

**Name of meeting: Cabinet**

**Date: 27<sup>th</sup> June 2023**

**Title of report: Kirklees Cultural Heart,  
part of the Huddersfield Blueprint – Gateway 3**

**Purpose of report:**

The purpose of this report is to give an update on the progress of the Cultural Heart programme now that it has reached Gateway 3. The programme has been to Cabinet a number of times with the last report being in September 2022 for Gateway 2 when the Outline Business Case, master plan and the Royal Institute of British Architects Stage 2 Report (RIBA 2) were approved.

This report requests approval to progress the delivery of parts of the adopted master plan to the next stage at Gateway 4. It is at this future Gateway 4 that approval will be sought to commence any construction and associated demolition on site.

The report also includes assumptions on associated council service budgets as part of preparing for the opening of the facilities and post opening operational costs.

<b>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? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.</b>	<b>Yes</b>  <b>Expenditure &gt;£500,000</b>
<b>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></b>	<b>Yes, published 25<sup>th</sup> May 2023</b>  <b>Public Cabinet report with public and private appendices.</b>
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>Yes</b>
<b>Date signed off by <u>Strategic Director</u> &amp; name.</b>  <b>Is it also signed off by the Service Director for Finance?</b>  <b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	<b>David Shepherd – 12/6/23</b>  <b>Dean Langton – 11/6/23</b>  <b>Julie Muscroft – 13/6/23</b>

Cabinet member <a href="#">portfolio</a>	<p><b>Cllr Graham Turner Regeneration Portfolio Holder,</b></p> <p><b>Cllr Paul Davies – Corporate Portfolio Holder</b></p>
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**Electoral wards affected: Newsome**

**Ward councillors consulted: Newsome ward councilors were consulted on the progress of the scheme as part of the public consultations for planning.**

**Has GDPR been considered? Yes**

**Public or private: Public Cabinet report with public and private appendices.**

**The appendices to the Cabinet report are set out below and can be found by accessing the following link. Hard copies of the appendices can be provided upon request.**

[Appendices](#)

In the public report where Appendices are private parts may be redacted or the Appendix may have been withheld.

Appendix 1, Royal Institute of British Architects Stage 3 Report, Executive Summary (public)

Appendix 2, Royal Institute of British Architects Stage 3 Report, (private)  
 Programme Board presentation  
 Part 1 & Part 2

Appendix 3, Statement of Community Engagement (public)

Appendix 4, Phasing Options Review (private)

Appendix 5, Phase 1 plan (public)

Appendix 6, Design Monitoring proposals (public)

Appendix 7, Phase 1, stage 1 tender report (private)

Appendix 8, Phase 1 Gateway 3 to Gateway 4 Capital Development Budget (private)

Appendix 9, Phase 1 Gateway 4 to Completion Capital Development Budget (private)

Appendix 10, RIBA 3 Sustainability Summary (public)

Appendix 11, Master Plan Social Value paper (public)

Appendix 12, Integrated Impact Assessment (public)

Certain appendices as annotated above are private in accordance with Schedule 12A Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 namely it contains information relating to the financial and business affairs of third parties (including the Authority holding that information). It is considered that the disclosure of the information would adversely affect those third parties including the Authority and therefore the public interest in maintaining the exemption, which would protect the rights of an individual or the Authority, outweighs the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the Authority's decision making. And where information is subject to an obligation to confidentiality.

## **Summary**

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 will help to deliver many of the council's strategic social, economic, and cultural objectives by being a catalyst for change and regeneration in the town centre, creating a coherent, safe, inclusive, and family friendly cultural offer. Set on a central campus in the Queensgate and Piazza area the Cultural Heart will celebrate the heritage of Huddersfield while offering new cultural experiences for residents and visitors alike.

The council's investment in the Cultural Heart will create core facilities and stimulate the provision of ancillary facilities, services, and opportunities by private, third and academic sectors, helping to secure the future of existing businesses and attract new investment. This catalytic role will help in creating a platform to deliver inclusive economic growth and social vibrancy of Huddersfield and the wider Kirklees area for the benefit of all communities.

It is also encouraging that these changes are already happening with the council's commitment to the blueprint and the Cultural Heart being matched by Huddersfield University on their National Health Innovation Campus and will be significantly enhanced by the £1.5 billion Transpennine Route Upgrade now confirmed by Network Rail.

As a major transformational programme, progress on the Cultural Heart is regularly reviewed by Cabinet through the gateway process with key milestones for progressing the programme. This approach allows Cabinet to take stock of progress and consider factors such as changing market conditions, phasing, the developing design, affordability and stakeholder views. At each stage, Cabinet is invited to endorse the outcomes of the gateway and decide whether and how to move forward to the next gateway.

This report, and its appendices, mark the completion of work since Gateway 2 and covers matters associated with implementing the overall master plan determined at Gateway 2 and those parts of the programme that are being proposed for early delivery. Cabinet is asked to consider, note, and approve the items set out below to facilitate the next stage of delivery,

- The Royal Institute of British Architects Stage 3 Report (RIBA 3) for the master plan
- The principles of phasing, developed since the last Cabinet report
- Those elements to be delivered in Phase 1
- Extensions to the appointments of the delivery team for Phase 1
  - Strategic Delivery Partner/Project Manager
  - Architect
  - Multi-disciplinary Engineer
- The preferred design & build construction partner for Phase 1
- The principle of combining the museum & gallery
- The principles of 3<sup>rd</sup> party use of the gallery site (Queen St plot)
- The £5.62m Capital Development Budget to progress to the next gateway

- The assumptions on associated service costs in preparing for Phase 1 and the ongoing post opening operating costs.

