

Newcastle City UNISON

CITY DESIGN

The New Agenda

CENTRE *for* **PUBLIC SERVICES**

Research • Strategy • Planning • Training

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Executive Summary

The city council is in a unique position in having a number of overlapping national projects such Building Schools for the Future, the Housing Market Renewal Pathfinder together with the city council's large-scale regeneration project Going for Growth and the £350m investment in council housing by the Arms Length Management Organisation (ALMO) to 2010/11. There is enormous synergy in the objectives, investment strategies, activities and boundaries of these projects. It now has the resources to tackle many fundamental problems which previous projects had failed to achieve the required level of change and renewal.

The city council has an opportunity to use its power and influence to ensure that a re-launched City Design and other council services play a significant part in these projects. The alternative is to allow Boards and projects to hire a plethora of consultants and contractors creating a fragmented labyrinth of contracts and projects, a loss of synergy, missed opportunities and declining capacity of the city council.

The report examines the design and sustainability requirements for a wide range of national and city council projects. In addition to the national projects noted above the city council also has its Green Spaces Strategy, asset management plans for the council's stock of public buildings, and various other partnerships, plans and projects that require design and construction resources.

The city council requires:

- Design and construction resources to improve the quality of public buildings and spaces in Newcastle and to achieve the city council's corporate, Going for Growth and regeneration objectives and to contribute to national urban design objectives.
- The capacity to prepare, implement and monitor Design Codes for regeneration and development areas.
- Ensure community needs and corporate objectives are fully integrated into design briefs for buildings and open spaces.
- The capacity to implement sustainable development in the design, planning, construction, management and operation of the public infrastructure and to ensure private development incorporates the same sustainable development objectives.

The report identifies six options for the future of City Design. We have not had the resources to carry out a full options appraisal as required by the Corporate Procurement Strategy. However, we devised a Risk Matrix based on the Corporate Options Appraisal criteria and tested three options – Consolidation, a Re-launched City Design and the Transfer of Housing design work to the ALMO. This demonstrated the Re-Launch option had much lower levels of risk for the city council, staff and community and contained many advantages.

The city council's Corporate Procurement Strategy provides an overall policy and legal framework for effective in-house services to be involved in the many aspects of design and sustainability work outlined in this report.

Recommendations

1. Adopt option 2 as the way forward and Re-launch a new City Design with the capacity to undertake the agenda set out in Part 2 of this report.

2. **Undertake more detailed work** on the capacity and resources which will be required for the city council to fully address their design and sustainable development responsibilities. This should include how these responsibilities can be financed.

3. **Immediately develop a 'Newcastle approach' to Building Schools for the Future programme** which focuses on maximising City Design and Neighbourhood Services involvement in the design and provision of services to schools together with a Newcastle approach to the provision of community facilities and services and neighbourhood management. Depending on capacity, City Design should be making the case for the design of two of the secondary schools in this programme.

4. **Review the post of Head of City Design:** This should be a person with a design and sustainability background, capable of leading a revitalised organisation and driving the design and sustainability agenda.

5. **Skills Audit:** Consider carrying out a Skills Audit to assess how the organisation can address the new agenda. The audit should assess:

- The current skills mix.
- What skills are needed for the different options? (partnership will require partnership skills and negotiating experience, a new City Design may require new skills)
- What are the skill shortages?
- Which professions and teams require additional skills?
- What skills shortages can the current training programme address?
- Can staff turnover be used to obtain these skills?
- Can City Design attract people with the required skills and experience?

6. **The city council should consider establishing a cross-directorate** mechanism to ensure coordination of all design issues in the urban environment. This would help to maximise City Design's contribution to regeneration and to achieving the council's corporate objectives.

Introduction

City Design is one of two sections (its sister organisation is City Build) of Design and Construction Services within Neighbourhood Services. It currently has about 140 staff organised in seven groups:

- A Building Design Group consisting of three architectural design teams
- Landscape Design
- Engineering Design (with electrical, mechanical, structural and inspection teams)
- Quantity Surveying (including project management)
- Repairs and maintenance (asset management and public building maintenance teams)
- Clerk of Works
- Support Services

City Design was previously the City Architects Department which has a long history. It changed status when the City Architect was no longer a Director-level post.

Financial situation

The current cost of City Design is £5.4m per annum including employment, support services and corporate costs. In order to break even and perform the service at nil cost to the city council, a fee income of about £5.5m per annum is required.

Current situation

This report is being produced at a time when the head of City Design resigned in late 2003. There has been a debate about the merits or otherwise of continuing to appoint an architect to this post or whether a business manager should be appointed. However, the city council has delayed appointing a new head.

In addition, in January 2004, City Design management produced proposals for consultation which proposed the loss of 12 staff through voluntary severance plus the deletion of 3 vacant posts, reducing employment costs by £453,570 per annum. A number of organisational changes would be required, including the reduction of the Building Design Group from three to two teams.

Objectives of this report

- To examine how the city council can best meet the sustainable development, community well-being, urban design and design quality of public buildings infrastructure agenda and what implications these have for the city council.
- To assess the different options for the future of City Design.
- To make recommendations that best meets the city council's corporate objectives and priorities, future needs and current requirements.
- To address the downturn in the flow of work for certain activities which have consequences for staff and city council clients.

Methodology

This report has been prepared using a five-stage methodology:

- Meeting with the City Design management team in December 2004.
- Meetings with City Design shop stewards (December and February).
- Review of city council documents and reports.

- Review of policy documents from the Commission for the Built Environment (CABE), Building Futures, government policies and best practice, plus sustainable development research by the Centre for Public Services.
- Developing proposals and writing the draft report and recommendations.

How the report is structured

This report is divided four parts. The first describes the current role of City Design and recent changes. Part 2 examines the future design and development needs of the city council and how it can meet the sustainable development, community well being and urban design agenda. Part 3 identifies six options for City Design and assesses these using the options appraisal criteria established by the new Corporate Procurement Strategy. The final part contains conclusions and recommendations.

Part 1

Current situation

Introduction

This section is a brief overview of the current functions of City Design, its key attributes and a summary of why good design is important.

Key citywide functions:

City Design currently provides a wide range of functions, including:

- Corporate advice on procurement options for key city council projects.
- Design organisation for city council projects.
- Client agent in design and build projects.
- Asset management – advice to Corporate Property Officer on the condition of assets, suitability and planned maintenance regimes.
- Key role in Corporate policy development and delivery with other sections and directorates, including:
 - Open space strategies
 - Going for Growth
 - Tree management strategy
 - Bio-diversity Action Plans
 - Local Agenda 21
 - EMAS
 - Good stewardship
- Access Officer responsible for City Council's approach to Disability Act requirements and improvements.
- Fee Monitoring of consultants – ability to provide information, set standards and benchmark costs for the authority.
- Monitoring consultants' and contractors' performance.
- Monitoring design standards in consultants' performance – design standards in the context of PPG3.

Key attributes of City Design

City Design has many important attributes. As part of providing a quality design service it has:

- IOS 9001/14001 Environmental Management accreditation.
- A multi-disciplinary office with a shared network of information and technical libraries.
- Local knowledge, with extensive geological and constructional information about the city.
- Competitive fees compared with other local authorities and the private sector.
- Qualified and experienced staff.
- Commitment to corporate policies and priorities.

