

Gateway Review 1

Business Justification

London Borough of Haringey
Hornsey Town Hall Renaissance Project

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Project Owner: Lyn Garner

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This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the Project Owner immediately at the conclusion of the review.

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Delivery Confidence Assessment

Delivery Confidence Assessment

Amber / Red

The Review Team finds that LBH now has a clear series of costed options which give it a better understanding of the financial implications of the MATA scheme and variants. It will now be important to assess the value for money and wider benefits of this proposal compared to a range of alternatives. In order to accomplish this LBH will now need to strengthen the project team so it is capable of identifying and appraising a broad range of uses of the Town Hall complex.

At this juncture it will also be important to reassess governance and communications for the project.

The Delivery Confidence assessment RAG status should use the definitions below.

RAG	Criteria Description
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage does not appear to be manageable or resolvable. The Project/Programme may need re-baselining and/or overall viability re-assessed

Summary of report recommendations

The review team makes the following recommendations which are prioritised using the definitions below.

Ref	Recommendation	Critical /Essential / Recommended
1.	Reassess governance arrangements including membership of project board and frequency of meetings	Critical
2.	Carry out a joint open book analysis of the options to fill the funding gap	Critical
3.	LBH to identify a communication lead for the project to work with external stakeholders and community groups including HTHCT	Recommended
4.	Develop a joint communication plan and stakeholder strategy	Essential (3 months)
5.	LBH should resource and assemble a wider professional team to undertake option appraisal work	Critical
6.	LBH review risks and risk management strategy to include broader options for the Town Hall complex	Recommended
7.	Consider and implement proposals for interim uses for the Town Hall and Square	Recommended
8.	Carry out remedial work to make the building weather-tight	Recommended

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

Recommended – The programme/project should benefit from the uptake of this recommendation.

Background

The aims of the programme

The Hornsey Town Hall Renaissance project is a complex regeneration scheme which seeks to refurbish the Town Hall and associated buildings in line with English Heritage requirements and in a way that will restore the building as an asset for the local community. Part of the site is to be sold for residential development with the receipt used partly to subsidise the works but also to offset Haringey Council's (LBH's) costs on the project.

A series of options for the future of the Town Hall was appraised in 2010 prior to a Cabinet meeting which agreed to:

- a) Dispose of part of the Hornsey Town Hall Complex to Mountview Academy of Theatre Arts (MATA), which has a long history in the area and which would take over the main Town Hall building under 125 year lease term, using it largely for their higher education needs, but with public access to historic areas and an extensive programme of community activities both at this site and elsewhere in the borough; and
- b) Dispose of the rest of the Hornsey Town Hall Complex on the open market for redevelopment.

The driving force for the programme

Hornsey Town Hall Complex is in the freehold ownership of LBH. The Town Hall was identified as surplus to LBH's needs in 2003. It is a Grade II* Listed Building and currently is on English Heritage's 'Buildings at Risk' register. LBH's Accommodation Strategy sets out to rationalise its office portfolio. Older buildings such as Hornsey Town Hall have become increasingly unsuitable for modern and compliant working conditions – particularly when constrained by Listed Building status.

LBH has an obligation to ensure the building is maintained in a good condition; however annual maintenance and running costs are substantial and exceed the budget available for such works.

LBH currently hires out parts of the Town Hall building for lettings which offsets the majority of annual revenue costs; however a longer term, sustainable solution is required to ensure the fabric of the building does not deteriorate further and that this valuable asset is brought back into use.

The Hornsey Town Hall building and site is therefore currently a financial liability for LBH and it is expected that upfront investment is required in order to secure a sustainable long term plan for the building and site that removes the long term liability from LBH and meets the objectives for restoring and bringing the building back into use in the context of the broader Council Corporate Plan.

The procurement/delivery status

MATA has obtained stage one funding from the Heritage Lottery Fund (HLF) to develop a RIBA Stage C scheme and has recently issued a report containing refurbishment options, costings and a business plan to LBH for consideration.

Current position regarding Gateway Reviews

This is the first Local Partnerships Gateway Review on this project.

Purposes and conduct of the Gateway Review

Purposes of the Gateway Review

The primary purpose of a Local Partnerships Gateway Review 1 is to confirm that the business case is robust – that is, in principle it meets business need, is affordable, achievable with appropriate options explored and likely to achieve value for money.

Appendix A gives the full purposes statement for a Local Partnerships Gateway Review 1.

Conduct of the Gateway Review

This Local Partnerships Gateway Review 1 was carried out from 9 December 2013 to 12 December 2013 at the Civic Centre and Alexandra House, 10 Station Road, London N22 7TR. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank Laura, Jon and Saheeda and the wider MATA client team for their support and openness, which contributed to the Review Team's understanding of the Project and the outcome of this Review.

The Review Team note the acting Section 151 Finance Director was unavailable to be interviewed.

Findings and recommendations

1: Business case and stakeholders

LBH governance arrangements for this project have been established and a project board has been set up. However the project board sits on an infrequent basis and the last meeting was in spring 2013. Now would be a very good time to review the board membership and its terms of reference.

