele. Vaughan said there was a loyal customer base and most of them were tolerant of the works provided the Council kept them informed. Males were more disadvantaged than females by the works. Steve Crowley said the Council didn't have data but overall usage for all leisure facilities was up.. Judi Billing said she was not sure communication was great and as a user she wasn't always sure what was going on. A notice board in reception has been dedicated for the project providing updates on key items.

7.10 Cllr Steve Jarvis questioned the use of value engineering and asked whether it saved anything if the cost of it was more than the possible savings available. Steve Crowley said this went to Project Board and then to Cabinet. Steve Jarvis said it was possible to follow a process but not get the desired result. Steve Crowley said the Council invested in project management training and any changes were considered against the business case. Vaughan said the Council was saving a million pounds a year on leisure contracts compared to a few years ago. Steve Jarvis said the Council could have saved more if it had been built on time.

7.11 Cllr Michael Weeks said this was a good example of partnership working but there was not enough parking at the Leisure Centre. Vaughan Watson said the Letchworth Garden City Heritage Foundation lead on parking matters as they owned the land and the rugby club had done the work.

7.12 Steve Crowley said the Council had adopted a design and build model at Royston Leisure Centre; and undertaken a traditional build at the other leisure centres and decided that a design and build was more suitable for the NHLC project They used a quantity surveyor to determine the budget. As for lessons learnt, Vaughan Watson said it was important that Council delivered projects without too much procrastination. It had more limited resources which meant it needed to manage the risk properly.

7.13 Cllr Steve Jarvis asked if the project included officer time in terms of cost and capacity. Vaughan said time allocations were done over a one year period. Working evenings and weekends was normal for senior officers. The project was still within the revised revenue budget and capital budget.

## **8. BALDOCK TOWN CENTRE ENHANCEMENT SCHEME**

8.1 Louise Symes, Strategic Planning and Projects Manager at NHDC, explained that the Project had been approved by the Cabinet and Full Council in January 2006 with the adoption of the Baldock Town Centre Strategy. Its primary objective was:  
*'To maintain, regenerate and develop an attractive, safe, accessible, vibrant and lively town centre, based on its historic context, for the local community and visitors to work, live and relax'*.

8.2 A budget was set aside to enhance Baldock town centre. Following completion of the Baldock bypass in March 2006 and the resulting reduction in through traffic, there was an opportunity to improve the physical environment of the town centre. The project ran for 2½ years. In February 2007 BDP were appointed to design the scheme and supervise it through to completion. In 2008 Skanska was appointed as the contractor to undertake the work which was completed in April 2009.

- 8.3 The objectives of the scheme were to provide:
- a high quality, attractive and robust scheme in terms of design and materials;
  - a scheme that improved safety within the town;
  - a scheme that benefited all users in terms of function and accessibility;
  - a scheme that created a lively setting for the town centre.

## Issues

- 8.4 Louise said that addressing a number of issues was key to the success of the scheme:
- **Parking and traffic** – rationalisation of car parking in the town centre, reducing traffic speed and flows in the town. As a result Herts County Council (HCC) was an integral partner in the design of the scheme. A parking strategy was prepared for the town centre and surrounding residential streets.
  - **The market** – creating a dual purpose space for the market to be used for other events and parking at other times.
  - **Green and public space** - creating a pedestrian friendly area, suitable for events and activities, which Baldock town centre lacked. Engaging with Baldock's councillors, the Baldock Society, the Baldock Fair, market traders, local businesses and residents in the process was important for their views on how the space could be used.
  - **Street furniture** – needed to be robust, sustainable and removable for the annual Fair along the High Street and Whitehorse Street.
  - **Tesco** – linking the major supermarket into the town centre through the memorial gardens.

## Project Management

8.5 A partnership agreement was signed between NHDC and HCC which set out the financial terms and risks for the project, the duties and responsibilities of both partners, the project's principles and the decision making process.

8.6 A Project Board was set up which was responsible for driving forward the project and had powers to make all decisions relating to the project other than those in the remit of Cabinet or Council. The Project Board comprised:

- NHDC's Head of Planning and Building Control, David Scholes
- NHDC's Strategic Director of Financial & Regulatory Services, Norma Atlay
- A local Baldock District Councillor, Andrew Young
- HCC's Head of Transport, Programme & Standards, Mike Younghusband
- A core officer team with officers from NHDC and HCC and the design consultants as required.