City Design staff also highlight the fact that some work undertaken for city council clients is not charged: City Design makes an important contribution to the city council and to clients in other directorates, and the contribution of 'free' work is commendable.

However, a public service in the 21st century faces intense pressure to 'value' and 'quantify' everything and the continuation of a 'free' element to City Design could put the organisation at a distinct disadvantage. Whilst a non-charging strategy for some aspects of City Design's work, particularly the preparation of design briefs, is free to clients, there is nevertheless a cost to the city council (either as additional income to help balance the City Design budget or to create a surplus to fund other needed investment). The 'free' service, therefore, has an opportunity cost. It also has limited credibility in the current context of voluntary severance proposals.

Other positive attributes include the commitment of staff, which is not questioned, but this is not exclusive to City Design and could be undermined by staff taking voluntary severance. Most organisations have a training plan – the real test is the quality of the training and whether it is addressing the city council's skills needs in addition to the professional interests of staff. All similar organisations have IT systems and there is no evidence that the systems in City Design are any more advanced than their major competitors.

There is considerable scope for City Design to promote and implement sustainable development, community well-being, design guidance and project management.

Why good design is important

The quality of design of all buildings, and public buildings in particular, has a very important role in regeneration and development. This is not only about the appearance or aesthetics of buildings, but also how they provide space for services and activities, how adaptable they are to changing needs and how they contribute to sustainable development in their construction and operation.

The case for good design is made below, extending the recent Commission for Architecture and the Built Environment (CABE) and the government's Better Public Buildings Group's case for design.

Good design of public buildings can and should:

- Respect and enhance the location, the environment and the community;
- Add value and reduce whole-life costs;
- Create flexible, durable, sustainable and ecologically sound development for the community;
- Minimise waste of materials and energy, in construction and in use;
- Provide functional, efficient, adaptable spaces for home, work and recreation;
- Be attractive and healthy for users and the public;
- Contribute to construction which is quick, safe and efficient;
- Use space, materials and resources with imagination and efficiency;
- Produce buildings which are safer to construct and easier to clean and maintain.

Good design enhances people's lives, transforming how they feel and how they behave; it can:

- Revitalise neighbourhoods and cities;
- Transform derelict sites and neglected buildings, reducing pressure on the countryside;
- Uplift and bring hope to neglected communities;
- Reduce crime, illness, truancy;
- Help public services perform better: hospitals, schools, housing and transport (Better Public Buildings, CABE, 2003)

In addition, good design:

- Provides a sense of place
- Provides landmarks
- Promotes civic pride
- Provides aesthetic pleasure

- Improves local distinctiveness and historic character
- Increases the value of public land and property assets

The CABE report also states unequivocally that:

- Good design in the public sector is achievable and affordable.
- Good design delivers functional buildings and civilised places while retaining a human dimension.
- Good design is worth investing in. It is the key to giving the client maximum value for money through the whole life of a building.
- Good design is a commitment to a better quality of life for all.

High quality design will require:

The Better Public Buildings Group also explain how better design can be achieved, for example by:

- Having 'design champions' within government departments and other public bodies to encourage planning authorities to insist on appropriately high design standards for public projects.
- Allowing enough design time for projects of real quality to emerge.
- Measuring efficiency and waste in construction.
- Appointing integrated teams to focus on the whole life impact and performance of a development.
- Encouraging longer-term relationships with integrated project teams as part of long-term programmes, always subject to rigorous performance review.
- Using whole-life costing in the value-for-money assessment of buildings.
- Ensuring there is single-point client responsibility for any given project, within the city council.

Part 2

The New Agenda and future role of City Design

Introduction

The city council is facing complex changes in the funding, design, construction and management of the public infrastructure. These changes are generated by both internal forces (city council policies such as regeneration and renewal policies and Going for Growth) and by external forces (government policies to improve the design and quality of public buildings and the mainstreaming of sustainability in the design and construction process).

This section examines a wide range of national and city council projects identifying the main design, sustainability and construction implications of each project. Collectively these projects determine the future design and technical resources required by the city council if it is to achieve its regeneration objectives, improve public design and meet the wide-ranging requirements of sustainable development.

- Quality of public buildings, public spaces and the public realm
- Building Schools for the Future - Radical changes in School Design
- Sustainable development in design and construction
- Policy frameworks for community needs of public buildings – challenging traditional client views and working with users and potential users
- Housing – beyond the Decent Homes standards
- Housing Market Renewal Pathfinder
- Social and health care facilities
- Urban Design
- Design Codes
- Building Futures – changes in the design and construction professions
- Green spaces and liveability
- Asset management
- Growth of PFI/PPP and other partnership projects
- Integrated Impact Assessment of plans, policies and projects.

These are discussed in more detail below.

Quality of public buildings, public spaces and the public realm

The government, via CABE and the Better Public Buildings Group, is committed to achieving a radical improvement in the design quality of public buildings. It apports blame for the poor quality of many projects to the planning system and to market failure:

“.....the market will fail to respond adequately and consistently to the Government’s desire to create high quality development that represents best practice in architecture and urban design, and high environmental standards.

.....there is significant public and political distrust in the ability and willingness of developers consistently to produce distinctive designs that reflect the local context. The legacy of 30 years of soulless housing estates pays testament to the dilemma.”

(The Use of Urban Design Codes, CABE, 2003)

CABE and the Better Public Buildings Group have published a number of reports and guidance, including for specific types of public buildings, and are promoting a debate on

'building futures' on the potential radical change in the design and construction professions over the next two decades.

Building Schools for the Future - radical changes in School Design

Building Schools for the Future (BSF) is a new Department for Education and Skills (DfES) programme to renew all secondary schools over a 10-15-year period from 2005/06, depending on government spending programmes.

Spending on strategic funding for the renewal of secondary education was £850m in 2002/03 (all PFI credits) and will rise to £2,200m by 2005/6 (of which at least £1,200 will be PFI credits).

BSF is based on the NHS LIFT model. Partnership for Schools will be a national body that will be jointly managed by DfES and Partnerships UK (the privatised Treasury PFI Taskforce) with private sector involvement and investment. The private sector will construct, maintain and operate the new schools.

The DfES anticipate that:

"Partnerships for Schools will work with LEAs to develop their approach for procuring construction and services for this programme. This approach, a development of existing Public Private Partnership approaches, anticipates that each authority will set up a Local Education Partnership (LEP) between the LEA, Partnerships for Schools and a suitable private sector partner, or make other similar such arrangements, where these are equal to or better than arrangements offered by a Local Education Partnership. We are committed to a flexible approach which will meet local needs."
(Building Schools for the Future, 2004)

DfES also commissioned exemplar designs for secondary and primary schools from 11 architectural practices. The designs are intended to "help LEAs and schools to develop their educational vision and requirements, and to drive consistent high standards across the country. They are not a straitjacket, but an inspiring basis for thinking about future provision....." (Building Schools for the Future, 2004).

The summary of responses at six regional DfES conferences in 2003 on the Building Schools for the Future programme emphasized participants' concerns that exemplar designs must only be a starting point, that design must start from first principles and that schools must include facilities for the use of the wider community (Building Schools for the Future, Comments from Regional Conferences, 2004).

