



Name of meeting: Scrutiny

Date: 6th March 2023

Title of report: Update on the Cultural Heart, part of the Huddersfield Blueprint

Purpose of report:

The purpose of this report is to give an update on the progress of the Cultural Heart programme following Cabinet approval of the Outline Business Case and the Royal Institute of British Architects (RIBA) Stage 2 masterplan on the 21st September 2022 (Gateway 2).

Work is now progressing in preparation for Cabinet to review the programme again at Gateway 3 in June 2023.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes Expenditure >£250,000
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision – Yes published 18/8/22. The 21/9/22 Cabinet Report had a public report with both public and private appendices.
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	David Shepherd: Cabinet report: 8th September 2022 Scrutiny report: 20th February 2023 Eamonn Croston: Cabinet Report: 8th September 2022 Julie Muscroft: Cabinet Report: 9th September 2022
Cabinet member portfolio	Cllr Graham Turner - Regeneration Portfolio Holder, Cllr Paul Davies - Corporate Portfolio holder

Electoral wards affected: Newsome

Ward councillors consulted: Newsome ward councilors were consulted on the progress of the scheme as part of the public consultation for planning during May and June 2022.

Public or private: The 21/9/22 Cabinet Report had a public report with public and private appendices.

Public appendices to the Cabinet Report are set out below. In the public report the OBC has been redacted and some of the OBC's appendices have been withheld or redacted.

Appendix 1, Outline Business Case (OBC)

Appendix 2, appendices to the OBC

Appendix 3, RIBA Stage 2 Design Executive Summaries Report, Appendix O to OBC

Appendix 4, Social Value paper

Appendix 5, Consultation Report

Appendix 6, Integrated Impact Assessment

Has GDPR been considered? Yes

1 Summary, Introduction and Context

1.1 Delivering the Cultural Heart Programme

Launched in June 2019, the Huddersfield Blueprint aims to transform the town centre. As one of six key elements of the blueprint vision, the Cultural Heart focuses on the Queensgate Market area and includes regenerating iconic and historic local buildings such as the library/gallery and the market hall.

The aim of the programme is to regenerate and celebrate the heritage of Huddersfield while offering new cultural experiences for residents and visitors to enjoy a revitalised town centre.

Proposed elements of the Cultural Heart include:

- A new library.
- A new museum
- A new gallery
- A new food hall.
- A new event venue: which can be scaled up or down for live music, theatre, cultural events, and conferences.
- A new town park and outdoor event space.
- New parking.

As a major transformational programme, development of the Cultural Heart is reviewed through each stage of a gateway process. The gateway process sets key milestones for progressing the programme. This approach allows Cabinet to take stock of the progress, design, phasing, proceeding with construction and consider factors such as changing market conditions, affordability and stakeholder views. At each stage, Cabinet is invited to endorse the outcome of the gateway and move forward to the next gateway.

To date the Cultural Heart programme has been to Cabinet on three occasions where the proposals were considered and approval to proceed given.

- | | |
|---|---------------------------------|
| • Programme initiation | 22 nd June 2021 |
| • Strategic Outline Case (SOC), Gateway 1 | 16 th November 2021 |
| • Outline Business Case (OBC), Gateway 2 | 21 st September 2022 |
| • Target for Gateway 3 | June 2023 |

The programme has been to both public and private Scrutiny on a number of occasions and the Chair of Scrutiny had access to the private appendices associated with the Gateway 2 Cabinet report. The Cabinet report also included a number of key points, opportunities and challenges that were highlighted at the Ad-Hoc Scrutiny Panel on the 16th August 2022.

The ongoing preparation up to Gateway 3 will take a significant amount of resource from the consultant delivery team and support from Council staff over the remaining months.

1.2 Securing Appropriate Resources

The Strategic Development Partner (SDP) was appointed on the 5th July 2021 and brings together the necessary skills and resources to deliver the Cultural Heart programme. The SDP is comprised of the specialist disciplines that together with the designers (architect and engineers) are needed to produce the necessary deliverables for a programme of this scale.