8.7 The Core Officer Team reported regularly to the Project Board and had the responsibility to put into effect the decisions of the Project Board. The core team were responsible for day to day project management, preparing risk register and budget control.

8.8 Baldock and District Committee was consulted on all decisions about design and materials, including the extent of the scheme, choice of materials, consultation strategy, preliminary design for consultation and final design.

## **Budget and Cost**

8.9 The initial budget was £2.8 million made up of £2 million from NHDC and £800,000 from HCC. HCC subsequently increased its contribution by £400k to include modification of the Clothall Road and Whitehorse Street junction which also included a design and build of the western gateway with traffic signals at the Weston Way junction. This brought the total cost of the project to **£3.2 million**.

8.10 Of the £3.2million, £1million spent on preliminary investigation, design fees, project management, parking and traffic management and £2.2m on construction. The scheme was completed within budget and on-time.

## **Before & After**

8.11 The scheme was formally opened on 13 June 2009 with a special event in the town centre. The scheme won the Horticultural Landscape and Amenity Award 2009 for the Best Commercial Project.

8.12 Before the scheme, the town centre was dominated by parking, deliveries and through traffic. After, the space along High Street and Whitehorse Street was made more pedestrian friendly with the creation of a new public open space for the market and other events, areas of green space to enhance the environment, a more efficient parking layout and improved traffic flows. The town centre now enjoys a number of events, a café culture, fewer retail vacancies and an improved visitor experience.

## **Lessons learned**

- 8.13 The positive features of the project included:
- the importance of a design freeze in securing Project Board agreement and also agreement by the Baldock & District committee;
  - having member continuity on the Project Board;
  - working within an agreed budget at the outset;
  - having a dedicated team working on the project;
  - appointing designers who had extensive experience in public engagement; and
  - undertaking extensive pre-consultation to understand issues, consulting on scheme design, keeping the public informed regularly throughout the project, and requiring the contractor to appoint a public relations agent to work with businesses.

## **Handover to HCC & On-going Maintenance**

8.14 The scheme was handed over to HCC in January 2013 for future maintenance following completion of all outstanding snagging works. An agreed maintenance and management guide was prepared clearly setting out HCC's and NHDC's responsibilities.

## **Discussion**

8.15 Members said the scheme compared favourably to other town centre refurbishments in North Hertfordshire and most people seemed to like it. There seemed to have been a lot of public participation.

8.16 When asked about public dissatisfaction or opposition, Louise said some people didn't like change and were concerned about the length of the construction period, in particular business owners. The scheme had created a café culture in Baldock where none had previously existed.



8.17 Members doubted whether the re-modelling of the Whitehorse Street Junction had been completely effective. Despite the existence of the bypass, the Whitehorse Junction remains a shortcut road used by many motorists. Louise said traffic flow and congestion is a HCC issue, but NHDC has discussed a number of options with HCC including night limits, banning HGVs and better signage to divert traffic.

8.18 Mention was made about the quality of the materials used. Louise said one reason for using robust materials was to accommodate the Baldock Fair and the need for removable posts and materials that could withstand heavy loads, hence the choice of granite. York stone had been chosen as a design feature to delineate the footways in front of the buildings. The designers and contractors had emphasized that the sub-base on which the scheme was built needed proper attention to withstand heavy loads and traffic movements across forecourts. The street furniture was deliberately low maintenance.

8.19 Public consultation and time spent on this had been quite expensive and resource intensive but it had needed to be as there were so many different interests involved including visitors, businesses, residents and others. It had taken a good deal of consultation to understand the issues and really listen to local businesses and residents. BDP was a very good company who had good PR skills, design and construction management experience. Consultation about parking arrangements had been particularly important. Baldock was the only town centre in North Herts with residents' permits, although these were only issued to those with no access to on street parking.