Examples of good practice and the exemplar designs:

- Services for families, such as parent and toddler groups, toy libraries and opportunities for family learning.
- Educational provision for three- and four-year olds
- All weather sports facilities
- ICT facilities available to the community, cyber café and Learning Centre.
- Health centre located on same or adjacent site

Newcastle is one of ten local authorities selected to form Wave 1 of the BSF programme. By 2008, every secondary age pupil in the city will be taught in school buildings designed for the 21st Century. Over £140m will be invested in the Newcastle programme.

The precise details of the programme have yet to be worked out, including the mix of public/private investment. In a traditional PFI situation, this could reduce the potential workload of City Design (and Neighbourhood Services). However, if the claims about flexible local models are genuine and the rigidity of PFI is eliminated then there could be significant scope for City Design in BSF.

It would, however, require the city council to develop a coherent 'Newcastle approach' that was effective, and added value to the national approach. This could include the provision of soft services by Neighbourhood Services and architectural and landscape design and other technical support by City Design. The city council should urgently engage the support and involvement of the trade unions in developing this approach.

Sustainable development in design and construction

The city council has a key responsibility to implement sustainable development in all plans, policies and projects. The government and many public bodies have extensive sustainable development policies, but the task now is making implementation a reality. It should be noted that environmental policies are only one part of the more comprehensive concept of sustainable development.

The government's approach to sustainable development was set out in *A Better Quality of Life – a Strategy for Sustainable Development for the UK*, published in 1999, it reflected the key themes of the Rio Declaration on Environment and Development:

- Putting people at the centre
- Taking a long term perspective
- Taking account of costs and benefits
- Creating an open and supportive economic system
- Combating poverty and social exclusion
- Respecting environmental limits
- The precautionary principle
- Using scientific knowledge
- Transparency, information, participation and access to justice
- Making the polluter pay

The UK Sustainable Development Commission has condensed the above into six principles; putting sustainable development at the centre, valuing nature, fair shares, polluter pays, good governance and adopting a precautionary approach.

The implementation of sustainable development, both in the public infrastructure and persuading the private sector to do likewise, is a major task confronting local authorities and other public bodies. It requires local authorities to have the managerial and technical capacity to plan, employ, procure, and build and to ensure that facilities are an integral part of the growth and development of genuinely sustainable communities. Sustainability must be mainstreamed throughout the design and construction process.

The city council's 'Competitive Newcastle', launched in 1999, is a ten-year economic development strategy "dedicated to creating a competitive, cohesive and cosmopolitan city". A 'Sustainable Newcastle' should be an equally important part of this strategy.

The sustainable development agenda must also include the supply chain, in particular production and consumption chains should mainstream sustainability throughout the procurement process, including the local and regional building materials industry. There is considerable scope to improve the production and supply of sustainable building products and services in the North East. This could also assist regional producers in national and international markets.

Policy frameworks for public buildings to meet community needs

The policies and projects described in this section have a number of common themes, three of the most important being; finding better means of addressing social and community needs, providing a wider range of community facilities within public buildings and more integrated service provision through neighbourhood management. Architects

and planners clearly have a major responsibility in ensuring that this agenda is fully addressed. This could include:

- Assisting clients and community organisations to assess community needs as an integral part of the preparation of a design brief through to detailed planning of buildings and spaces.
- Providing a design resource for the consultation processes.
- Providing design and technical advice in the detailed evaluation of plans and proposals for regeneration areas and development projects.

Housing – beyond the Decent Homes standard

Nationally, council housing policy is currently dominated by the approaches local authorities are adopting to achieve the Decent Homes Standard by 2010. This tends to be a very short-term agenda, with little consideration of the strategies that will be required after 2010 to continue to improve and maintain council housing. It also conceals the limitations of the Decent Homes Standard and the failure, except for a concessionary 5% spending allocation, to improve the local environment.

The city council's bid for ALMO resources was £348m (including £17m on environmental works) over the period 2004/5 to 2010/11 (April 2004 prices), with an annual spend profile of £16m in 2004/5 rising to £67m in 2009/10. This could provide City Design with a significant fee income (see Part 3).

Recent evidence to the ODPM Select Committee has highlighted the limitations of the Decent Homes Standards and the higher aspirations of both tenants and local authorities (ODPM, 2003). Newcastle Tenants Federation has campaigned for many years for major improvements in the management and maintenance of council housing, more recently with the Stand Up for Council Housing Manifesto.

The Decent Homes Standard is, in reality, only one stage, albeit intense, in the continuing process of improving council housing. Continuing investment programmes will be required post-2010/11 and will require design and construction support.

Housing Market Renewal Pathfinder

The Newcastle-Gateshead Housing Renewal Pathfinder covers over 77,000 houses (nearly 53,000 in Newcastle) in four areas (Gateshead and Newcastle Outer East, North Central and Inner West). It will receive £73m for the period 2004-2006 which is expected to lever in a further £342m of 'other resources' (two of the areas encompass the two Going for Growth regeneration areas in Newcastle so it is not clear whether double counting has been fully eliminated). The Pathfinder is one of nine projects nationally set up to tackle housing market failure - low demand, abandoned homes and blighted areas. The aim is to revitalise the housing market in Newcastle and Gateshead so that by 2018 it will be fully integrated with the renaissance of the region.

“Central to the work of Pathfinder will be high quality planning, design and sustainable development to ensure long lasting success that meets the needs and aspirations of the 21st century and long-term regional strategy for growth.”

(Creating places where more people want to live, NewcastleGateshead Housing Market Renewal Pathfinder, Executive Summary, 2003)

The three Pathfinder areas in Newcastle will include:

- Over 4,000 new homes in Outer East and North Central plus many more in Inner West.
- Large-scale refurbishment of 2,800 homes in the Inner West and Outer East areas.
- Acquire vacant property for improvement and sale.
- Environmental improvement schemes.
- Conversion of pairs of Tyneside flats into homes.

- Provision of community facilities.

Whilst the focus will be on the housing market and changing the tenure mix to increase the proportion of owner-occupied housing, the Pathfinder will require substantial public works. This means that there will be considerable scope for City Design both in the design of city council-owned housing, environmental improvements and community facilities, project management and design and sustainability advice to landlords and owners. Newcastle City Council has a key role in the Partnership Board and can ensure that City Design has the opportunity to undertake and, where relevant, to bid for work. The Housing Market Renewal Pathfinder is potentially a large growth area for City Design but only if it has the capacity to deliver and the city council uses its influence to ensure that the Pathfinder uses the available in-house design services.

Social and health care facilities

The design of health and social care facilities faces a considerable challenge as primary care grows in importance, technological and ICT developments influence acute care hospitals and both local authorities and the NHS come to terms with providing a continuum of care. Whilst the privatisation of much of social care has reduced public sector involvement this may not be permanent because the full range of facilities and services required to provide a continuum of care are likely to require a significant role for the public sector.

Urban Design

Urban design must have a central role in Going for Growth if the city council's objectives are to be achieved. The risk of reproducing bland sterile development cannot be underestimated. The city council will require a proactive and continuing design support in order to ensure that regeneration, particularly in the East and West Ends integrates into the city fabric but is also bold and imaginative. Much of the current work on urban design is undertaken by a small team in Planning and Transportation. We recommend that these resources are part of the assessment of city council's overall design requirements (see Part 4).

Design Codes

The production of Design Codes should be a core part of the Urban Design strategy. Design Codes provide more than detailed guidance and can constitute legal requirements under which compliance can be monitored. They have a degree of flexibility in terms of their scope and detail, allowing the city council to draw up codes which specifically relate to local circumstances and regeneration strategies. CABE produced guidance on Design Codes in November 2003, following statements from the Deputy Prime Minister John Prescott.