The SDP brings the capacity and experience of similar masterplan scale programmes that was not available to the Council in house. Led by their Programme Manager, the SDP has been working alongside the Council, using recognised processes and procedures, to bring forward the Cultural Heart programme.

Funding totaling £18.05m from the Council's approved multi-year capital plan has been approved by Cabinet to progress the programme to Gateway 3. This included Gateway 1 (SOC) costs of £1.99m, with a further £5.56m to get to Gateway 2 (OBC) and then up to £10.5m (RIBA 3, planning application, design & build (D&B) contractor procurement) to Gateway 3. The programme costs incurred to date are in line with the indicative cost profile above.

The Programme Board was established from the outset to provide governance and strategic direction for the programme, the chair for this board is the Strategic Director Growth and Regeneration.

A Technical and Quality group and a Master Plan group comprising mostly Council staff have also been convened to provide technical checks and balances at appropriate milestones for the work completed by the SDP, architect and engineer.

A Finance group, chaired by the Service Director – Finance, has also been established. This group has responsibility for reviewing all costs and income associated with the Cultural Heart Programme, and maintains the overall financial model of the development, and to periodically update the Board as required.

Also, internal Kirklees service department stakeholders have been consulted in a mixture of group and one-to-one sessions to define the requirements of the core elements that make up the Cultural Heart.

A legal framework firm is assisting Legal Services with the appointment of consultants and contractors and the process of securing vacant possession of properties on the site (particularly the Piazza Shopping Centre) and advise generally on other property and legal related matters.

The programme is regularly presented to the Executive Team, Leadership Management Team, and the Regeneration Portfolio Holder Board.

2 Information required to take a decision

2.1 Background

The blueprint, and the part that the Cultural Heart plays in the aspirations, has been considered by Cabinet a number of times and the links to those reports are set out in section 8 of this report.

Directly related to the delivery of the Cultural Heart was the purchase of the Piazza Shopping Centre, this was agreed by cabinet on 29th May 2019 and was a precursor to the blueprint launch in June 2019.

It is recognised that maintaining activity in and around the Cultural Heart throughout the lifetime of the programme will be important and therefore meanwhile uses will be encouraged. Also, the importance of maintaining a functioning town centre during the implementation phases is recognised.

2.2 Progress since Cabinet approval on the 21st September 2022

The programme board is chaired by the Strategic Director for Growth and Regeneration, and meetings continue monthly. The last meeting was held on the 22nd February 2023.

The Cultural Heart programme reports every two months to the Regeneration PHB. The last report was given on the 31st January 2023.

Work progresses towards Gateway 3, including.

- The architects and engineers RIBA Stage 3 masterplan report was reviewed by ET and the Programme Board during January 2023 as planned. At this stage of the design the spatial coordination and layout of all elements forming the Cultural Heart masterplan have been decided.

The public realm that includes the events square and the park will promote the family friendly environment and provide positive links towards the rest of the town centre, the Lawrence Batley Theatre, the Town Hall and the University.

As part of the master planning the drainage design has been a key consideration and the proposal is to reduce run-off by a third.

An acoustic & noise survey has been carried out, the outcomes and recommendations are awaited for integration into the design.

- Details of the RIBA Stage 3 design work, information and images are all subject to approval by Cabinet, planning and listed building consent.
- Carry out periodical cost reviews and refinement of the Development Capital budget as the design develops.
- Service teams are developing requirements for furniture, fixtures & equipment (FF&E), pre-opening and operational costs for staff and specialist support requirements.
- Comms and branding agencies continue to work with the in-house team to make sure that the purpose and vision for the Cultural Heart is made clear to all stakeholders including those without internet access and that the wider Kirklees can benefit from the development of the Cultural Heart.
- Liaison and coordination for decant dates, meanwhile uses and retailers, etc and enabling works including strip out, intrusive surveys and asbestos removal.

Negotiations are ongoing with existing lease holders of properties on the site and predominantly those associated with the Piazza Shopping Centre to free up the site for redevelopment. Third parties also have rights of access associated with the service tunnels under the site which will have some influence on the strategy associated with the tunnels. Through further recent acquisitions the Council now control all the buildings that take servicing access off the tunnels.