8.20 When asked about writing a brief for the tender, Louise said there been an extensive brief drafted in conjunction with HCC. The scheme was in two parts. The first was a design scheme which involved extensive surveying and preparing the tender papers for the construction phase. BDP were not the cheapest company but their PR expertise was very important for consultation. The second phase was construction which involved another full tender process. The total budget was £3.2 million of which £1 million was on non construction related activities.

8.21 Louise said the scheme needed a lot of essential preliminary work before the construction drawings could be prepared such as the extensive surveys on Baldock's many cellars, parking arrangements and traffic flows. There was also a drainage survey and other preparatory work, along with the cost of a clerk of works on-site along with health and safety officers required to monitor the construction phase of the work.

8.22 Members queried the evidence for the cafe culture. Louise said there was now a wider trend of this taking place as Baldock previously had very narrow payments with cars parking right up the front of shops. The council created the right environment which has enabled the café culture to develop. Louise said more people in Baldock had started refurbishing their own buildings as a result of the improvements in the Baldock town centre.

8.23 Asked about transferable skills and lessons learnt, Louise said the Council was very clear about its aims and objectives for the enhancement of Baldock town centre. There was an advantage in taking a decision and sticking to it. This was particularly in relation to the design freeze on the scheme. It had also taken place in different economic circumstances when councils had the money to enhance their town centres.

8.24 Members said the scheme had been a success. There were some issues and some opposition, particularly about car parking. Louise said the proposal to enhance the link between Tesco and the Memorial Gardens had not worked. Tesco had submitted a planning application for expanding the store and one of the conditions was a better link from Tesco to the town centre but the application had been withdrawn so this element had not proceeded.

**CABINET (26.9.17)**

8.25 Steve Jarvis asked how the Council could make sure it set objectives that were achievable and avoid those which were not. The appeal of Tesco to visitors was very different to that of Baldock town centre. Louise noted the point and agreed that although the intention had been to open up the street scene and create stronger links between the town centre and Tesco, this may not have worked as one cannot predict people's habits. . The area of the High Street near the Memorial Gardens was still being used well during the year with a motorcycle festival, a music festival and more taking place.

8.26 Robin Dartington, a resident of Hitchin, considered that the scheme had been a success. It was an enhancement scheme which sought to improve things which were already there. It was different and less disruptive from the kind of redevelopment scheme proposed for Churchgate. Refurbishment involves removal of existing structures with nothing in between until the new development was built. He said BDP was an inspired choice. Indeed he had appointed BDP many years ago in one of his projects. It was a broad based company with many skills.

## 9. ENHANCEMENT OF FISH HILL SQUARE, ROYSTON

9.1 Louise Symes explained that the Project was approved by the Cabinet and Full Council in June 2008 with the adoption of the Royston Town Centre Strategy. The Strategy identified Fish Hill Square as a key opportunity site and recommended its enhancement.

9.2 The project ran for 18 months. BDP was commissioned in April 2010 following a full tender process to prepare a design for the enhancement of Fish Hill Square and supervise the works through to completion. Maylim Ltd was appointed in 2011 as the contractor to undertake the work which took 3 months to complete and was carried out from July to September 2011.

9.3 The objectives of the scheme were:

- to produce a well-designed, high quality enhancement scheme for Fish Hill Square that enhanced and promoted its historic character and best met the aspirations of the local community in design and implementation; and
- to provide a catalyst for future development within the town centre. An enhanced square should attract new uses and create a new public square to act as a focal point for the town centre.

### Issues

9.4 It was clear from the start that addressing a number of issues was key to the success of the scheme:

- **Flooding** - Addressing the drainage problem that resulted in periodic flooding of the lower section of Fish Hill and Market Hill during periods of very heavy rain. As a result HCC was an integral partner in the design of the scheme.
- **Parking** - Car parking in the square needed rationalising as part of the overall reorganisation of town centre parking.
- **Public Space** - Creating a pedestrian friendly area, suitable for events and activities, which Royston town centre lacked. This meant engaging with Royston Town Council, the town centre manager, local businesses and residents for their views on how the space could be used.