A Design Code will usually include a three-dimensional plan of the development area and neighbouring areas, identifying building form, spaces, uses and densities, together with supporting requirements on the materials, landscaping, tenancy mix and other details.

There could be a variety of Design Codes for urban design and green spaces for different regeneration and development areas. They will be an important tool to ensure that high quality design will be achieved in public, private and social housing developments. The city council will need the architectural and landscape capacity to prepare, negotiate, implement and monitor Design Codes.

Building Futures – changes in the design and construction

There is a lively ongoing debate about the future of the design and construction professions which frequently exposes contradictions rather than creating clarity. On the one hand design and build is becoming more dominant, frequently producing mediocre design and limited opportunities for architects in contractual relationships dominated by contractors.

There is also a debate about the changes in the way that the design and construction function is carried out, and hence in the roles of the professions. Equally, there is a debate about breaking down narrow professional and sectional interests to create a more integrated design and construction process accompanied by a shift in professional ethics and values. On the other hand, the architectural profession continues to have an almost unique capacity to hype-up the potential impact on new technology on housing design and ways of living, which never seem to materialise on the scale envisaged.

Green spaces and liveability

The City Council's draft Green Spaces Strategy was launched for consultation last year, with an Action Plan for the 2004/9 period. It is a comprehensive vision and strategy for linking and improving green spaces in the city. It proposes standards, a green space design code, ways of improving the city council's green space management and an action plan. Many parts of the city fail to meet the city council's standards for green space provision, which must be addressed through planning policies and regeneration. Newcastle has several unique major open spaces such as the Town Moor, Jesmond Dene and the banks of the Tyne.

Implementation of the Green Spaces Strategy will require design resources to ensure that regeneration and development projects provide high quality green spaces which are designed and planned to meet community needs and can be properly managed and maintained. Furthermore, it will require design resources to make the proposed Green Space Design Code effective in negotiations with developers and landowners and to monitor its effectiveness.

The government has a rather narrow definition of liveability which focuses on the local environment, primarily the street scene and green spaces. It usually covers littering, fly-tipping, fly-posting, graffiti, abandoned vehicles, street cleansing and tackling anti-social behaviour. It launched an £89m liveability fund in February 2003, part of a £201 million package of measures to improve the local environment, as part of the *Sustainable Communities: Building for the future* document. In February 2004, 27 pilot projects were announced which have a mixture of revenue and capital funding. Local authorities will be given initial revenue funding to encourage the reform of their service delivery arrangements and to improve on-going management and maintenance of public spaces. Service reforms are then rewarded with capital grants (which will range up to £3.3m) to support projects for transforming or creating new public spaces.

The pilot projects frequently include community-based teams (integrating refuse collection and waste management, street cleansing, street lighting, grounds and parks maintenance, community safety and community policing), 'environmental crime enforcement', landscaping and the improvement of parks and public spaces which have suffered declining maintenance after two decades of spending cuts.

The city council will require design and project management resources if it is to integrate even the limited concept of liveability within its Green Spaces and neighbourhood management strategies.

Asset Management Plans

All local authorities are required to have an Asset Management Plan (AMP) and a strategy for the management, maintenance and improvement of the city council's assets. This approach is still being embedded across the city council and could provide additional work for City Design, which already has a small team dedicated to AMP implementation.

Growth of PFI/PPP and other partnership projects

The expansion of the Private Finance Initiative with NHS LIFT and more recently with a similar partnership model for Building Schools for the Future requires the city council to increase its project management capacity. Similar partnership models based on public/private investment, may be introduced in other services.

Integrated Impact Assessment of plans, policies and projects.

Integrated Impact Assessment (incorporating economic, social, equalities and environmental impact assessment) is strongly advocated by the European Union and the government. This normally requires all changes or new policies, plans and projects to be subjected to an integrated assessment to identify all impacts and to design mitigating action to eliminate or reduce adverse impacts. It is likely that local authorities will be under increasing pressure to carry out impact assessments as best practice in public policy making.

Legal requirements in respect of integrated impact assessments are likely to be extended in the near future. Unlike Environmental Impact Assessment, which is a developer responsibility for major schemes, integrated impact assessment is a responsibility of government and public agencies and is not limited to large projects. Assessing design and construction impacts is an important part of this process and the city council will require resources to be able to fulfil its obligations. This will be a continuing activity, not a one-off exercise, which requires developing an in-house capacity rather than always being reliant on consultants.

Integrated impact assessment would also include health impacts such public health concern ranging from avoiding sick building syndrome and designing urban spaces to take account of microclimatology.

Common themes

All these issues have a number of common themes and implications for the city council.

Firstly, the emergence of partnerships and transfer of responsibilities increases the need for a central design and related disciplines capability in order to drive implementation of corporate, regeneration and Going for Growth objectives and priorities and an integrated and comprehensive approach to design and sustainable development. An era of increasing fragmentation of responsibility and delivery requires that one organisation must take a leadership role and the city council must continue this role.

Secondly, the need to have the capacity to undertake a wider variety of roles in the design and construction process. In the past, capacity has focused on full provision of the design function for individual capital projects plus the provision of urban design advice and policy guidance, in connection with the citywide urban design policy, planning applications and conservation areas. In future, a much more multi-functional and diversified design capacity will be essential.

Thirdly, the new agenda will provide a wider variety of different types of involvement in projects, ranging from provision of guidance and best practice, to membership of multi-disciplinary and multi-organisational design teams.

Fourthly, it requires a more proactive approach, not simply with city council clients but with a wider range of other public bodies and partnerships. City Design will require the support of the city council because getting involved in projects will also be a key means by which the city council can deliver on the sustainable development and community well being objectives. City Design will have to have confidence in its own abilities to 'muscle in' on project teams, both to add value and to ensure design, sustainability and well being objectives are fully achieved.

Finally, added value is substantial for a service, which can generate substantial fees. The cost of achieving the design and sustainable development objectives would be relatively small compared to the value obtained in meeting these objectives.

In summary

Over the next decade the city council will need to have the capacity to:

- Promote and provide good quality design of public buildings and open spaces.
-

- Mainstream sustainable development in the planning, design, construction, operation and maintenance of the public infrastructure and private sector development.
- Project manage a diverse range of partnerships and funding regimes.
- Provide design codes and frameworks to ensure regeneration and new development is of a high standard.
- Ensure that community needs and aspirations are built into publicly funded projects.

Newcastle has a comprehensive agenda with Going for Growth, major regeneration and renewal schemes in the city centre, housing improvement investment over the next six years, the Building Schools of the Future programme and many other initiatives. The extent to which the city council is able to adopt the above agenda will have a major impact on the quality and outcome of these projects.

City Design - Work analysis

The following chart is based on two documents supplied by City Design management, which assessed the current areas of work and their longer-term future based on changes in government policy and funding regimes.