Recommendation 1

Reassess governance arrangements including membership of project board and frequency of meetings

The Review Team found strong evidence of support for the MATA scheme across a wide range of stakeholders. This included Councillors, the Hornsey Town Hall Creative Trust (HTHCT) and statutory bodies.

MATA has significantly strengthened its team over the last year. It has a new Chairman, has recruited to other key roles and has appointed a strong project management and design team. It is also in the process of recruiting two fundraising specialists.

The most recent MATA scheme report prepared for the Mountview board meeting on the 6 December shows clear evidence of a rigorous analysis of the scheme options and their relationship with the MATA forward looking business plan. We note this is a major step forward on the previous plans and costings which were prepared in 2011. We note, however, that costings are still at an early stage as would be expected at this stage of design development and are largely based on square metre rates. There has been an allowance in the costings for contingencies but LBH should also consider making provision for optimism bias in line with HMT Green Book best practice.

The RT is aware there are a number of important specification issues still to be decided by LBH such as the status of BREEAM which will have an impact on the final scheme cost.

MATA has developed three options which meet their business needs to varying degrees.

These are summarised in the following table:

Option	Scope	Capital cost
iii	All MATA accommodation located at Hornsey Town Hall	£28.0m
iv	Studio theatre located elsewhere	£25.2m
v	Studio theatre and production department located elsewhere	£23.6m

No cost of capital assumed in above figures.

In all these options backlog would be addressed and the Town Hall would be brought back into use with due regard to English Heritage requirements.

The options all:

- Meet LBH's corporate and project objectives
- Incorporate community access and keep the Assembly Hall available for hire
- Enable MATA to expand from 400 to 600 degree students and expand the outreach programme
- Increase income from other activities such as renting out the Assembly Hall, café, expanding evening classes and summer schools etc.
- Provide 78 residential units, plus potential for further units in the Annexe
- Assume the MATA library function is combined with Hornsey Library
- Enable a combined heat and power scheme for town hall, new flats and potentially library (not yet costed)

The MATA options all include a significant financial shortfall which we are advised can no longer be bridged by MATA fundraising. Currently MATA have revised their targets for fundraising in the light of further analysis and expert advice. The effect of this is to reduce to the fundraising target from £9M to £2M. There are various potential ways of filling the funding gap that LBH and MATA should explore:

- Reducing scope and/or specification
- Obtaining higher level HLF funding
- Exploring other grant funding, e.g. HEFCE
- Increase MATA fundraising
- Review MATA business plan for increased income generation
- Increase LBH contribution
- LBH loan to MATA repaid through rental arrangement
- Review MATA terms of occupation of Town Hall
- Increase number of housing units

Recommendation 2

Carry out a joint open book analysis of the options to fill the funding gap

Whilst there is a great deal of enthusiasm for the MATA scheme for the Town Hall it is also clear there has been very little time allocated by LBH and MATA to internal or external communication with stakeholders. This can be partially understood in the period when MATA has been developing the current options.

Recommendation 3

LBH to identify a communication lead for the project to work with external stakeholders and community groups including HTHCT

LBH has already identified a large number of external stakeholders. However it would be sensible at this stage of the scheme to revisit this list and capture additional groups. The RT note that groups that should be included include:

- Local residents
- Tenants – residential & commercial
- Local business – Town Square & wider
- Library users
- All known community groups
- Local schools and colleges

It is important at this stage that LBH and MATA provide a clear explanation of the current scheme options and develop a clear narrative for the progress of the works, including consideration of wider options. In order to establish a more effective communication plan it will be necessary to consider a range of media including and the timing of updates:

- Website – LBH, MATA and project dedicated
- Social Media – blog, twitter
- Newsletter/Council magazine
- Publish minutes of Project Board, Risk Register
- On-line lettings, promotions
- Events, open days

Recommendation 4

Develop a joint communication plan and stakeholder strategy

2: Wider context

In the light of the funding gap, as outlined in the recent MATA board paper of the 6 December, LBH should revisit and widen consideration of alternative options for the use of the Town Hall complex. LBH will require additional resource and a wider range of expertise to undertake this work. This will be important in order to establish the value for money and wider benefits of all potential schemes. A wider professional team will be required, including additional LBH disciplines such as estates management, planning, conservation, specialist legal, finance and procurement.

The RT was impressed by the energy and enthusiasm of the current core project team. There is considerable depth of expertise but a limited amount of LBH internal resource. It will be necessary to procure external consultants, specifically to undertake the options appraisal looking at the widest possible options and relating these to local values.

Some examples of potential alternative use are:

- Business start-up/entrepreneur units; it may be useful to discuss this with Workspace, the owner of the Chocolate Factory business centre
- Relocation of the library to the Town Hall and subsequent redevelopment of the library site
- Maximising residential units across the whole complex
- Other community or commercial uses

Consideration should be given to revising the existing 2010 planning application to maximise the number of residential units and so the capital receipt. This should be weighed up against the potential costs of doing so and the new requirement for any developer to pay Community Infrastructure Levy.