## **Project Management**

9.5 NHDC led on the project and worked in partnership with HCC as the highways authority. A Project Board was set up and was responsible for delivering the Project and it had the powers to make all the decisions relating to the Project. Its membership was:

- NHDC's Strategic Director of Planning, Housing and Enterprise, David Scholes;
- A local Royston District Councillor, Fiona Hill;
- NHDC's Regional and Strategic Developments Manager, John Ironside;
- NHDC's Group Accountant for Planning Services;
- A core officer team led by Louise Symes with officers from NHDC and HCC and the design consultants as required.

9.6 The core officer team reported regularly to the Project Board and had the responsibility to put into effect the decisions of the Project Board. The core team was responsible for day to day project management, preparing the risk register and budget control.

9.7 Royston and District Committee was consulted on all decisions including the extent of the scheme, the choice of materials, the consultation strategy, preliminary designs for consultation and the final design.

## **Cost & Budget**

9.8 This was a much smaller scheme than the Baldock one, with a total budget of £450,000 funded from Central Government's Growth Area Fund. HCC contributed a further £45,000 for the planned drainage works to ameliorate the flooding problem in Church Lane bringing the total budget to **£495,000**. The Scheme was completed on time and within budget.

9.9 The scheme was handed over to HCC in October 2013 for future maintenance following completion of all outstanding snagging works. An agreed maintenance and management guide was prepared clearly setting out HCC's and NHDC's responsibilities.

## **Before & After**

9.10 The scheme was formally opened on 19 November 2011 with a special event in the square.

9.11 The area at the northern end of Market Hill and Fish Hill was dominated by parking, deliveries and access for vehicles. Following completion of the works the space is predominately for pedestrians and for activities and events, with the parking and access controlled and resulting in a more efficient use of the space. The number of retail vacancies around the square has decreased and the square is used for small events.

9.12 The Council involved local school students in the design of the sculpture; and involved local residents and businesses in naming the square. Both were important for ownership of the square and its community use.

## Lessons learned

9.13 Positive aspects of the scheme were:

- the importance of a design freeze in securing Project Board agreement and also agreement by the Royston & District Area Committee;;
- member continuity on the Project Board;
- working with a limited budget and achieving value in terms of impact and design;
- Having a team dedicated to the project;
- Appointing designers who had extensive experience in public engagement;
- Undertaking extensive pre-consultation to understand issues, consulting on scheme design and keeping the public informed regularly throughout the project;
- gaining local ownership of scheme

## Discussion

9.14 Louise said the Royston project was similar to Baldock one but on a smaller scale. Royston town centre is rather disjointed and the project was about linking pieces of open space. Fish Hill Square was very quiet and the project aimed to stimulate business activity. The Council originally wanted to pedestrianise the whole area but the complete loss of car parking was unacceptable to the people who needed access to Church Lane and other residential areas. As a result, a small area was pedestrianised with the rest left open to parking. There were no vacant commercial units in this area since the scheme was completed.

9.15 The project was undertaken in two stages, design followed by construction work, and both went well. An extensive consultation exercise took place with businesses, the Town Council, town centre manager and local residents. The project management was led by NHDC.

9.16 The council and BDP involved the local Meridian School art class by asking them to take part in a competition to design a sculpture feature for the new square, with the prize winner spending a day at BDP. There was also a scheme regarding naming of the square. There was a lot of local ownership in the scheme which has meant the area has not suffered from graffiti and vandalism to date. With some further promotional work it might be possible to increase the use of the area. Once again the Council opted for the use of robust and durable materials. It also produced its own maintenance manual which sets out the responsibilities of NHDC and HCC. The Scheme was completed on time and on budget, even though it was a very restricted budget.

9.17 Cllr Morris said it was an unpretentious scheme which improved an awkward part of the town and he had not had any complaints about it. Louise confirmed that a third of the budget had been spent on design fees and preparation, as in Baldock. There were occasional events in the middle of town, but because the area not been fully pedestrianised it was not used as much as originally hoped.

9.18 Members asked why the Council did not use BDP as its designers on more schemes. Louise said they had been appointed to work on the Bancroft Gardens scheme in Hitchin. There was a suggestion they might be used to look at an enhancement (as opposed to a redevelopment) of Churchgate. Louise said they were good firm who had worked on many mixed use developments, and had won other contracts in Hertfordshire on the back of their successes in Baldock and Royston.