- Following a pre-application presentation to the Strategic Planning Committee in August 2022 a planning application for the masterplan scheme was submitted and is due to go to strategic planning committee, including applications for listed building consents (existing library and the Queensgate Market Hall), on the 2nd March 2023.

Consultations continue at the time of writing of this report building on the two major public consultations in May and August 2022 and the consultations with disabled people groups. Support for the programme from the public consultation ranged from 62-75% for the various assets with an average across the masterplan of 68%. The full list of consultees was included in the 21st September 2022 Cabinet report.

The application (planning and listed building consents) for the Cultural Heart is a significant undertaking amounting to over 7,000 pages and 212 drawings. This is a major milestone for the programme. It has required numerous supporting assessments including traffic and a travel plan to promote the use of public transport working towards a low carbon economy and the Councils 2038 Carbon Neutral Vision and policies.

- The sustainability strategy and KPI's for the programme have been developed in parallel with the RIBA Stage 3 design work. Minimising embodied and operational carbon have been a priority and the buildings have been designed to be capable of connecting to the proposed town centre heat network and electricity project.

The programme's sustainability targets have been considered in collaboration with KC's sustainability leads as part of the Cultural Heart Sustainability Group.

The multi storey car park design allows for an initial 20% EV charging spaces where the regulations require 10% with future capacity for expansion built in.

- The SDP, architect and engineer are delivering their social value commitments and the Social Value Portal is being used to measure the outputs which are reviewed at monthly programme board meetings.

Social Value will play a significant part in the selection of the construction contractors who will deliver the RIBA Stage 4 design work and deliver the construction works on site through RIBA Stage 5.

- Consider the phasing and early delivery of Phase 1 and contractor procurement to include the new library, food hall and events square.
- Town Centre Operational Board established to review the management of the town centre including the Cultural Heart.

3 Implications for the Council

3.1 Working with People

This report deals with the delivery aspect of one part of the blueprint. The blueprint was subject to a number of engagement exercises commencing in 2018 as part of the blueprint development and then again late in 2019 after the blueprint launch the Council undertook a Place Standard exercise to benchmark public reaction to the approach and projects. The key report for this can be found by accessing the following link:

<https://howgoodisourplace.org.uk/huddersfield-town-centre/>

As part of initial development work into options around the core projects a number of external stakeholders have been consulted as a way of testing out and developing options. A programme of this scale will continue to require engagement and consultation at various stages of programme development.

3.2 Working with Partners

Collaboration and working together with partners are the key to ensuring the council get the best outcomes for citizens, communities, and Kirklees as a whole. Early contact with selected stakeholders has been undertaken to help shape some early options for projects within the Cultural Heart. This will continue and be expanded as the programme is developed.

There will be a number of third party operators involved in the services provided in the Cultural Heart for the venue, food hall and the multistorey car park. Soft market testing for the venue and food hall have shown that there is interest. There are choices for the operation of the multistorey car park that include using an independent car park operator or by the council.

The form of the commercial arrangement and partnership with these three operators has not yet been determined but will be influenced by further market engagement, the preferred operator selection process and what is in the best interest of the council.

3.3 Place Based Working

The development of the blueprint and the associated Place Standard exercise has already engaged town centre stakeholders, businesses, and users to help shape the overall approach to redeveloping Huddersfield Town Centre, including the plans for the Cultural Heart. The buildings and spaces create opportunity for wider use.

The Social Value Trust model, where it is proposed to establish a Cultural Heart Bond for cash contributions, will help strengthen community and voluntary sector partners who are delivering place-based working throughout Kirklees.

3.4 Climate Change and Air Quality

The reduction of carbon emissions and the minimization of air quality problems is a key objective for the blueprint. The sustainability strategy and net zero requirements have been further developed building on the work that was done for Gateway 2.

Both Climate Change and Air Quality are key parts of the master plan and design. This in turn has informed the planning application and the future detailed design work.

