

REGENERATION SCRUTINY PANEL

**Panel Report
on
Decision Making Process for St
George's Square**

JUNE 2010



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1. **Background and context**

- 1.1 In June 2009 the Chair of Scrutiny received a request from Cllr Tony Woodhead asking that scrutiny look at the way the decision to proceed with the works on St George's Square was made.
- 1.2 The request asked scrutiny to focus on the process taken in reaching the decision to allocate and spend a significant amount of money on making major changes to an important part of Huddersfield Town Centre.
- 1.3 The request also questioned the planning processes that were followed and highlighted a concern that no debate or discussion concerning the project had taken place at Full Council.
- 1.4 The request was discussed by the Overview and Scrutiny Management Committee at a meeting held on 22 September 2009, where the following decision was agreed:
 - That the Overview and Scrutiny Panel for Regeneration undertake a review of the decision making process, including the consultation undertaken, in respect of the St George's Square, Huddersfield Project.
- 1.5 It was also agreed that the Panel would use as a basis for the review, an evaluation report on the process which was to be provided by the then Project Executive of St George's Square.

2. **The Approach taken by the Regeneration Scrutiny Panel**

- 2.1 The Panel agreed to focus on the decision path that was taken in reaching the final design layout and to review the financial aspects of the project. The Panel did not include in the review issues such as the merits of the design and use of materials as it felt that these were of a subjective nature.
- 2.2 The Panel held a series of meetings between November 2009 and April 2010 in order to gather evidence and receive information from key individuals who had been involved in the project.

3. **Summary of evidence gathered**

- 3.1 This section of the report will set out a broad overview of the types of information and verbal evidence that has been received by the Panel.
- 3.2 Details of the documents, reports and minutes of the meetings that are referred to are available on request.

3.3 Panel meeting 24 November 2009

3.4 The Panel meeting was attended by John Griffiths, St George's Square Project Executive, and Steve Drury, St George's Square Project Manager.

3.5 Cllr Peter McBride, Cabinet Member for Regeneration, and Cllr Tony Woodhead, who requested the scrutiny review, also attended the meeting as observers.

3.6 The Panel was informed of the background to the project which included details of the political and officer changes that had taken place during the lifetime of the project.

3.7 The Panel was presented with a timetable of events which highlighted the key stages of the decision making process and included a focus on the consultation process that was followed.

3.8 Verbal evidence at the meeting focused on a number of issues which included:

- The reasons for undertaking works in the square.
- The various stages that led to the final design concept.
- The consultation process.
- Financial aspects of the project including the project budget, financial position of the contractor and the ongoing maintenance costs.
- The decision making processes that were followed.

3.9 Panel meeting 2 March 2010

3.10 The panel meeting was attended by John Griffiths, St George's Square Project Executive, and Martin Dearnley, Assistant Director of Finance.

3.11 The Panel was presented with the St George's Square End of Project Review and discussed in detail a number of areas relating to the project including:

- The project structures.
- The financial aspects of the project.
- Lessons learned including areas for improvement.

3.12 Verbal Evidence covered a number of specific issues that the Panel felt needed to be explored in greater depth including:

- The financial budget.
- The delegation of decisions.
- The use of project management.
- The planning process.
- The consultation process.

3.13 Panel meeting 13 April 2010

3.14 The Panel meeting was attended by Martin Dearnley, Assistant Director of Finance, and Cllr Tony Woodhead, as an observer.

3.15 The Panel was presented with a report that covered a specific element of the decision making process and a report, that was considered in private¹, that covered the financial information.

3.16 Documentary and verbal evidence focused on a review of the decision making process relevant to the square's water cascade and covered a number of elements including project design; project management; and the planning process.

3.17 The Panel was also informed of the financial aspects of the project that included the approved budget; actual costs; financial management; and costs recovery.

3.18 Documentary evidence

3.19 The Panel received a variety of documentary evidence that was used to gain a greater understanding to the background to the project; establish the key milestones in the decision making process; work through the time table of events; and to review the financial aspects of the project.

3.20 Details of the documentation seen by the Panel are listed in Appendix 1.

4 Panel Comments and Findings

4.1 The Panel feels that the decision to commence with works to St George's Square was correct and is generally supportive of the work that has been carried out and the overall design of the square.

4.2 The Panel acknowledges that the end of project review report carried out by the Project Board highlights a number of issues that the Panel also concluded should be considered as areas for improvement.