9.19 Cllr Jarvis said that even if the Council could not always afford to use BDP, it would be useful to understand how BDP went about things, particularly on public input. As for the lessons learned, the council had expertise but not necessarily the time to dedicate sufficient officer resource to a significant number of projects.

## **10. PUBLIC PARTICIPATION**

### **Colin Dunham**

10.1 Mr Dunham attended the Overview and Scrutiny Committee on 13 December 2016. The Committee referred his comments to the Task and Finish Group and these were considered at its meeting on 10 January 2017,

10.2 With the Council striving to become more business like, Government cuts etc, now is the time for large projects of the future to have safeguards.

10.3 Senior Officers should have time logged to oversee major projects, most firms have systems ie computer based.

10.4 Before the Council approves any large projects, except statutory ones, the Project Team Leader should inform the Portfolio Holder of estimated officer hours, time scales and ancillary costs such as outside advice so that the whole project could be properly costed. Cabinet would then make a decision whether it should go ahead or not.

10.5 The Risk Officer should produce reports for the Project Team Leader on a weekly basis so that the Project Leader and Portfolio Holder can make a decision to carry on, provide more staff or stop projects as needed.

10.6 At the end of the project, or when a project is stopped, final figures should be produced in order to keep Members informed and the true costs of projects should be subject to the scrutiny of the Overview and Scrutiny Committee and the public, with questions asked such as "was the project value for money, were the relevant skills available from the start of the project", with the aim of either praising the work done and/or learning lessons.

### **Bernard Eddleston**

10.7 I would like to put on record level public participation in the workings of this group has been effectively non-existent despite the Council's own protocol on task and finish groups. Task and finish groups can only be effective if they allow full public participation with the opportunity for the public to question officers. This current task and finish group is not scrutinise existing projects in depth. One can only learn lessons for the future by thoroughly examining past projects.

10.8 This is compounded by limiting this public participation to 3 minutes which is totally inadequate. Despite the above I will this down some areas that need attention and the limited information.

### Pre-contract

10.9 Budgets are nearly always too low since no account is made of when the work is to be carried out. I.e. no allowance is made for inflation. Budget process to be improved and account taken of likely inflation costs.

**CABINET (26.9.17)**

10.10 But it should include the amount of time costs (including overheads) allocated to the project from pre-contract worked right through to contract completion. This would give the real cost of the project and also make it easier to prioritise which project should go ahead.

10.11 No proper public consultation before a scheme project is decided. Fast most of the public consider the consultation is a waste of time because the Council has already decided what it wants to do and consultation is limited and designed to confirm the predetermined outcome.

10.12 Business case is not robust enough and not enough scrutiny or questioning by councillors. Seems to more or less rubber stamped everything. Examples are so-called invest to save projects and Council office building project.

10.13 No overall strategy apparent for capital spending.

#### Contract award

10.14 Specifications of what is required and detailed surveys of work to be done is not thorough enough resulting in an unexpected costs and thus delays and increases in costs. Need to hold consultants, architects and surveyors to account. I.e. why wasn't the damp in the town Hall and other works sorted out beforehand, unexpected work on North Herts leisure centre and asbestos in the office refurbishment project not known about and not catered for in the contracts?

10.15 Timescales need to be adhered to with penalty clauses for late delivery. Avoid framework contracts which are a recipe for disaster.

10.16 Investigate potential contractors more thoroughly (two recent contractors have gone into liquidation during or immediately after the contract.

10.17 Rigourously ensure that officers are not too close to contractors.

#### Internal management

10.18 Senior management and project inadequate and project managers not held to account. The Council has overspent by several millions on recent projects. An extensive delays and yet no one is to blame!

10.19 Officer time does not appear to be charged to its projects. Nearly all businesses do it as a matter of course. This would identify to councillors how much project is really costing and help senior management in their management of critical resources.

10.20 The size of the Council is such that they are not the experience project managers in place. Need to consider hiring in a project manager on contract for some major projects.

10.21 Major project boards contain too many officers and councillors. Need at least two independent external members on the board so that objectivity is maintained and their experience could help deliver the project on time and budget.