In addition, climate change initiatives are associated with the delivery and promotion of other projects and programmes for example sustainable transport modes that help to reduce adverse transport derived impacts on communities and public health.

3.5 Improving outcomes for children

The blueprint includes within it a key objective of providing a family friendly town centre. This means that uses, streets and places will favour all age groups including children. Part of the strategy to renew the town is to bring in new uses that attract families and young people in a way the town does not at present. This means that the introduction of cultural activities and associated food and beverage offers need to be managed in a way that appeals to all age groups.

Additionally, streets and spaces such as the Town Park will be designed with all generations in mind making them both safe and inclusive at the same time.

The range of venues that will be clustered in the Cultural Heart including the park, museum, art gallery, library, food hall and not least the venue will provide opportunities for children to explore, learn and have fun.

3.6 Cost of Living Crisis

When the Cultural Heart is operational and available for use by the residents of Kirklees a number of the assets will be free to use and being centrally located are easily accessible by public transport. The campus style development also means that there are many attractions in one place with a variety of offers that are family friendly and appealing to all age groups.

As well as a place for leisure the Cultural Heart will also create a variety of new job opportunities that are accessible by bus and train and these new 'workers' in the town centre will need the services that already exist thereby increasing spend in the town and supporting those businesses.

3.7 Other (Legal/Financial or Human Resources)

3.7.1 Finance

The financial implications arising from the Cultural Heart ambition are significant, and the 21st September 2022 Cabinet report set out the overarching rationale for the resource implications.

However, through the gateway process Cabinet have limited total expenditure, to progress the Cultural Heart programme up to Gateway 3, to £18.05m from the £210m capital allocation.

Future revenue operating costs for the masterplan are estimated to be up to an additional net £3m per annum post-construction, and additional pre-operating revenue costs of up to £4m in total, relative to current Council base budget provision. Also, there is a further estimated FF&E capital requirement for £10m.

The council's existing multi-year revenue and capital medium term budget plans and financial strategies for 2022/23 and future years, approved at Budget Council on 16 February 2022, had previously acknowledged that this programme would be a significant strategic investment priority commitment to deliver major long term regeneration for the district.

The subsequent 2023/24 MTFS report highlighted the emerging scale of the global, national and local economic, financial and societal impacts from the current cost of living crisis and modelled the impact on the council's current and future years forecast financial position. The MTFS report also acknowledged that the environment within which local government, and all sectors of the economy, are currently operating, is volatile, fast moving and also acknowledged that there were anticipated to be forthcoming government announcements on how to tackle the cost of living crisis that were likely anyway to impact significantly on MTFS budgeted assumptions. And also, in recognition of this, further reports would be brought back to Cabinet and Council to further update on the council's forecast financial position going forward.

The above will also continue to be an overarching context for subsequent consideration of the Cultural Heart programme development through to Gateway 3 and future gateways, noting that Budget Council in February 2023 will therefore also provide a key milestone and indication of the Cultural Heart programme development in the context of setting the overall Council budget requirement for 2023/24 and forecast spend and funding assumptions for future years.

3.7.2 Procurement & Value for Money

For this stage of the programme up to Gateway 3 the principal members of the delivery team have been engaged. This includes the SDP (Mace/Turner & Townsend), architects (Feilden Clegg Bradley) and the engineers (Arup).

Surveys are also being undertaken as part of information gathering, and agencies have been engaged to help with the comms.

Work is on budget (£18.05m) to conclude Gateway 3.

3.7.3 Legal

Legal Services, and Addleshaw Goddard LLP (an external framework firm), are involved in the procurement process and appointment of the SDP, the wider team and the contractors in accordance with the council's Contract Procedure Rules.

There are a number of occupiers of the Piazza Shopping Centre who have security of tenure. Legal Services, and an external framework firm, are involved in the process to complete any relevant documentation in order to secure vacant possession of the Piazza Shopping Centre to enable delivery of the proposed programme prior to and after this Gateway 2 stage.

There are also occupiers outside the boundaries of the site who have rights to use the service tunnels under the Piazza Shopping Centre. Legal Services, and the external framework firm, will be involved in the process to complete any relevant documentation so that works can be carried out to the tunnels.