Table 1: City Design forecast of growth and change

Potential growth	Minimal change	Potential decline
Going for Growth	Leisure	Education
Housing (ALMO)	Public Buildings	Clerk of Works Service Inspectors
Development Work & Feasibility Studies	Special Projects and Conservation work	
Work for other authorities	Cityworks Depots & Offices Customer Service Centres	
Repairs and Maintenance of all public buildings	Social Services	
Project Management	Community Facilities	
Security work	Cemetery & Crematoriums	
Asset Management and Access Audits	Highways Agency	
Corporate Support on major projects	City Engineering Services	
Building Schools for the Future	Planning & Transportation	
Diocesan Schools work		
Housing Market Pathfinder		
PFI/LIFT (Local Improvement Finance Trust)		
City of Culture		

Source: Status Report, City Design, October 2003. Amended to include City Engineering Services and Planning & Transportation

Both the preceding analysis and the above document indicate that there could be changes in the nature of City Design's workload. This might include:

- Potentially less full design of individual buildings such as schools although this could change in the design of the local delivery vehicle.
- An increase in project management, design advice, and more differential work such as urban design, PFI/LIFT work and sustainability advice.
- Winning new work will also require different strategies in dealing with in-house clients, partnerships, external bodies and the private sector.

The scope of this report has meant that we have not been able to identify the different types of work which could potentially be generated by the projects cited above. We recommend that more detailed analysis is undertaken by City Design, city council directorates and the partnership projects to identify the potential design, sustainability and construction resource implications for each of the above projects.

Developments in other local authorities

A variety of different approaches have been adopted by other local authorities which have established ALMOs. For example, Barnsley retained their architectural services centrally, as did Hounslow, although they transferred some surveyors to the ALMO. The London Borough of Islington is proposing to separate housing architects who will transfer to the ALMO, whilst retaining the remaining architects centrally who undertake work for other departments.

Why City Design

This section highlights the key advantages of in-house provision through City Design.

Direct democratic control and accountability of service delivery: Public services are directly accountable to elected representatives where all aspects of provision are more clearly in the public arena. Consultants and contractors are accountable first and foremost to shareholders or management boards which are usually dominated by business elites.

Coordination and integration of activities and services: Service delivery, social inclusion and anti-poverty strategies, regeneration and economic development increasingly require a multidisciplinary coordinated approach. This requires integrated teams, the pooling of skills, experience and resources in networks, partnerships, alliances and coalitions with the public sector playing a central role. It requires joined-up *government*, not joined-up contracts. The price of selectively 'cheaper' individual suppliers is often outweighed by the loss of connectivity and coordination of the overall service. City Design is in a key position to make a major contribution to cross-directorate working.

Better quality of service: When properly resourced, publicly delivered services can provide a higher standard of service, more responsive and flexible to changing circumstances. The quality of service is best maintained when the quality of employment is also a key objective, services and activities are integrated or joined-up through direct provision rather than via a plethora of contractors and other providers, and when equity and equalities are mainstreamed throughout the organisation, services and activities.

A case in point is a draft Design Code prepared by a well-known planning consultancy for the East End Going for Growth project. The Design Code covers buildings, open spaces and streets and is intended to provide a framework for more detailed project briefs for specific sites. In our view, the Design Code requires substantial rewriting since it makes a series of general statements which could apply anywhere. It lacks sustainability and ecology dimensions and fails to provide a design vision and guidance. It is the antithesis of the Urban Design Code discussed above. The fact that this consultancy allowed such a poor quality draft for circulation speaks volumes.

Implementation of corporate policies, objectives and community needs: Although corporate policies and mission statements are common in all sectors they have a more direct and deeper impact on the quality and process in the delivery of public services. Corporate policies are most effectively implemented as part of in-house services.

Lower overall cost: In-house services usually have lower overall costs, on a comparative basis, after taking all client, contractor and other public costs into account. In-house provision also serves to regulate prices.

Economies of scale: The division of services into contracts reduces economies of scale and hinders sharing and distribution of resources between high/low levels of usage, urban/rural and high/low costs areas.

Quality of employment: The public sector is more likely to have a commitment to good employment terms and conditions including pay, pensions, holidays, sickness schemes, maternity/paternity leave and workplace conditions such as training and health and safety. It is more likely to give full trade union recognition for organising, representation and negotiating rights compared to weaker and partial agreements common in the private sector.

Maximising the scope for improvement: Evidence from detailed research in both public and private sectors indicates that a motivated and committed workforce is an essential prerequisite for achieving continuous improvement. Transferring staff like commodities between employers undermines job security, a public service ethos and the conditions necessary to maximise innovation and improvement.

Working to needs, not contracts and profits: The prime purpose of publicly provided services is to meet social need. The first priority of private services is to meet the demands of the marketplace and ensure profitability for shareholders.

Continuity and security: Continuity of service and knowledge of local requirements and conditions is often an important part of service delivery. Consultants and contractors are often unaware and/or fail to carry out essential research and full consultation in order to make themselves aware of local needs and circumstances.

Maintaining the city's intellectual capital: City Design can make a major contribution to maintaining public control of information and knowledge about the city's stock of buildings and spaces. The loss of the city's intellectual capital to consultants could prove very costly for the city council in the longer term.

Power to influence market forces: A re-launched City Design has an important role in contributing to city council projects attempting to ensure that market forces deliver benefits for local communities. The city council is involved in a wide variety of projects such as Going for Growth, Housing Market Renewal Pathfinder and Building Schools for the Future where the ability to influence and direct market forces in housing, property, land and economic development will have a key bearing on the effectiveness of these projects.

Part 3

Options and options appraisal

We have not had the time or resources to carry out a full options appraisal. This would need to be carried out with City Design, Neighbourhood Services and other directorates of the city council, using the framework set out in the Corporate Procurement Strategy. However, this section of the report goes some way towards identifying potential options for City Design. It proceeds to examine some of the financial issues and assesses some of the implications of three of the six options using a Risk Matrix. It is not a full impact assessment, which would require consideration of all the appraisal criteria in the Corporate Procurement Strategy summarised below.

We have identified 6 potential options for the future of City Design:

1. Consolidation strategy
2. Retain and re-launch new City Design – new strategy, new promotion (Corporate Review to consider which Directorate will maximise City Design's contribution to regeneration)
3. Transfer all functions to the ALMO
4. Transfer of only housing-related work to ALMO and retain rest
5. Partnership with private sector
6. Abolish City Design and transfer key staff to sections in other directorates (such as planning, procurement unit) – this is an outsourcing option.

The options explained

Option 1

Consolidation strategy

This strategy would involve focusing on the present strengths of City Design and consolidating the organisation under the umbrella of a comprehensive Service Improvement Plan, combined with other strategies, to try to retain and increase workload. This option would involve minimum change. It would have the advantage of retaining its core capacities and reputation. The disadvantage is that it would be harder to eliminate any negative views held about the organisations capacity. It is also highly questionable whether this option could stop further reduction and decline in City Design and, most importantly, provide a vehicle for the recruitment and retention of new staff.

Option 2

Retain and re-launch a new City Design

This option would offer an opportunity to design a new organisation, drawing on current experience and capacities and addressing the skills needed to be able to provide strategic and technical advice on sustainable development, community well-being and other key capacities which the city council will need over the next decade. It would provide the city council with a comprehensive design service ranging from design policies and codes to the design of public buildings and open spaces to design input for improved asset management of the city council's infrastructure. The mainstreaming of design and sustainability could have substantial benefits for area-wide regeneration as well as planned maintenance programmes.

It would offer the opportunity to develop the experience and positive reputation of City Design but also provide a new approach which is more likely to address skill shortages to meet the design and construction agenda in the city. It is a more viable alternative to a 'stay as we are option'.