10.22 The effects the current poor management is threefold. Firstly it allows contractors to claim additional costs and delays due to council failings. Second the Council offices are engaged on managing the project for a lot longer than was expected which gives rise to increased internal project costs. Third because officers are engaged longer they cannot work on other projects and activities which delays these activities and leads to yet further cost increases.

10.23 Senior management and Cabinet do not seem to manage resources at all well and are not looking at the big picture. Thus all the time and effort has been spent in recent weeks on play areas to try and save a few thousand pounds when the North Herts leisure centre project has slipped again with a total loss of revenue now at £285,000 and a further cost increase of £127,000.

### **Mike Clarke**

10.24 Mr Clark, a resident of Hitchin said he had found the Churchgate briefing very frustrating. Particularly in regard to the information that the Churchgate liaison forum which would not meet again. In future the Council would meet in private. Lots of people had spent a lot of time on the forum. Why was this not a good idea? We should look at the past to think about the future. He would have liked the papers earlier so there was more time to consider them.

### **Chris Parker**

10.25 Mr Parker a resident of Hitchin who represented Keep Hitchin Special, said there was a lot of ill-feeling about some projects which have been managed for example Hitchin Town Hall. Hitchin Town Hall was advertised as a fitness centre in competition with Archers.

### **Robin Dartington**

10.26 Mr Dartington attended the TFG meeting on 20 February and his comments on the Baldock Town Centre Enhancement Project have been recorded with that item.

### **Discussion**

10.27 Members agreed the council have been lacking in communication with the public. Cllr Judi Billing said the liaison forum had been problematic. There were different ways of doing public consultation. Cllr Steve Jarvis said the scrutiny committee should look at how the Council consults with the public and whether it meets the public's expectations. Members agreed the council have been lacking in communication with the public. There were different ways of doing public consultation. Judi Billing said scrutiny in the council need to be mainstreamed. Bernard Eddleston said some external input would have been helpful to the Council in managing projects.

## 11. ACKNOWLEDGEMENTS

11.1 The Task and Finish Group would like to thank all those who have taken part.

### NHDC Staff

Ian Couper	Head of Finance, Performance and Asset Management
Norma Atlay	Strategic Director of Finance, Policy and Governance
Anthony Roche	Corporate Legal Manager and Monitoring Officer
Louise Symes	Strategic Planning and Projects Manager
Ian Fullstone	Head of Development and Building Control
Howard Crompton	Head of Revenues, Benefits and IT
Vaughan Watson	Head of Leisure and Environmental Service
Steve Crowley	Contracts & Projects Manager

### Members of the Public

Colin Dunham  
Bernard Eddleston  
Mike Clarke  
Chris Parker  
Robin Dartington



**North Hertfordshire District Council  
Overview and Scrutiny Committee Task and Finish Group**

**The Council's Management of Larger Projects**

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**SCOPE**

**Terms of reference**

To review the effectiveness of the Council's management of its larger projects  
To suggest improvements for ongoing and future projects

**Timeframe**

3-4 months beginning July 2016  
Report to Overview and Scrutiny Committee Dec 2016

**Link with Council Objectives**

Attractive and Thriving  
Protect and Prosper  
Responsive and Efficient

**Key Questions**

What is a larger project?  
How are projects chosen?  
Are the Council's projects delivered on time, on budget and to the required standard?  
How well do the Council's project management arrangements work?  
How well has the Council's communication arrangements with members and the public worked?  
Is responsibility for projects clearly defined?

**Key Projects**

Churchgate	Baldock & Royston Town Centre
Hitchin Swim Centre	Enhancements
North Herts Leisure Centre Extension	Herts Building Control Consortium
Office Accommodation	

**Potential Witnesses and Community Engagement**

Lead Officers for each project  
Community groups - to be decided by project  
Others to be confirmed

**Green Issues**

Nothing obvious

**Briefing arrangements**

Briefings by Project Officers  
Remaining briefing arrangements to be decided

**Membership**

Cllr Michael Weeks (Chair)  
Cllr Judi Billing  
Cllr Steve Jarvis  
Cllr Paul Marment  
Cllr Gerald Morris

**Portfolio Holder** - To be confirmed

**Support Officer** - Brendan Sullivan, Scrutiny Officer  
**Lead Officer** – David Scholes, Chief Executive



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