Legal Services, and an external framework firm, will be involved in the procurement process and contractual arrangements with the third party operators for the venue, food hall and multistorey car park in accordance with the council's Contract Procedure Rules.

There are a number of powers that the Council will rely on to carry out this project.

3.8 Consultees and their opinions

Consultations have taken place as already set out in this report and the 21st September Cabinet report leading up to the planning committee on the 2nd March 2023. Consultations will continue as required into the delivery stages.

Officers Presented an update on progress to Ad-Hoc scrutiny chaired by Cllr Liz Smaje on 16th Aug 2022.

4 Next steps and timelines

Subject to Cabinet approvals and planning the anticipated programme is:

- Gateway 3, June 2023 target
RIBA 3, planning, selection of preferred D&B contractor to commence construction sum price negotiations and RIBA 4 design.

Cabinet approval is required to proceed beyond Gateway 3

- Gateway 4, Phase 1, Q1 2024 target
Completion of RIBA 4, D&B construction contractor award, start on site
- Phase 1 completion Q1 2026 target

5 Officer recommendations and reasons

Below are the recommendations from the 21st September 2022 Cabinet report, the sections referred to below are those in the Cabinet report.

5.1 Outline Business Case

To agree to proceed in line with the proposals and recommendations set out in the Outline Business Case to the next stage.

Reason: So that the assets and the strategic objectives of the Cultural Heart programme can be delivered.

5.2 Master plan

To agree to proceed in line with the Preferred Way Forward master plan and the associated RIBA Stage 2 design.

Reason: So that the design and programme implementation can continue to next the next stage.

5.3 Capital Development Budget, Gateway 3

Subject to approval of 6.1 & 6.2 above to approve the Gateway 2 to Gateway 3 budget of up to £10.5m

Reason: To ensure sufficient funds are available to progress the programme to the next stage.

5.4 Programme Timeline

To delegate to the Strategic Director Growth & Regeneration, in consultation with the Executive Member for Regeneration, decisions on the programme timeline so that the Cultural Heart master plan and the associated strategic objectives can be completed within an appropriate timescale reflecting the council's financial position.

Reason: To achieve the strategic objectives as soon as is practical taking account of circumstance

5.5 Resources

To allocate the necessary Council staff and resources to support the programme and to note that in the absence of sufficient internal resources that additional resources will be sourced from existing/future framework agreements.

Reason: To ensure that the programme is adequately resourced

5.6 SDP extension of appointment

To agree to extend the appointment of the Strategic Development Partner/Project Manager to Gateway 3 under direct award from the SCAPE, Place Shaping Framework in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To continue the programme management services that have achieved this Gateway 2, retain knowledge gained and maintain the programme to deliver the strategic objectives as soon as is practical.

5.7 Architect and Engineer extension of appointment

To agree to extend the appointments of the architect and the engineer to Gateway 3 in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To continue the architectural and engineering services that have achieved this Gateway 2, retain knowledge gained and to maintain the programme to deliver the strategic objectives as soon as is practical.

5.8 Construction Contractor Procurement

To delegate authority to the Strategic Director for Growth and Regeneration to conclude the construction contractor strategy as set out in Section 2.5 of this report, and then to progress that strategy for the Cultural Heart to the next stage.

Reason: To ensure the appropriate construction contracts for the Cultural Heart.

5.9 Third Party Operator Procurement

To delegate authority to the Strategic Director for Growth and Regeneration to conclude the strategy on all necessary third party operators as set out in Section 2.6 of this report, and then to progress that strategy for the Cultural Heart to the next stage.

Reason: To ensure the best operating model for the Cultural Heart.

5.10 Social Value

To delegate authority to the Strategic Director for Growth and Regeneration in consultation with the Executive Member for Regeneration and the Executive Member for Corporate to conclude the Social Value strategy and then implement the same for the Cultural Heart. This is to include the mechanism for administration of the trust fund.

Reason: To ensure the best Social Value outcomes for the Cultural Heart.