The re-launch of City Design would involve:

- A broader remit following an assessment of the city council's design, sustainability and construction requirements.
- New units or teams with responsibility for mainstreaming sustainable development and the development of Design Codes.
- A commitment by the city council that it will promote and require the involvement of City Design in partnership project negotiations.
- If necessary, additional staff with the skills and experience to mainstream the agenda described in Part 2.
- Development of the 'intelligent client' function assisting Directorates in the design process and playing a key role in identifying and articulating community needs and aspirations.

Option 3

Transfer all functions to the ALMO

This assumes that the ALMO would want to take on the non-housing functions. It could result in a decline in non-housing work as other directorates may bypass an ALMO-based design and construction-based service. This option requires a negotiated agreement with the ALMO. It also sets a precedent, with the ALMO taking over non-housing functions which could be used later if the ALMO decided to expand and sought to takeover other council functions.

Option 4

Transfer only housing-related work to ALMO and retain the remaining functions in City Design

This would divide City Design and leave the non-housing staff in a vulnerable position. It is unlikely that a non-ALMO unit would be viable, and directorates are likely to seek design and construction advice and support from other sources, ie the private sector. In the longer term the ALMO could decide to reduce its in-house design and construction staff, particularly in the interim period or gap when the bulk of investment has been made to achieve the Decent Homes Standard and the need for continuing investment is realised.

Option 5

Partnership with private sector

There is potential for a Framework Agreement with one or more private sector partners. This strategy raises a number of key questions:

- Is the function of the partnership part of a strategy to retain and improve the core skills available to the city council? In this context, a partnership could have a limited time span and would have a strong capacity-building element, which is quantifiable and monitored.
- Is a partnership considered to be a long-term arrangement between City Design and the private sector working jointly on a continuing basis?
- Is a partnership in effect an interim arrangement, under which it is 'accepted' but not widely acknowledged, that City Design will be run-down with more and more work being undertaken by the private sector. In other words, the in-house design and construction work would be allowed to decline and 'wither on the vine'.

These questions and the answers are of fundamental importance for City Design.

Option 6

Abolish City Design and transfer key staff to other sections (planning, procurement unit and others)

This would in effect be an outsourcing option. All design work would be commissioned from private architectural and landscape practices, together with quantity surveying, engineering and other technical support. It would involve the abolition of City Design, with the city council deciding which elements of design and construction technical support it needed to retain in-house. These staff could be located in other sections or directorates, for example, key staff engaged in asset management could transfer to property management. There could be substantial job losses at all levels. The transfer of key staff to other units is likely to mean that City Design's clerical and administrative staff would have to be redeployed.

Appraisal criteria

See Procurement Strategy for criteria and need to add design and construction to the core criteria.

Criteria for Options Appraisal

The City Council's Corporate Procurement Strategy states that the following criteria should be used to assess options:

Corporate policy

- Democratic accountability – the extent to which each option increases or reduces direct accountability;
- Corporate policies and priorities;
- Transparency and disclosure;
- Absence of legal and regulatory impediments;
- Corporate impact – organisational and financial impact on other departments and services.

Service needs

- Ability to meet current/future social needs of the service or project and accommodate changing levels of demand;
- Service quality, responsiveness and flexibility to respond to change;
- Capacity for service improvement, learning and innovation;
- Service integration and co-ordination with minimal disruption;
- User involvement in planning, design, implementation and service monitoring;
- Quality management, leadership and ability to secure improved service delivery;
- User/community and staff/trade union views.

Equity, equalities and diversity

- Equity of service provision;
- Opportunity for additional equality policies and opportunities;
- Proposals for reducing/eliminating existing inequalities.

Financial assessment

- Ability to identify, access and deploy resources;
- Financial and revenue implications, the need for investment, VFM in widest sense and lifecycle costs and benefits;
- Access to capital and investment plan;
- Affordability – comparing current costs with all projected costs and cash flow.

Employment and training

- Ability to recruit/retain skilled staff;
- Local economy and supply chains, local labour;
- Quality of employment and training.

Environmental sustainability

- Environmental impact and sustainability.

Management practice

- Exit strategies and their implications and costs;
- Ability to identify, apportion and manage risk.

Financial analysis

Further information is required for a full financial analysis. The current costs of City Design are summarised in Table 2 followed by the income forecast for 2004/05.

Table 2: **Current costs of City Design (2003/04)**

Expenditure	£
Employment (salaries, NI, superannuation and other staff costs)	4,157,900
Premises	332,630
Transport	130,890
Supplies and Services	140,000
Insurance	60,000
Leasing	45,000
Corporate (telephones, central support, financing, IT and training)	560,630
Total	5,427,050

Source: Proposals for Voluntary Severance, Draft, City Design, Design and Construction Services, Neighbourhood Services, Newcastle City Council, January 2004.

The income forecast for 2004/05 is estimated to be between £3.75m - £4.5m. This is comprised of the following:

Table 3: **City Design income forecast 2004/05**

Source of Income	£
SLA or fee from ALMO between 2%-4% of construction costs	2.5m – 3.5m
Repairs & Maintenance and Asset Management team which equates to a minimum income of:	800,000
Other work streams that are likely are pathfinder via ALMO and strategic housing function that could generate up to:	750,000
PFI, BSF and NOF project management	200,000
Good Stewardship 2004/05 fees	50,000
DDA fees 2004/05 (conservative)	50,000
Total	3.75m – 4.5m
Alternative total – see below	£4.35m - £5.35m

Source: Newcastle City Council, city Design, Proposals for Voluntary Severance, 2004.

We have not had access to more detailed financial information in the preparation of this report. However, it is evident that:

- The actual figures in this table add up to an income forecast of between £4.35m and £5.35m for 2004/05, the latter figure being very close to the current cost of City Design. The 'other work stream' suggests a maximum income of £750,000 per annum, but the £3.75m annual total would assume only £150,000 from this source.
- The fee income assumes a 'business as usual' approach, although this does rely on gaining PFI, BSF, NOF and other fee income. It does not take account of the fee income which could potentially be generated by a re-launched City Design, providing design and technical advice on a much broader agenda to a wider range of public bodies, partnerships and community organisations.

The economics of the design and sustainability agenda

The city council must adopt a holistic approach to the financing of the responsibilities outlined in Part 2.

- Some elements cannot be funded by fee income because there is no fee structure or payment mechanism attached to the work.
- Some of the work is developing public policy where the benefits manifest in more effective implementation of city council corporate objectives and priorities.
- The financial benefits may not be immediate, but are longer term leading to budget savings in two, three or more year's time.
- The financial benefits may accrue to another directorate or to another public or private organisation rather than to City Design.
- In some cases, the benefits are not financial but are more intangible social, health and economic benefits.

It may be possible for the city council to recoup some of its sustainable development and design code work through the charging mechanism currently being considered for Section 106 agreements by the ODPM. The government is currently consulting on introducing a requirement for a financial payment in place of the provision of community facilities, social housing and other facilities under traditional Section 106 Agreements. It might be possible for the city council to allocate a certain percentage of these fees to contribute to the cost of sustainability and design work associated with such projects.

The extent of privatisation in the options

It is important to identify the privatisation component in each of the options so that there is clarity concerning the full implications of following a particular course of action.

Consolidation: This is unlikely to be radical or comprehensive enough to succeed and City Design's workload is likely to decline, with the private sector undertaking a larger and larger proportion of the design and construction work for the City Council.