## **1. Information required to take a decision**

### **1.1 Master Plan**

The RIBA 3 for the master plan and the individual assets within it has been completed.

The RIBA 3 Executive Summary can be found at Appendix 1.

The RIBA 3 presentation made to the Programme Board can be found at Appendix 2.

The full RIBA 3 (and its appendices) running to 1,775 pages is a very large document with an additional 1,210 drawings. Access to these private documents can be provided to Cabinet members separately.

During the RIBA 3 stage the design team have developed the spatial coordination of the master plan and the assets within it, all within the key principles of the original RIBA 2 master plan and the associated Capital Development Budget.

In addition to the public consultations there have been ongoing consultations and workshops with internal stakeholders as part of developing and concluding the RIBA 3 including,

- Libraries
- Museums & Galleries
- Events
- Venues
- West Yorkshire Archive Service (WYAS)
- Parks
- Highways
- Corporate Landlord
- Planning

### **1.2 Planning and Listed Building Consent**

Following a pre-application presentation to the Strategic Planning Committee in August 2022 a planning and listed building consent (Queensgate Market & the library/art gallery) application for the master plan scheme was submitted and approved by the Strategic Planning Committee on the 2<sup>nd</sup> March 2023. The formal decision notice will be issued following the completion of the associated conditions.

Consultations have continued with various groups building on the two major public consultations in May and August 2022. Support for the programme from the public consultation ranged from 62-75% for the various assets with an average across the master plan of 68%. The full list of consultees was included in the Gateway 2 Cabinet report.

For the Statement of Community Engagement that accompanied the planning application see Appendix 3.

The planning application for the Cultural Heart was a significant undertaking amounting to over 7,000 pages and 212 drawings and the approval 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.

### **1.3 Phasing**

As set out in previous Cabinet reports one of the benefits of the gateway process is the opportunity it affords Cabinet to consider the strategic direction of the programme.

The Gateway 2 report to Cabinet on 21<sup>st</sup> September 2022 referred to the potential to consider reviewing delivery and phasing should market conditions change and align the programme with available funds.

Subsequent to the above, the annual Council Budget report for 2023/24 (and future years) referred to the scale of the financial challenges facing the council, partly as a result of the 'cost of living' crisis necessitating an affordability assessment of the overall council capital plan. This included opportunities for flexibility in programme/project delivery and re-phasing over a longer time frame, as part of the overall affordability review and subsequent multi-year capital plan update approved at Budget Council on 8<sup>th</sup> March 2023.

The above therefore provides relevant context for a review of the delivery strategy of the Cultural Heart – Huddersfield Blueprint programme.

The delivery strategy review has confirmed that the layout of the master plan provides the opportunity and flexibility to introduce phasing. See Appendix 4 for the Phasing Options Review. Therefore, Cabinet is requested to confirm that phasing should be adopted for delivery of the assets within the Cultural Heart master plan.

The approach for Phase 1 is set out in the following section and the timing and make-up of future phases will be regularly reviewed through the gateway process.

### **1.4 Phase 1**

Phase 1 will be the planned repurposing of the Queensgate Market following its closure towards the end of last year. The Phase 1 delivery will therefore be,

- New library,
- Food hall (3<sup>rd</sup> party operator, procurement to commence Q3 2023),
- Events square/public realm and the associated service areas.

See Appendix 5 for a plan showing the Phase 1 red line boundary.

Demolition will only include those parts that are needed to facilitate Phase 1 with the remainder continuing to be used by lease holders and or the continuation of meanwhile uses.

### **1.5 Capital Delivery Resources**

In accordance with the gateway process and subject to approval of this report the appointments of the existing delivery team will need extending to cover works from this Gateway 3 to Gateway 4. During this next stage the services required from the team will

vary as some of their current duties will pass to the design & build contractor. An update on the preferred contractor procurement is included later in this report in Section 1.6.

The initial proposals are for these appointments to be extended to Gateway 4 only. Then subject to approval of Gateway 4 the appointments would be extended to the completion and operation of Phase 1.

The financial commitment for the delivery team from this Gateway 3 to Gateway 4 is £1,552,143 as set out below.

#### **1.5.1 Strategic Development Partner (SDP), Phase 1 & Master Plan**

The SDP (Mace/Turner & Townsend) continues to be responsible for cost, development and programme management, and other support services including planning, procurement, BIM and carbon accreditation across the master plan and Phase 1.

The SDP was originally appointed under the SCAPE Place Shaping Framework. The council's procurement team have reviewed the appropriateness of a further extension under this framework and consider that it is more appropriate to use the NHS Shared Business Services Construction Consultancy Services Framework which has already been used for the appointment of the architects and engineers.