5.11 SDP, Architect & Engineer Appointment Extensions, Construction Contractor Appointments & Third Party Operator Appointments

Subject to approval of 6.6, 6.7, 6.8 & 6.9 to delegate authority to the Strategic Director for Growth and Regeneration in consultation with the Executive Member for Regeneration and in liaison with the Service Director – Legal Governance and Commissioning and the Service Director – Finance to appoint third parties in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To put all necessary contracts in place to deliver the agreed Cultural Heart programme

5.12 Deliver the Programme to Gateway 3

Subject to approval on the matters above to delegate authority to the Strategic Director for Growth and Regeneration in liaison with Head of Procurement and to work within approved budgets to deliver the programme to Gateway 3.

Reason: So that the Cultural Heart programme can achieve the next stage, Gateway 3

6 **Cabinet Portfolio Holder's recommendations**

Below are the recommendations from the 21st September 2022 Cabinet report that were approved at Cabinet.

Cllr Graham Turner, the Cabinet Portfolio Holder for Regeneration, supports the recommendations and was briefed on the 6th September 2022 and made the following comments,

- I fully support the proposals in this report to approve the required funding to move to Gateway 3
- By moving to Gateway 3 we will be another significant step closer to delivering the Cultural Heart programme.
- The submission of a planning application is an important milestone, as it will signal our continued commitment to delivering the programme.
- This next stage in our ambitious plans will encourage more private investment in Huddersfield, generating more jobs and improving the town centre offer.

The Cabinet Portfolio Holder recommends that Cabinet accepts / endorses the officer recommendation.

Cllr Paul Davies, the Cabinet Portfolio Holder for Corporate, was also briefed on the 6th September 2022

7 **Contact officer**

David Glover
Senior Responsible Officer, Cultural Heart
01484 221000
david.glover@kirklees.gov.uk

8 Background Papers and History of Decisions

- **March 2019** – Cabinet Report - Assembling land and property – Huddersfield Town Centre (Piazza) -
<https://democracy.kirklees.gov.uk/documents/s29122/Item%2014%20Land%20Assembly.pdf>
- **June 2019** – Huddersfield Blueprint Launch Event
- **August - Oct 2019** - Huddersfield Blueprint Place Standard Exercise – Results at <https://howgoodisourplace.org.uk/huddersfield-town-centre/>
- **February 2020** – Cabinet Report - Huddersfield Blueprint - Next Steps -
<https://democracy.kirklees.gov.uk/documents/s34958/Item%2015%20CAB%20-%2020%20-%20071%20-%202020-02-25%20Cabinet%20Huddersfield%20Blueprint%20-%20Next%20Steps%20Final.pdf>
- **September 2020** – Cabinet Report - Dewsbury and Huddersfield Town Centre Finance -
<https://democracy.kirklees.gov.uk/documents/s37506/Town%20Centre%20Finance%20Cabinet%20Report%20-%20Final%20Version.doc.pdf>
- **June 2021** – Cabinet Report - Cultural Heart, part of the Huddersfield Blueprint – Next Steps
[Cultural Heart, part of the Huddersfield Blueprint – Next Steps](https://democracy.kirklees.gov.uk/documents/s37506/Town%20Centre%20Finance%20Cabinet%20Report%20-%20Final%20Version.doc.pdf)
- **November 2021** – Cabinet Report – Cultural Heart, part of the Huddersfield Blueprint – Gateway 1.
<https://democracy.kirklees.gov.uk/documents/s43757/PUBLIC%20CUTLURAL%20HEART%20Cabinet%20Report.%20Final%2016.11.21.pdf>
- **September 2022** – Cabinet Report – Cultural Heart, part of the Huddersfield Blueprint – Gateway 2.
<https://democracy.kirklees.gov.uk/documents/s48238/PUBLIC%20Cultural%20Heart%20Cabinet%20Report%2021.9.22.pdf>

9 Strategic Director responsible

David Shepherd
Strategic Director for Growth & Regeneration
01484 221000
david.shepherd@kirklees.gov.uk