Partnership (Framework Agreement): Much depends on the purpose of the partnership and the share of work undertaken by the private sector. It may be initially small but could increase rapidly resulting in the privatisation of City Design.

Transfer of housing work to ALMO: Potential privatisation of non-housing work as remaining unit has questionable viability.

Transfer of all of City Design to ALMO: Potential slow privatisation of non-housing work.

Abolition of City Design: Privatisation (outsourcing) of most of City Design functions except those that the city council decided to retain and transfer to other sections.

Risk Matrix for 3 options

The Risk Matrix is based on three options – Consolidation, a Re-launched City Design and the transfer of housing design staff to the ALMO. The Risk Matrix uses the appraisal criteria from the Corporate Procurement Strategy:

- Corporate policy
- Service needs
- Equity, equalities and diversity
- Financial viability
- Employment and training
- Environmental sustainability
- Management practice

The Risk Matrix assesses two dimensions of risk. Firstly, the likelihood of risk occurring which can be categorised as 'likely', 'possible' or 'unlikely'. Secondly, the scale of the risk defined as 'high', 'medium' or 'low'. The results are summarised in a concluding table identifying the ten categories of risk (nine plus no change).

Consolidation Option	Re-launch of City Design	Transfer Housing design work to ALMO
Corporate policy		
No change	No change	Loss of direct responsibility for design staff who will be accountable to ALMO Board. Likely/medium risk
Risk of not meeting corporate objectives if further cuts required. Possible/low risk	Unlikely/low risk Risk of not meeting increased expectations and opportunities.	Ability to achieve corporate objectives will depend primarily on ALMO policies and practice. Possible/low risk
No change	No change	Transparency and disclosure bound up with overall ALMO approach. Possible/low risk
Elimination of 'free' work could have impact on some directorates. Possible/medium risk	Elimination of 'free' work could have impact on some directorates. Possible/medium risk	Minimum financial impact on other directorates as ALMO bears responsibility but possible impact on non-housing work. Possible/low risk
Service needs		
Risk of decline in service quality as capacity reduces and recruitment problems worsen. Possible/medium risk	Unlikely/low level of risk of decline in service failure.	Two-tier service quality emerges with non-housing service suffering lack of priority. Possible/medium risk
Integration of design, sustainability and well being agendas may be limited. Possible/medium risk	Unlikely/low level of risk	Risk that improvement and innovation is focused on housing at expense of non-housing sector. Possible/low risk
Reduced capacity could inhibit innovation. Possible/medium risk	Unlikely/low level of risk. Maximises opportunity for improvement and innovation.	Risk that improvement and innovation is focused on housing at expense of non-housing sector. Possible/low risk
Limited capacity to respond to changing complexity of social needs. Possible/low risk	Unlikely/low level of risk.	Focus on housing needs but loss of ability to promote community/public design agenda for non-housing projects. Likely/high risk
Equity, equalities and diversity		
Potentially reduced capacity of city council – risk of uneven service provision. Unlikely/low risk	Unlikely/low level of risk of uneven provision.	Potential of uneven service provision at service level. Risk of ALMO varying council priority/approach to equalities. Unlikely/low risk
Limited scope for additional equalities policies. Possible/low risk	Unlikely/low level of risk of not fulfilling wider equalities potential.	Risk of ALMO varying council priority/approach to equalities. Unlikely/low risk
Limited capacity to address existing inequalities. Possible/low risk	Unlikely/low risk Increased capacity to address existing inequalities.	Scope to address housing inequalities but limited capacity to address other sectors. Unlikely/low risk
Financial viability		

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Minimise financial risk by adjusting staffing levels to expected fee income. Possible/high risk	Risk of failure to obtain project involvement and fee income at forecast level. Possible/low risk	Decline of non-housing work runs risk of making this element unviable if retained as a stand-alone unit. Possible/high risk
Risk of declining value for money as organisation may have to reduce capacity and scope. Likely/high risk	Possible/low risk of declining value for money.	Value for money of non-housing work may be affected. Possible/medium
Affordable in terms of aligning staffing levels with fee income. Possible/medium risk	Possible/low risk. Risk of not achieving increased fee income but relative to potential benefits of this option.	Housing work linked to ALMO investment programme – limited risk of ALMO not maintaining 2 star performance rating. Non-housing work depends on commissioned work from council and other clients. Possible/low risk
Employment and training		
Option most likely to lead to further decline in staffing levels in most sections. Likely/high risk	Least risk to jobs but depends on success of contract and project strategy. Unlikely/low risk	Non-housing staff most vulnerable if non-housing clients transfer work to other design organisations. Possible/low risk
Continued difficulty in recruiting and retaining experienced staff. Likely/medium risk	Unlikely/low risk. Option most likely to attract new staff	Risk of difficulty in attracting non-housing design staff. Possible/medium risk
Danger of further reduction in work flow will affect staff morale. Likely/medium risk	Unlikely/low risk Revitalised service with new mission could have positive impact on jobs, career opportunities and workforce development.	Reliance on employment policies of ALMO. Unlikely/low risk
Limited additional impact on local economy. Possible/medium risk	Unlikely/low risk. Maximum ability to impact on local economy, supply chains and local labour.	Risk of partial impact on local economy if focus is only on housing sector. Unlikely/low risk
Environmental sustainability		
Risk of further reductions impacting on ability to mainstream sustainable development. Possible/medium risk	Risk that mainstreaming sustainable development and community well being more difficult than anticipated. Unlikely/low risk	Focus on housing at expense of non-housing work. Possible/medium risk
Risk of more limited approach and ability to influence clients and private sector. Possible/medium risk	Unlikely/low risk although depends on ability to influence partnership agendas.	Unlikely/low risk in housing work but non-housing work may have higher level of risk.
Management practice		
Exit strategy to align staff/fees but further reduction could mean closure with major implications for design and construction agenda. Possible/high risk	Exit strategy could align staff/fees. Unlikely/high risk	Exit strategy could align staff/fees. Unlikely/high risk
No change in ability to identify, apportion and manage risk. Possible/low risk	Re-launch should increase ability to identify, apportion and manage risk. Unlikely/low risk	Risk will be apportioned by two separate bodies – City council and ALMO – risk of non-alignment. Possible/low risk

Source: Centre for Public Services, 2004.

Summary of Risk Matrix

Table 4 summarises the Risk Matrix findings demonstrating that Option 2 (Re-launch of City Design) has a significantly lower risk profile than the Consolidation or Transfer Housing Design Work to ALMO options. There are two main conclusions from the risk analysis. Firstly, the likelihood of risk arising is concentrated in the 'Unlikely' category for the Re-launch option, whereas it extends across all three categories for the Consolidation and Transfer of Housing Design Work to ALMO options. Secondly, level of risk for the Re-launch option is mainly low (18 out of 20 criteria in the low risk category) in contrast to risk being more evenly spread in the high, medium and low risk categories for the other two options.