The financial commitment to extend the SDP fee from this Gateway 3 to Gateway 4 is £751,233.

#### **1.5.2 Design Monitor Roles, Phase 1**

The next stage of design responsibility (RIBA 4, detailed technical design) will fall to the design & build contractor. However, due to the specialist nature of the programme and Phase 1, and to provide the council with the assurance that the project is being developed in line with the design intent, as detailed within the RIBA 3, the recommendation is to retain the current designers (architect and engineer) in a monitoring role. See Appendix 6 for the paper from the SDP setting out the recommendation.

Both the architects and engineers are appointed under the NHS Shared Business Services Construction Consultancy Services Framework.

##### **1.5.2.1 Architectural**

FCB architects would review the contractors architectural design proposals relative to RIBA 4 and 5 including landscape design, access and heritage and conservation.

The financial commitment to extend the architects fee from this Gateway 3 to Gateway 4 is £138,218.

##### **1.5.2.2 Multi-Disciplinary Engineer**

Arup engineers would review the contractors engineering design proposals relative to RIBA 4 and 5 including civils, structures, services, fire safety, facades, acoustics, wind, security/counter terrorism measures and all other specialist elements.

The financial commitment to extend the engineers fee from this Gateway 3 to Gateway 4 is £321,692.

### 1.5.3 Others, Phase 1

- 1.5.3.1 Sustainability Consultant – to review and comment on all aspects of the contractor's design and drive the standards forward that were established and developed through the RIBA 0-3 stages.
- 1.5.3.2 BREEAM – to lead the BREEAM assessment process on behalf of Kirklees Council, with the contractors BREEAM advisor feeding into the process throughout the projects remaining development and delivery.
- 1.5.3.3 Various – building control fees, consultations, branding, marketing, legal, surveys, etc

The financial commitment to extend the fees for others from this Gateway 3 to Gateway 4 is £341,000.

### 1.5.4 Capital Delivery Council Resources

Regarding council staff resources, as the delivery team are providing the resources for the programme the council resources currently directly engaged in the development are limited. The demands of the programme will be continually monitored, and any council resources engaged at the appropriate time in collaboration with Heads of Service.

## 1.6 Preferred Design & Build Contractor, Phase 1

With phasing the principles of the contractor procurement methodology approved at Gateway 2 remain valid and a 2-stage restricted competitive tender process has taken place to procure the design & build contractor for Phase 1.

The initial step in the procurement during January/February 2023 was a pre-selection process where contractors were asked to express an interest in being shortlisted for the tender. The interested parties' submissions were then evaluated to restrict the tender process to suitably qualified contractors.

The 2-stage tender process that followed includes,

- **Stage 1.** The shortlisted contractors submitted bids including answers to pre-set quality and social value questions and pricing of minimum overheads, preliminaries, and profit (set by the SDP/Kirklees Council) and their fees for the pre-construction phase. These bids were evaluated and scored, and the successful contractor from this process is BAM Construction UK. See Appendix 7 for The Phase 1, Stage 1 Tender Report.
- **Stage 2.** Subject to Cabinet approval of this report the preferred contractor is to be appointed under a Pre-Contract Services Agreement (PCSA) for a limited period up to Gateway 4 only.

Following their appointment, the contractor and their design team will take responsibility for development of the RIBA 4 design and at the same time seek competitive costs from subcontractors (on an open book basis with the delivery team representing the council) in order to develop the proposed construction contract sum.

Subject to satisfactory completion of RIBA 4 and contract sum clarifications a recommendation to award the design & build construction contract to the preferred contractor and their team will be made to Cabinet at the next gateway, Gateway 4.

During the PCSA period it will be beneficial for the contractor to review and agree with the council a programme of surveys, enabling works, asbestos removal for Phase 1 and testing to the existing library building. The latter testing/survey is outside Phase 1 but as it is an essential part of the preparation for future phases an allowance has been included in the budgets.

The financial commitment associated with engaging the contractor and the allowances above are included in the Phase 1 Gateway 3 to Gateway 4 Capital Development Budget as set out in Section 1.10.3.

## **1.7 Council Services, Phase 1**

The council services that will operate facilities in Phase 1 of the Cultural Heart are,

- Libraries
- West Yorkshire Archives
- Creative Developments (Events)

The food hall will be operated by a third party with the procurement process to commence in Q3 2023.

There will then be the requirement for facilities and operational management, maintenance, etc of the assets post opening (FM & Ops).

In progressing readiness for Phase 1 the services have reviewed their required activities and the additional service budgets, and these costs are set out in Section 1.10.5. There are three main categories of expenditure,

- Pre-opening costs
- Furniture, fixtures, and equipment (FF&E)
- Post opening operational costs

The strategy that the services will adopt in managing these costs is to,

- Wherever possible work within existing service budgets
- Minimise any additional spend
- Recognise that additional budget spend will require savings elsewhere in the council's budgets (and in this context, Cabinet should note the position on the Council's Medium Term Financial Plan for 2024/25 onward which already identifies a requirement to save £30m to achieve a balanced budget).