4.3 The project has had three project managers, which the Panel feel has contributed to a lack of continuity in the management of the project. In addition, because no records of decisions taken early in the project exist, it has been difficult to obtain clarity on the reasoning/rationale behind some of the decisions and actions taken.

4.4 Despite option 2 of the public consultation options appraisal (July/August 2005) recording the most votes (46%), officers recommended that design option 3 (37%) be progressed, with aspects of option 2 included in the design features. The Panel has a concern on how this aspect of the consultation process was interpreted by officers and feel that this led to a "merging of designs" without full public awareness.

¹ The report 'St Georges Square- Financial Information' was considered in private because the information contained in it was classed as exempt information within part 1 of schedule 12A of the Local Government Act 1972.

- 4.5 The Panel feels that there has been a lack of transparency in the processes that were followed in planning the design of the square. The details of the design and in particular the features of the water cascade appear to have emerged from project meetings with no formal or public evidence to support the decisions taken.
- 4.6 The Panel has a concern that decisions relating to detailed aspects of the design were predominately made through officer delegated decisions. The Panel has not seen any evidence to show that significant consultation was carried out with councillors.
- 4.7 The Panel notes that officer delegated decisions do not appear to be recorded, unlike councillor lead decisions that are recorded and for the most part available for the public to view.
- 4.8 The Panel believes that a general lack of adequate record keeping has been a fundamental shortcoming in the management of the project. This has been compounded by having a number of different project managers and changes in political control which has resulted in the involvement of 4 cabinet lead members.
- 4.9 The Panel feels a project should have strong reporting procedures which should include clear documented recordings of meetings and decisions. This would help support a smooth handover should there be a need to have changes in officer support, particularly those in key positions such as the project manager.
- 4.10 The Panel notes that significant elements of the work in the Square were able to be undertaken without the need to apply for planning permission. The Panel believes that because of the nature of this project and to promote greater transparency in the process, consideration should have been given to putting all of the planned works through the planning process.
- 4.11 The Panel acknowledges that there were some aspects of the works that did require planning consent and the process to review these applications through officer delegation was correct (in line with the council delegation agreement). The Panel feels that taking account of the significant impact on the local community and the involvement of the public in the consultation exercises, consideration should have been given to allowing the application to go before the appropriate Planning Committee.
- 4.12 The Panel notes that the St George's Square budget approved by Cabinet in October 2007 included a contribution from Metro. However this element of the budget never materialised, although Metro did fund directly bus shelters and other associated works.
- 4.13 Shortly after the Cabinet approval of the budget in October 2007 officers realised that the costs would need to be revised upwards by over £600K. The Panel has a concern that officers chose not to formally inform

Cabinet of this significant alteration to budget costs as the majority of the additional costs were to be met by Yorkshire Forward.

4.14 The Panel note that the project budget was allocated across a number of different Council services and made the assessment of financial records and the ability to follow a financial trail difficult.

4.15 The St George's Square project was set up using the Council recommended project management method based on Prince2 (Projects in Controlled Environments). However the Panel feels that it has not seen any evidence to demonstrate that the project management principles were strictly or correctly adhered to.

5. **Panel's conclusions and recommendations**

5.1 The Panel acknowledges that the Council has introduced the 'Framework for Successful Projects' in order to support the effective management of projects. The Framework was put in place to ensure a consistent approach and to implement the discipline of project management across the Council.

5.2 The Panel accepts that officers will from time to time move to a different position in the Council or leave, and in cases where this involves a project manager it can unquestionably have an impact on the continuity of a project, particularly if it is a large and complex one.

5.3 It is crucial that those individuals that are appointed as project or programme managers have the necessary experience and expertise to ensure that a project is robustly and efficiently managed. The role of these individuals must be fully supported by the most senior officers in the Council and are given the necessary time to adequately fulfill their role.