Table 4: Summary of Risk Matrix

Level of Risk	Consolidation Option	Re-launch of City Design	Transfer Housing design work to ALMO
Likely - high	2		1
- medium	2		1
- low			
Possible - high	2		1
- medium	8	1	4
- low	4	3	8
Unlikely - high	0	1	1
- medium	0	0	0
- low	2	15	6
No change	2	2	0

Part 4

Conclusions and recommendations

The city council is in a unique position in having a number of overlapping national projects such Building Schools for the Future, the Housing Market Renewal Pathfinder together with the city council's large-scale regeneration project Going for Growth and the £350m investment in council housing by the Arms Length Management Organisation (ALMO) to 2010/11. There is enormous synergy in the objectives, investment strategies, activities and boundaries of these projects. It now has the resources to tackle many fundamental problems which previous projects had failed to achieve the required level of change and renewal.

The city council has an opportunity to use its power and influence to ensure that a re-launched City Design and other council services play a significant part in these projects. The alternative is to allow Boards and projects to hire a plethora of consultants and contractors creating a fragmented labyrinth of contracts and projects, a loss of synergy, missed opportunities and declining capacity of the city council.

The city council requires:

- Design and construction resources to improve the quality of public buildings and spaces in Newcastle and to achieve the city council's corporate, Going for Growth and regeneration objectives and to contribute to national urban design objectives.
- The capacity to prepare, implement and monitor Design Codes for regeneration and development areas.
- Ensure community needs and corporate objectives are fully integrated into design briefs for buildings and open spaces.
- The capacity to implement sustainable development in the design, planning, construction, management and operation of the public infrastructure and to ensure private development incorporates the same sustainable development objectives.

Recommendations

1. Adopt option 2 as the way forward and to Re-launch a new City Design with the capacity to undertake the agenda set out in Part 2 of this report.

2. Undertake more detailed work on the capacity and resources which will be required for the city council to fully address their design and sustainable development responsibilities. This should include how these responsibilities can be financed.

3. Immediately develop a 'Newcastle approach' to Building Schools for the Future programme which focuses on maximising City Design and Neighbourhood Services involvement in the design and provision of services to schools together with a Newcastle approach to the provision of community facilities and services and neighbourhood management. Depending on capacity, City Design should be making the case for the design of two of the secondary schools in this programme.

4. Review the post of Head of City Design: This should be a person with a design and sustainability background, capable of leading a revitalised organisation and driving the design and sustainability agenda.

5. **Skills Audit:** Consider carrying out a Skills Audit to assess how the organisation can address the new agenda. The audit should assess:

- The current skills mix.
- What skills are needed for the different options? (partnership will require partnership skills and negotiating experience, a new City Design may require new skills)
- What are the skill shortages?
- Which professions and teams require additional skills?
- What skills shortages can the current training programme address?
- Can staff turnover be used to obtain these skills?
- Can City Design attract people with the required skills and experience?

6. **The city council should consider establishing a cross-directorate** mechanism to ensure coordination of an all design issues in the urban environment. This would help to maximise City Design's contribution to regeneration and to achieving the council's corporate objectives.

Appendix

City Design: Key principles

The following principles are proposed to form the core of the argument for a strong and vibrant well-resourced multi-disciplinary City Design service in Newcastle.

Sustainable development: The six principles of sustainable development include putting sustainable development at the centre of the regeneration and development agenda. This requires vision, leadership and capacity to ensure that the other principles – fair shares, polluter pays, valuing nature, good governance and the precautionary approach are mainstreamed in all projects.

Sustainable communities: This concept imposes responsibilities on local authorities to ensure that the design and planning of development addresses the provision of housing, transport, economic development, environment, health and education, social and cultural issues and democratic governance. This, in effect, requires a range of skills and expertise to have sufficient recognition and credibility to control and influence the design, method and timing of development.

Regeneration and economic development (Going for Growth) will be implemented by a wide variety developers, agencies, companies and organisations. In addition to planning and economic development capacity, the city council will need design, construction and project management skills to fulfil its responsibilities and ensure its own investment contribution is properly coordinated and integrated with the overall development.

Design standards: Improved quality of design of both public and private buildings will not simply come about through policy statements and verbal encouragement. It will require the city council to have its own design guidance backed up by experienced officers to ensure developers, construction companies and their advisers mainstream high design standards throughout the construction and development process. The preparation, application and scrutiny of urban design codes could have a significant role in improving design standards.

Rethinking Construction: Implementation of the principles established by Egan and Latham requires the city council to take an active rather than a passive role in facilitating change in the way public and private construction is carried out in the city.

Maximising investment to meet community needs: Early identification of needs, project planning and costing to ensure that design briefs reflect community needs and aspirations and project budgets are based on realistic cost estimates. Improving the quality and cost effectiveness of projects helps to ensure the city council gets the maximum value from investment.

Community and user involvement in the design process: Their involvement is essential to ensure buildings and open spaces are designed to meet client and community needs. The involvement of community organisation and user representatives in the design process requires a continuing presence, commitment and accumulation of experience because the quality and level of involvement can rarely be achieved on an ad hoc, project-by-project basis.

Design to reflect public service values: The design of public buildings must reflect the values and ethos of the services and facilities for which they are intended. Public buildings make an important contribution to community well being and civil society. This places a responsibility on city council clients to be clear and comprehensive in preparing design briefs and to involve staff/trade union and community/user representatives throughout the design process.

Democratic design: The accountability of the design and construction industries to local government and local communities has frequently been negligible. Technical and organisational capacity will be needed to facilitate improved accountability at each stage of the process. This is essential if there are to be genuine and lasting improvements in design standards and the mainstreaming of design issues throughout the procurement process.

A multi-disciplinary learning organisation: A wide range of professional skills and a multi-disciplinary approach to client's needs and problem-solving together are essential for the design, construction and development process in the 21st century. This approach, combined with continuous review and evaluation, is the hallmark of a learning organisation in which intelligent design and project planning is used to minimise mistakes and risk. Effective monitoring of consultants and contractors is a skilled and often labour intensive activity which is also an essential part of the procurement process.

Integrated services and provision: The multi-disciplinary approach also encourages and facilitates the provision of integrated services. The City Council is committed to the provision of integrated services through neighbourhood management. Comprehensive design and construction advice has an important role consolidating this approach by avoiding or negotiating to avoid narrow departmental or sectional interests.

Corporate knowledge and intellectual property: Knowledge of, and information about, the city's infrastructure, its history and how it works, community and social needs, its geology and environment has accumulated over the years and has a vitally important role in the design, planning and development process. It must be 'owned, collated, revised and renewed on a continuing basis. Loss of this intellectual capital will lead to increased costs as the private sector sells it back to the city council.

Maximising asset management: Maintaining and improving the city council's existing land and properties, ensuring they are fit for purpose and have suitable planned maintenance regimes is essential to obtain best value and to gain the maximum benefit from limited resources.

Holistic whole-life costing: The design and construction phase is a relatively short period in the life of a building or project, hence project costs must take account of longer-term maintenance and improvement regimes. This will include trade-offs between the potentially higher costs of better quality materials and potentially lower maintenance costs.

Project management covering the planning, programming, coordination, review and evaluation of design and construction services is a fundamental part of the city council's capacity to deliver investment, regeneration and services.

Corporate policies and objectives: Environmental, equalities, employment, health and safety and other corporate policies are notoriously difficult to implement in sectors which are highly contractorised and thus fragmented. The city council needs staff in all the relevant design and construction disciplines to ensure that corporate policies and priorities are implemented.

Corporate Procurement Strategy principles: The city council's corporate procurement strategy sets out a number of strategic and best value objectives and outcomes which can most effectively and comprehensively be achieved by having in-house capacity based on the above principles.

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