Given this strategy, whilst budgets are included in Section 1.10.5 the governance of actual spend, including monitoring, shall be via the Strategic Directors for Growth & Regeneration, for Adults and Health and for Environment & Climate Change, in consultation with the Service Director for Finance, where justification for the spend will be made to ensure activity is in line with affordability of the council's budget overall and the programme delivery.



## **1.8 Master Plan Developments**

Considering the current economic constraints, phasing allows time to investigate enhancements, betterment to the master plan and to consider how each phase might be funded. One of these opportunities currently being explored is the combining of the museum and gallery into one building to provide the most cost effective solution in terms of capital spend and operational costs.

This in turn would free up a plot on Queens Street for other partner and commercial uses further enhancing the mix of complimentary uses in the development. A budget allowance for design fees to take both these matters forward of £200,000 is included in the Capital Development Budget. Both these proposals would be part of future phases and not Phase 1.

### **1.8.1 Museum & Gallery**

A feasibility study has shown how the museum and gallery can be combined and accommodated in the new museum building. This work is still ongoing and will be reported back to Cabinet at the next gateway.

### **1.8.2 Queen St Plot**

Moving the gallery into a combined facility with the museum will free up this plot for other uses. The original architectural intent of the master plan remains and therefore there is a need for an alternative building on this plot to protect the edge of the urban park and bring life to Queen Street.

The council is currently in discussions with Greenhead College and The Conway Education Trust who have expressed an interest in developing the site for a Science, Technology, Engineering, and Mathematics (STEM) facility.

Alternative potential uses for the plot include hotel and residential.

### **1.8.3 Vacant Possession**

The council is the freeholder for the master plan site with all leases coming to an end (subject to service of appropriate notices) on timescales that accord with the development programme for the master plan, particularly with a phased approach.

Queensgate Market, the library and a number of the Piazza Mall retail units have already been vacated. Where appropriate, available retail units are being used on short term basis for meanwhile uses.

## **1.9 Outcomes**

Building on the outcomes of gateway's 1 and 2 this report presents the outcomes of Gateway 3 and the targets for Gateway 4. It is anticipated that for future phases gateway's 3 and 4 will be repeated.

### **Gateway 3, June 2023**

- RIBA 3 for the master plan
- Planning & listed building consent for the master plan
- Phasing concept
- Phase 1

- Preferred contractor, Phase 1
- Cost plan (project manager estimate), Phase 1
- Assumptions on service revenue/capital costs
- Surveys, ongoing
- The council has control of the Phase 1 site, and the necessary notices can be coordinated to facilitate vacant possession for the start on site.
- Combined museum & gallery feasibility ongoing
- Queen St Plot discussions ongoing

It is anticipated that any strip out and asbestos removal will be carried out with each respective phase. However, if strategically beneficial, selected works may be done in advance as enabling works for future phases.

Also, the procurement of third party operators will be coordinated with each respective phase. In line with market expectations the timing for the procurement of the Phase 1 food hall 3<sup>rd</sup> party operator will commence in Q3 2023. Soft market testing has confirmed that there is interest.

#### **Gateway 4, Phase 1, Q4 2023**

- Outcome of Pre-Contract Services Agreement process with the contractor including,
  - RIBA 4 stage design
  - Construction contract sum
- Cost plan, inclusive of construction contract sum
- Update on service revenue/capital costs
- Delivery programme
- Surveys, ongoing
- Enabling works
- Asbestos removal
- Early orders
- Vacant possession, Phase 1
- Request to start on site
- Combined museum & gallery design development
- Queen St Plot, development update

### **1.10 Phase 1 Budgets**

#### **1.10.1 Summary of Phase 1 costs**

##### **1.10.1.1 INCLUDED in the councils existing capital budget**

Capital Development Budget	£
➢ Gateway 3 to Gateway 4	5.620m
➢ Phase 1 construction inc fees	44.224m

Service furniture, fixtures & equipment (FF&E) as advised by the service

	£
➤ Library (inc WYAS)	1.0m

### 1.10.1.2 Currently NOT INCLUDED in the council's/services budgets

Services budgets, as advised by the services,

<u>Pre-opening, revenue</u>	£
➤ Library	310k, over four years
➤ WYAS	258k – 580k, over three years
➤ Town events programme	465k – 870k, over two years
➤ FM & Ops	<u>Nil</u>
	<b>Range 1.033m -1.76m</b>

<u>FF&amp;E, capital</u>	£
➤ Town Centre events	100k
➤ FM & Ops	Nil

Post opening operational annual costs, revenue

	£
➤ Events programme	370k, with focus to maximise 3 <sup>rd</sup> party income
➤ FM & Ops	<u>250k</u>
	<b>620k pa</b>

### 1.10.2 Capital Development Budget Spend to date

The approved programme Capital Development Budget allowed for in the council's capital plan up to and including this Gateway 3 is £18.055m,

	£
• Up to Gateway 2	7.551m
• Gateway 2 to Gateway 3	<u>10.504m</u>
Total	18.055m

However, with the introduction of phasing and Phase 1 becoming the current focus, there were items included in the Capital Development Budget that have not needed progressing at this time and are more appropriately dealt with as part of the next gateway or later phases. This has resulted in an underspend of £5.747m up to this Gateway 3.