5.4 **The Panel recommends that for all high profile, complex and high level budget projects that:**

- **The Director of the relevant directorate must take responsibility for appointing a project/programme executive and manager that has the experience and expertise to adequately manage and support the project. This may include an external candidate if there is no suitable internal candidate available.**
- **Support must be given to the project/programme executive and manager from the highest officer level in terms of resource allocation and time given in order to allow the individuals to be able to fully fulfill their role.**
- **Consideration is given to developing a process that will ensure that continuity and experience/expertise of key individuals (such as the project manager) are retained in the project.**

- 5.5 The Panel is supportive of the processes that were followed in an attempt to consult with members of the public and the wider stakeholders over the use and the design of St George's Square.
- 5.6 The Panel feels that there has been a lack of transparency in how the results of the public consultation were taken forward and this has not been helped by the lack of adequate record keeping, particularly that linked to officer delegation; the ability to proceed with much of the works without the need for planning permission; and what appears to have been limited consultation with councillors.
- 5.7 **The Panel recommends that:**
- **There is a review of the council's officer delegation decision making powers in order to determine which schemes of delegation should be formally recorded. This approach will help to ensure there is increased transparency in the council's decision making processes.**
 - **At the start of any consultation process it should be made clear to the consultees how much weight and influence their views will have.**
- 5.8 The Panel supports the objectives that the Council's project management framework is designed to achieve, which includes the goal to "enable everyone to learn lessons from projects to help improve performance".
- 5.9 The Panel believes that based on the findings of this review and taking account of similar findings from an earlier scrutiny review on a different issue, it would appear that lessons learned from projects are not being heeded.
- 5.10 The Panel is concerned with the difficulties experienced by internal audit in following a clear financial trail. This issue has not been helped by the way the budget was allocated and managed by a number of different services.
- 5.11 The Panel believes that the budget could have been managed better if it had been centrally controlled. This would also have allowed for greater transparency and accountability.
- 5.12 The Panel has been made aware of the Council Financial Procedure Rules (FPR)² which includes the rules in relation to the responsibility of the financial management of programmes and projects.
- 5.13 The Panel notes that the FPR states that *"after the completion of a project, Heads of Service must prepare reports to Cabinet setting out the outcomes from the project and whether these matched the planned*

² At the time of writing this report references and recommendations relating to the Financial Procedure Rules are based on the version dated May 2009.

outcomes set out in the business case". In the case of St George's Square, the Panel is not aware of this process taking place.

5.14 The Panel recommend that:

- **At the end of a project, as defined in section 3 of the Financial Procedure Rules May 2009, the Project Executive in conjunction with the Director/Assistant Director, should always produce a report in accordance with Financial Procedure Rule (3.24).**
- **A review of the procedures and processes currently followed by internal audit in the review of projects should take place. The aim of the review should be to strengthen the role of internal audit in the assessment of major projects.**
- **The Council should investigate the merits of commissioning an external audit to review major council led projects. This approach would increase the transparency of large public funded projects/regeneration schemes and help to identify 'lessons learned' and improve future practice.**

SOURCES OF EVIDENCE

1. Extracts from Huddersfield Urban Renaissance- Strategic Development Framework a Public Realm Strategy
2. Regeneration Members Briefing- Huddersfield Urban Renaissance St George's Square- August 2004
3. Regeneration Members Briefing- St George's Square Public Realm and Huddersfield Townscape Heritage Initiative – May 2005
4. Report to Huddersfield South and North Area Committees – July 2005
5. St George's Square – Public consultation by RBA Research Ltd – July 2005
6. Cabinet Regeneration Briefing - September 2005
7. Cabinet Regeneration Briefing - November 2005
8. Cabinet Regeneration Committee - December 2005
9. St George's Square Revival – Brief for Conceptual Design - February 2006
10. Report to Overview and Scrutiny Panel for Regeneration – Huddersfield Railway Station Access – October 2006
11. St George's Square Revival : Consultation Results Steer Davies Gleave – November 2006
12. Cabinet report St George's Square Revival: Response to Consultation – January 2007
13. Cabinet report St George's Revival – October 2007
14. St George's Square – Option 1 Cost Analysis
15. St George's Square – Future maintenance Issues
16. Kirklees Council Financial Procedure Rules – May 2009
17. Report to Overview and Scrutiny Panel for Regeneration – Decision Making process for St George's Square inc. Time Table of Events – November 2009
18. Report for Regeneration Scrutiny Panel - St George's Square End of project Review – march 2010
19. Report for Scrutiny Panel - St George's Square project Review of Decision making processes – Water Cascade – April 2010
20. Report to Regeneration Scrutiny Panel - St George's Square Financial Progress – April 2010

ADDENDUM

Regeneration Scrutiny Panel Report – Decision Making Process for St Georges Square

Issues Raised by Cabinet

Cabinet Members have met informally to consider the draft Regeneration Scrutiny Panel report on the decision making process for St Georges Square. Meetings have taking place between the Panel and the Lead Cabinet Members and the recommendations as contained within the Panel's report are fully accepted. Cabinet will ensure that action is taken to implement the recommendations and the Regeneration Scrutiny Panel will be informed as to progress being made on the implementation of the recommendations.