Recommendation 5

LBH should resource and assemble a wider professional team to undertake option appraisal work

3: Risk management

LBH and MATA have produced risk registers, identifying key risks. However, LBH should revisit its register and the way it manages these risks in the light of a need to consider broader options beyond the MATA scheme. LBH could manage risk more effectively if they broadened the range of risks included and developed more detailed mitigation.

By developing stronger risk management and communicating this more effectively to stakeholder groups, greater appreciation of the complexities of the project will be supported and help to manage stakeholder expectations. It will also provide greater clarity to elected members and senior managers, aiding better decision making.

Currently LBH is concentrating on risks around the MATA scheme. Broader consideration of options will require additional risks to be identified and managed.

Examples are:

- There is a risk that by reducing the capital cost of the scheme and reducing building specifications long term maintenance costs will increase
- There may be pressure to reduce community use in order to maximise income generation

Recommendation 6

LBH review risks and risk management strategy to include broader options for the Town Hall complex

4: Review of current phase

The RT note that following receipt of MATA's latest plans and costed options, LBH now has a much clearer understanding of the cost of the MATA scheme and available funding. Given the significant changes from the April 2011 Cabinet approval and the resulting funding gap, there will need to be a period of reflection. This will include review of MATA's options to see if the funding gap can be plugged, and consideration of alternative options.

Careful thought should be given to the timing of the next HLF funding application and associated detailed design work and planning submission. A pause and later submission would allow work on MATA's proposals and alternative schemes to be twin-tracked, so that comparative value for money and wider benefits can be assessed. This could delay the completion of the project and so postpone MATA's occupation of the new premises in September 2016. Early discussions with HLF should be had to explore the feasibility of delaying Stage 2 funding.

The Town Square is not currently included in MATA's proposals. LBH intend to fund some improvements to the square as part of broader regeneration and to facilitate greater community use. Consideration should be given to bringing forward improvement works in advance of the main scheme. This would make a statement to local stakeholders that LBH is making progress on the wider scheme.

LBH has been successful in recent years in finding short term tenants for the Town Hall, which have helped to mitigate running costs and encourage community use of the Town Hall. Going forward it will be important to focus on finding both paying tenants and increasing community use.

Recommendation 7

Consider and implement proposals for interim uses for the Town Hall and Square

Whilst there is a pause in the development of the scheme it would be sensible to start to address the underlying condition of the building fabric. Historic buildings can deteriorate quickly if the fabric is not maintained. Early action to make the building weather-tight would help to ensure costs do not increase.

Recommendation 8

Carry out remedial work to make the building weather-tight

The next Gateway Review is expected in Late Summer 2014

APPENDIX A

Purpose of Gateway Review 1: Business justification

- Confirm that the business case is robust – that is, in principle it meets business need, is affordable, achievable, with appropriate options explored and likely to achieve value for money.
- Confirm that appropriate expert advice has been obtained as necessary to identify and/or analyse potential options.
- Establish that the feasibility study has been completed satisfactorily and that there is a preferred way forward, developed in dialogue with the market.
- Confirm that the market's likely interest has been considered.
- Ensure that there is internal and external authority, if required, and support for the project.
- Ensure that the major risks have been identified and outline risk management plans have been developed.
- Establish that the project is likely to deliver its business goals and that it supports wider business change, where applicable.
- Confirm that the scope and requirements specifications are realistic, clear and unambiguous.
- Ensure that the full scale, intended outcomes, timescales and impact of relevant external issues have been considered.
- Ensure that there are plans for the next stage.
- Confirm planning assumptions and that the project team can deliver the next stage.
- Confirm that overarching and internal business and technical strategies have been taken into account.
- Establish that quality plans for the project and its deliverables are in place.

APPENDIX B

Interviewees

Name	Role
Patrick Uzice	In-house Lawyer LBH
Malcolm Greaves	Corporate Landlord LBH
Graeme Jennings	Hornsey Town Hall Creative Trust
Claire Brady	Inspector, English Heritage
Cllr Goldberg	Portfolio lead member
Jack Smales	Knight Frank (Estates advisor to LBH)
Vikki Heywood	MATA Chair
Nick Walkley	Chief Executive, LBH
Laura Bridges	Programme Manager, LBH
Lyn Garner	Director of Place & Sustainability, Project Owner
Jeffrey Holt	Planning officer, LBH
Doreen Manning	Procurement officer, LBH
Cllr Winskill	Ward councillor
Simon Harper	Interim Project Director, MATA
Maggie Shields	Finance officer, LBH
Jon McGrath	AD Property & Capital Projects, LBH
Eleanor Clarke	Project Manager, Focus (consultants to MATA)
Neil Simon	Property consultant to LBH
Mark Hammond	Design team lead, Purcell (consultants to MATA)
Vincent Wang	Capital Committee Chairman, MATA
Sarah Preece	Director of Business & Operations, MATA
Stephen Jameson	Principal, MATA
Matthew Turnbull	Director of Marketing, MATA
Lee Cantrill	Cost consultant, Pulse Associates (consultants to MATA)
Kevin Bartle*	Acting Section 151 officer, LBH

* did not attend