### 1.10.3 Spend Gateway 3 to Gateway 4, Phase 1 & Master Plan

Subject to approval of this report the reallocation (no 'new' money is required) of £5.620m from the underspend will fund the capital work to Gateway 4 for the list of items set out below and as previously described in sections 1.5, 1.6 and 1.7. For the breakdown see Appendix 8, Phase 1 Gateway 3 to Gateway 4 Capital Development Budget,

- Delivery team fees
- Others fees
- Pre-Contract Services Agreement (PCSA)
- Allowance for enabling works
- Master plan developments

#### **1.10.4 Master Plan**

To accommodate phasing the council multi-year capital budget plans approved at Budget Council on 8<sup>th</sup> March 2023 included an additional £55.4m capital allocation and corresponding borrowing requirement, resulting in a revised £262m capital cost for the scheme, profiled over the years up to the 2030-31 period. This was linked to updated assumptions on cost inflation and project delivery timelines (completion by 2030/31 rather than 2025/26). The assumption at this stage is that the additional capital allocation will largely be met from other borrowing totalling £47.1m released from the overall capital plan.

As outlined in previous gateway reports the programme Capital Development Budget excludes any costs associated with council staff resource costs. It also excludes service pre-opening staff and support costs, furniture, fixtures and equipment capital costs (FF&E) and post opening operational costs, however, estimates associated with these items are included in the Outline Business Case approved at Gateway 2.

Whilst the Capital Development Budget for delivery of the assets within the master plan is budgeted to be funded from council prudential borrowing, phasing also allows further opportunities to investigate and consider other contributory funding options for capital and service revenue costs (Levelling Up, Arts Council England, etc) and possible 3<sup>rd</sup> party delivery of some assets.

Subject to future approval being given at Gateway 4 and the outcome of the contract sum negotiations with the preferred contractor the further Capital Development Budget commitment at that time, including delivery team fees and the construction contract sum is estimated to be £44.224m as set out in the Phase 1 Gateway 4 to Completion Capital Development Budget. See Appendix 9. The works are planned to start on site in Q1 2024 with completion expected by Q4 2025.

As with this Gateway 3 report, the Gateway 4 (Q4 2023, target) report will also include an update on the service costs, capital, and revenue, as advised by the individual services.

It is planned that the contractor's compound will be on the site of the former multi storey car park.

#### **1.10.5 Service Cost Assumptions, Phase 1, as advised by the services**

Unless otherwise noted the further revenue implications set out below are in addition to existing medium term financial plan (MTFP) budgeted revenue resources and will therefore need to be factored into emerging budget proposals to inform 2024/25 updated council budget plans. Also, consideration will need to be given to re-prioritisation of current year, 2023/24 revenue base budgets as necessary, to offset any additional revenue cost requirement in the current financial year. Also see 2.7.1.3 to 2.7.1.5

For the assets within Phase 1 the assumptions on service costs are influenced by the range of costs of Co-production, as advised by the services. The costs are,

- Library, also home for the West Yorkshire Archive Service (WYAS)
  - Library pre-opening £310,000 revenue resources required over four years
  - WYAS pre-opening £258,000 – 580,000 revenue resources required over three years
  - FF&E, an allowance of £1m (including £250,000 for WYAS) is included in the council's capital plan
  - Library operating costs to be met by the service
  - WYAS operating costs expected to be same as current funding to be met by the Joint Committees budgets to West Yorkshire Joint Services
- Food Hall, 3<sup>rd</sup> party operator
  - Within the programme Capital Development Budget there is an allowance of £1m for a contribution to the fit out of the food hall which will form part of the commercial arrangements with the 3<sup>rd</sup> party operator (procurement to commence Q3 2023) including responsibility for operating costs. Responsibility for maintenance of the old market hall envelope and other landlord costs will remain with the council.
- Events Square, Public Realm, service areas and assets facilities and operational management, maintenance, etc post opening (FM & Ops).
  - Pre-opening, none anticipated
  - FF&E, anticipated that existing equipment will be used
  - FM & Ops costs, £250,000 pa revenue resource required
- Town centre events programme development
  - Pre-opening programme development & planning in preparation for the opening of Phase 1, £465,000 - £870,000 revenue resources required, over two years
  - FF&E, estimate of £100,000 capital resource required but actual requirement will be part of events planning process
  - Post opening operational programme and costs to be developed, £370k pa revenue resource required, with focus to maximise 3<sup>rd</sup> party income

### **1.11 Town Centre Operational Management Board**

To compliment the aspirations of the Huddersfield Blueprint, including the operational and facilities management, etc of the Cultural Heart, a Town Centre Operational Management Board has recently been established by the Service Director,

Development to review the management of the town centre and the associated budgets. The scope associated with the management of our town centres includes,

- Operational management
- Facilities management
- Information & Communication Technology (ICT)
- Cultural Content & Programming
- Data Intelligence & Visibility
- Key Stakeholders Voice/Survey

### **1.12 Sustainability**

The Cultural Heart sustainability strategy has encompassed the councils 2038 Carbon Neutral Vision and policies encouraging sustainability and minimising the carbon footprint of the programme. It is recognised that a net zero economy, design, construction, and operation cannot be achieved overnight, but will be a process of incremental and positive actions to meet 2038 targets.