With regard to recommendation 6, relating to an external audit to review major lead projects, investigations will take place on whether this can be carried out within agreed audit hours as part of the Council's Audit Plan and at no additional cost to the Council.

One of the main issues raised in the report is the project management of the St Georges Square Project. It is Cabinet's view that a Policy needs to be developed to ensure there is clarity around the involvement of elected members in the project management of major Council projects. This should include provision for Cabinet Portfolio Holders who are responsible for the project under consideration as well as the involvement of other Councillors.

Cabinet agree that there were some short comings in the project management of the St Georges Square Project though want to place on record that, in general, project management on major projects in Kirklees is robust. In accordance with good practise, lessons were learned as a result of the St Georges Square experience and this has further strengthened project management processes used on projects of this nature.

At the point the contractors who were undertaking the work at St Georges Square went into liquidation the Highways Service had to pick up the reins on the delivery of the project at short notice. Cabinet would like to acknowledge the way this happened and the success of the Service in ensuring project delivery at such short notice.

Finally, with regard to the findings in the report about decision making being predominantly made through Officer delegated decisions, this would have been supported by informal consultation that would have been ongoing between the Cabinet Lead Members and Officers at the weekly Regeneration Portfolio Briefing meeting.

In conclusion Cabinet Members wished to place on record their appreciation for the time and effort put in by the panel in producing the report and its recommendations.

ACTION PLAN

REGENERATION SCRUTINY PANEL

DECISION MAKING PROCESS FOR ST GEORGE’S SQUARE

Recommendation	Responsibility to coordinate response	Recommendation agreed? yes / no / already happening / further work required	Lead Officer to implement action	Estimated date of completion of action
<p>1. That for all high profile, complex and high level budget projects :</p> <ul style="list-style-type: none"> • The Director of the relevant directorate must take responsibility for appointing a project/programme executive and manager that has the experience and expertise to adequately manage and support the project. This may include an external candidate if there is no suitable internal candidate available. • Support must be given to the project/programme executive and manager from the highest officer level in terms of resource allocation and time given in order to allow the individuals to be able to fully fulfill their role. • Consideration is given to developing a process that will ensure that continuity and experience/expertise of key individuals (such as the project manager) are retained in the project. 	<p>Ken Gillespie Director for Development</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p>	<p>All relevant Directors</p> <p>All relevant Directors</p> <p>All relevant Directors</p>	<p>With immediate effect</p> <p>With immediate effect</p> <p>With immediate effect</p>

Recommendation	Responsibility to coordinate response	Recommendation agreed? yes / no / already happening / further work required	Lead Officer to implement action	Estimated date of completion of action
2. There is a review of the council's officer delegation decision making powers in order to determine which schemes of delegation should be formally recorded. This approach will help ensure there is increased transparency in the council's decision making powers.	Jane Scullion Director for Organisation Development	Agreed – A review is already in hand.	Assistant Director for Legal Services	Autumn 2010
3. At the start of any consultation process it should be made clear to the consultees how much weight and influence their views will have.	Jane Scullion Director for Organisation Development	Agreed – Council Policy to be publicly clarified	Assistant Director for Policy and Governance	Autumn 2010
4. At the end of a project, as defined in section 3 of the Financial Procedure Rules May 2009, the Project Executive in conjunction with the Director/Assistant Director, should always produce a report in accordance with Financial Procedure rule (3.24).	Adrian Lythgo Director for Finance and Performance	This is current Council Policy	Director of Finance and Performance	Summer 2010
5. A review of the procedures and processes currently followed by internal audit in the review of projects should take place. The aim of the review should be to strengthen the role of internal audit in the assessment of major projects.	Adrian Lythgo Director for Finance and Performance	Agreed – Seal of Approval Board to Consider and report back	Director of Finance and Performance	Autumn 2010

Recommendation	Responsibility to coordinate response	Recommendation agreed? yes / no / already happening / further work required	Lead Officer to implement action	Estimated date of completion of action
6. The Council should investigate the merits of commissioning an external audit to review major council led projects. This approach would increase the transparency of large public funded projects/regeneration schemes and help identify 'lessons learned' and improve future practice.	Adrian Lythgo Director for Finance and Performance	Agreed – To be undertaken in conjunction with recommendation 5.	Director of Finance and Performance	Autumn 2010