The established sustainability strategy KPI's set targets for the master plan, and these will be monitored as each phase is brought forward. See Appendix 10 for the RIBA 3 Sustainability Summary.

### **1.13 Social Value**

The SDP, architect and engineer are delivering their social value (SV) commitments and the Social Value Portal is being used to measure the outputs. Social Value Portal is endorsed by the Local Government Association and helps us to procure, measure, manage and report SV via a single platform.

As part of the contractor procurement for Phase 1, and as set out at Gateway 2, in addition to the requirement for meeting fundamental SV minimum standards and working towards key targets it also proposed that they will also include establishing a Cultural Heart Trust Fund for cash contributions. The mechanism for administration of this fund is to be further explored and finalised during the PCSA process. For ease of reference the previously approved strategy is included again, see Appendix 11.

### **1.14 Risks**

The risk management strategy for the Cultural Heart is supported by the programme gateway method of decision and delivery. At each gateway Cabinet are invited to review progress to date, reflect on the current and specific circumstances, and determine the most appropriate way forward for the overall programme.

As part of this process and to manage financial risks associated with debt servicing costs on new council borrowing, and so that overall borrowing can be managed, the adoption of phasing would allow borrowing to be timed and matched with affordability.

As reported previously the project manager maintains a risk register for the master plan and now for Phase 1.

The financial risk associated with this report is limited to the resource required to achieve Gateway 4, Phase 1, and the specified matters of master plan development.

However, as set out in sections 1.10.2 and 1.10.3 the capital development funds are already available due to an underspend on the monies previously allocated to achieve this Gateways 3.

## **2. Implications for the Council**

### **2.1 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 for the Cultural Heart a number of internal and external stakeholders have been consulted as a way of testing out and developing options and then in May and August during 2022 public consultations took place as part of the planning application process to help inform the design. This consultation included a drop-in centre, presentations and workshops with groups and interested parties.

### **2.2 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. In addition to the consultations already undertaken and the work with stakeholders there will also be third party operators as part of the Cultural Heart.

Phase 1 will include a food hall operator and soft market testing has shown that there is interest, and in line with market expectations the process of operator selection will commence in Q3 2023.

The form of the commercial arrangement and partnership with the operator 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.

The library, events square/public realm and service areas will be managed by the council.

### **2.3 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 to be delivered as part of the Cultural Heart create opportunity for wider use.

The Social Value Trust model (see Section 1.13) where it is proposed to establish a Cultural Heart Trust Fund for cash contributions will help strengthen community and voluntary sector partners who are delivering place-based working throughout Kirklees. Other opportunities for the communities of Kirklees will also be available through the programmes social value deliverables.

## **2.4 Climate Change and Air Quality**

The reduction of carbon emissions and the minimization of air quality problems is a key objective for the blueprint. As set out in Section 1.12 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 informed the planning application and the 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. Public transport can be used to access the Cultural Heart from both the railway station and the bus station.

## **2.5 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 are being designed with all generations in mind promoting safety and inclusivity and as part of the master plan the range of destinations 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.

## **2.6 Financial Implications for the people living or working in Kirklees**

When the assets that make up the Cultural Heart are operational and available for use by the residents of Kirklees, it is anticipated that a number of them 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.

## **2.7 Other (Financial, Legal, IIA)**

### **2.7.1 Financial**

**2.7.1.1** The council's existing multi-year revenue and capital medium term budget plans and financial strategies for 2023/24 and future years, approved at Budget Council on 8th March 2023, continue to acknowledge that this scheme is a significant strategic investment priority commitment to deliver major long term sustainable regeneration for the district.

**2.7.1.2** Cabinet are being requested at this stage to formally commit to the drawdown of the £5.620m slippage from the existing £18.055m capital allocation approved



to date for the Cultural Heart programme, and as set out at sections 1.10.2 and 1.10.3 of this report. This will allow the Cultural Heart programme to progress from Gateway 3 to Gateway 4.

**2.7.1.3** Cabinet is also requested to note the estimated additional revenue cost implications set out at Section 1.10.5, which are in the range of c£1.04m to c£1.8m, and that providing for these costs will, without any further consideration of income generating opportunities from the programme, need to be funded through the identification and re-prioritisation of existing revenue budgets in relation to any additional 2023/24 revenue cost commitments and factored into emerging budget proposals for 2024/25 and future years, as necessary.

This should be viewed in the context of the Council's Budget for 2023/24 which already includes a requirement to save £18.6m and the most recent Medium Term Financial Plan which identified a funding gap for £30.2m (this comprises a reported gap of £25.2m plus an additional £5m to reflect a change in assumption on future pay awards) after assuming implementation of savings of £11m. As Cabinet will appreciate, it is not possible at this stage of the financial planning cycle to say what further changes to services will be necessary to create the financial capacity to meet these additional costs.

**2.7.1.4** Inevitably, this will also include consideration of options for future revenue operating costs relating to the combined museum/gallery proposal, which will be brought back to a future Cabinet for consideration. And again, options for future revenue operating costs, anticipated to be above existing revenue budget service provision, would then subsequently need to be incorporated into emerging 2024/25 and future year budget proposals.

**2.7.1.5** The capital implications of any Fixtures, Fittings & Equipment (FFE) capital requirements in excess of current approved capital plan allocations referenced in this report, will also need to be considered as part of the development of future capital plan updates and it should be acknowledged that given the pressure on the Council's revenue budget, any need for capital investment for this project may well be at the expense of other capital projects if the Capital Programme is to remain prudent, affordable and sustainable.

**2.7.1.6** The updated contingency inflation included within the revised £262m scheme capital allocation, now re-phased over the 2022-31 period, is considered prudent based on current market and inflationary conditions and will continue to be continuously reviewed as part of scheme development.

**2.7.1.7** The Council's updated Treasury Management budgets approved at Budget Council on 8<sup>th</sup> March 2023 factored in future borrowing costs with an assumed public works loan board (PWL) Government long term borrowing rate at 5% over the MTFP period, and current indications are that, whilst current PWLB rates across all durations are above this, this percentage should not be exceeded over the medium term. Again, this will remain under constant review.

**2.7.1.8** The £18.055m capital scheme cost commitment as noted in Section 2.7.1.2 above, reflects the totality of capital development costs that will have been incurred by Gateway 4, should Cabinet proceed to Gateway 4. It should be noted that under accounting rules, should the scheme not proceed at either Gateway 3 or subsequently Gateway 4, any development costs may need to be written off to revenue, in the absence of any resultant tangible asset to ascribe development costs to at some future point. To put this into context, the estimated balance of the Council's unallocated reserves (incorporating the Minimum Working Balance of £16.8m) at 1<sup>st</sup> April 2023 is c£22m. Equally,

consideration of this matter needs to be seen in context of the broader financial challenge faced by the Council, as set out above.

**2.7.1.9** As noted also in previous scheme update reports presented to Cabinet, whilst this is acknowledged to be a key regeneration priority for the council's longer term ambition for the district's residents, it needs to be set against a volatile overarching financial context. In light of all the issues set out in this section, the consequences of prioritising and progressing this scheme at this stage, and potentially at the subsequent Gateway 4, need to be fully acknowledged and understood, given the scale of known financial challenges facing the Council over the MTFP.

## **2.7.2 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 the 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 3 stage.

There are also occupiers outside the boundaries of the site who have rights to use the access and service areas associated with 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 these accesses.

Legal Services, and the external framework firm, will be involved in the procurement process and contractual arrangements with the third party operators 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.

## **2.7.3 Integrated Impact Assessment.**

An Integrated Impact Assessment (IIA) has been undertaken to assess the impact of the proposed Cultural Heart programme and what needs to be considered in the design of the scheme. The IIA considers equality impact, covering the nine protective characteristics set out in the Equality Act 2010, plus environmental impact and the effects on low earners and unpaid carers.

The stage 1 assessment indicated that a stage 2 was required. The stage 1 and stage 2 reports are attached at Appendix 12.

## **3. Consultation & Engagement**

Consultees are referred to earlier at section's 1.1, 1.2, 1.11, 2.1,2.2, 2.3 and 2.7.3.

Building on these consultations programme engagement has taken place with a wide range of stakeholders including, planning officers, member briefings, scrutiny (most recent 6<sup>th</sup> March 2023), press updates, public exhibitions, and extensive design development with council services.

A programme of this scale will continue to require regular engagement and consultation at various stages of the programme development.

#### **4. Next steps and timelines**

The key milestones and Gateways for the Cultural Heart programme are as set out below.

<b>4.1</b>	Programme Initiation		22 <sup>nd</sup> June 2021
<b>4.2</b>	Gateway 1 –	SOC	16 <sup>th</sup> November 2021
<b>4.3</b>	Gateway 2 –	OBC RIBA 2 design & master plan	21 <sup>st</sup> September 2022
<b>4.4</b>	Gateway 3 –	RIBA 3 design & master plan Phase 1 ➤ Scope of works ➤ Preferred design & build contractor	27 <sup>th</sup> June 2023
<b>4.5</b>	Gateway 4 –	Phase 1 ➤ RIBA 4 design ➤ Construction contract Sum ➤ Award design & build contract Master plan developments	Q4 2023, target
<b>4.6</b>	Start on site –	Phase 1 ➤ Demolition ➤ Construction	Q1 2024, target
<b>4.7</b>	Completion –	Phase 1	Q4 2025, target
<b>4.8</b>	Future Phases –	Repeats of gateway's 3 & 4	TBC

#### **5. Officer recommendations and reasons**

Cabinet is requested: to approve the following,

##### **5.1 Design Development**

To agree to proceed in line with RIBA 3 and the associated developments to the master plan.

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

##### **5.2 Phasing**

To agree to implement phasing and phase 1 (new library, food hall, events square/public realm and the associated service areas) and to delegate to the Strategic Director Growth & Regeneration, in consultation with the Portfolio Holder 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

### **5.3 SDP extension of appointment**

To agree to extend the appointment of the Strategic Development Partner (project manager) to Gateway 4 under direct award from the NHS Shared Business Services Construction Consultancy Services 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 3, retain knowledge gained and maintain the programme to deliver the strategic objectives as soon as is practical.

### **5.4 Architect and Engineer extension of appointment**

To agree to extend the appointments of the architect and the engineer for the monitoring roles to Gateway 4 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 3, retain knowledge gained, monitor the design & build contractors design and to maintain the programme to deliver the strategic objectives as soon as is practical.

### **5.5 Capital Development Council 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 external resources will be sourced from existing/future framework agreements.

Reason: To ensure that the programme is adequately resourced.

### **5.6 Construction Partner Procurement, Phase 1**

To agree to appoint the BAM Construction UK under the Pre-Contract Services Agreement contract for the period up to Gateway 4.

Reason: To ensure timely progress on Phase 1 of the development, conclude RIBA 4 and agree the construction contract sum

### **5.7 Museum & Gallery**

To agree in principle to the combining of the museum & gallery within the master plan.

Reason: So that the museum and gallery as part of the Cultural Heart programme can achieve the next stage.

### **5.8 Queen St Plot**

To agree to explore interest from and negotiate with development partners to promote the alternative complimentary use for the Queen St Plot and to delegate authority to the Strategic Director for Growth and Regeneration to progress and draft contractual arrangements that will then be brought back to Cabinet at a future gateway.

Reason: So that the integrity of the master plan is retained, and complimentary uses incorporated into the master plan.

### **5.9 Capital Development Budget, Gateway 4, Phase 1 & Master Plan Developments**

To approve the reallocation of the existing approved budget of £5.620m to progress from Gateway 3 to Gateway 4.

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

### **5.10 Council Services Budgets**

To note the service revenue and capital budgets and to delegate authority to the Strategic Directors for Growth and Regeneration, for Adults and Health and for Environment & Climate Change, in consultation with the Service Director for Finance, to determine the service budgets associated with Phase 1 acknowledging that, in doing so and in the context of the Council's Medium Term funding deficit, any additional budget provision required over and above existing budget provision will have to be met from savings elsewhere within the Council's budget.

Reason: So that services can prepare for the opening of Phase 1 and successfully operate the facilities.

### **5.11 Social Value**

To note the delegated authority to the Strategic Director for Growth and Regeneration in consultation with the Portfolio Holder for Regeneration and the Portfolio Holder for Corporate to conclude the social value strategy for the Cultural Heart. This is to include the mechanism for administration of the Cultural Heart Trust Fund.

Reason: To ensure the best social value outcomes for the Cultural Heart.

### **5.12 Deliver the Programme to Gateway 4, Phase 1 & Master Plan Developments**

Subject to approval on the matters above to delegate authority to the Strategic Director for Growth and Regeneration to work within approved budgets to deliver the programme to Gateway 4 including appointing third parties in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: So that the Cultural Heart programme can achieve the next stage, Gateway 4.

## **6. Cabinet Portfolio Holder's recommendations**

Cllr Graham Turner, the Cabinet Portfolio Holder for Regeneration, supports the recommendations and was briefed on the 23<sup>rd</sup> May 2023 and made the following comments,

'This is a lengthy and very detailed report, and I would like to thank all those involved in preparing it, and for the hard work in getting the project to this stage, so that we can now move on to the next exciting stage of Cabinets exciting and innovative plan to regenerate and redevelop the centre of Huddersfield for the next several generations of residents.

I fully support the details in the plan and the release of the required funding and officer time and the continued funding and support of our external partners to allow us to move from Gateway 3 to Gateway 4.

Receiving planning permission was a significant step towards delivering the Cultural Heart.

This has allowed us to move to appointing a contractor who will deliver Phase 1 of the project. This process is now well under way and is following due process.

As can be seen in the report we are working with Greenhead College on the possibility of creating a student learning facility on the Queensgate side of the site. Greenhead College are one of this country's finest sixth form colleges, and their wish to be involved in the Cultural Heart is much appreciated. This potential partnership demonstrates that by the council investing in our town centre we can attract external funding to help revitalise and regenerate Huddersfield town centre. A flagship building for student learning in the heart of Huddersfield will attract even more external investment and create more jobs and help stimulate the local economy.

This is an exciting development, and I am optimistic despite the challenges that lay ahead that we can, by working with our many partners, get this investment secured and deliver an exciting state of the art learning facility for our young people.

As we know we must now introduce phasing of the Cultural Heart, but that flexibility was always part of the original concept, with phasing we will deliver on Cabinets ambitions to redesign our town centre and develop a modern vibrant town centre.'

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

Cllr Paul Davies, the Cabinet Portfolio Holder for Corporate, was also briefed on the 31<sup>st</sup> May 2023.

## **7. Contact officer**

David Glover  
Senior Responsible Officer  
Cultural Heart  
01484 221000  
[david.glover@kirklees.gov.uk](mailto: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>
- **August - Oct 2019** - Huddersfield Blueprint Place Standard Exercise – Results  
<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-%202020-%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.  
<https://democracy.kirklees.gov.uk/documents/s41881/Delivering%20the%20Cultural%20Heart%20Cabinet%2022.6.21%20002.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. **Service Director responsible**

Edward Highfield  
Skills & Regeneration  
01484 221000  
[Edward.Highfield@kirklees.gov.uk](mailto:Edward.Highfield@kirklees.gov.uk)