

**Name of meeting: Cabinet**

**Date: 21<sup>st</sup> December 2023**

**Title of report: Kirklees Cultural Heart,  
part of the Huddersfield Blueprint – Phase 1 Gateway 4**

**Purpose of this report:**

The purpose of this report is to give an update on the progress of Our Cultural Heart at this Phase 1 Gateway 4 and to request delegated authority to make the decision to commence Phase 1 works on site.

The report also requests approval to progress Phase 2, the combined museum and gallery, to Gateway 3 to confirm the design and contractor procurement for this next phase and at the same time to progress other aspects of the master plan as necessary.

The programme has been to Cabinet a number of times with the last report being in June 2023 for Gateway 3 for all phases of the master plan.

<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 21<sup>st</sup> November 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 – 1<sup>st</sup> December 2023</b>  <b>Isabel Brittain – 11<sup>th</sup> December 2023</b>  <b>Julie Muscroft – 11<sup>th</sup> December 2023</b>
<b>Cabinet member <a href="#">portfolio</a></b>	<b>Cllr Graham Turner Finance &amp; Regeneration Portfolio Holder</b>

**Electoral wards affected:** Newsome

**Ward councillors consulted:** Newsome ward councillors 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.

## **APPENDICES**

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

Appendix 1, Phase 1 plan, red line boundary (public)

Appendix 2, Phase 1 Contractors Design Proposals (public)

Appendix 3, Phase 1 Contractors Design Proposals Savings Budget (private)

Appendix 4, Phase 1 Pre-Contract Services Agreement Budget (private)

Appendix 5, Phase 1 Enabling Works Budget (private)

Appendix 6, Phase 1 Construction Period Budget (private)

Appendix 7, Phase 2 Museum & Gallery Capital Development Budget (private)

Appendix 8, Phase 2 Gateway 3 Budget (private)

Appendix 9, Capital Delivery Resource (private)

Appendix 10, Phase 1 Service Budgets (public)

Appendix 11, Capital Development Budget, Phase 1, Phase 2 & Master Plan Allowances (private)

**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.**

**Kirklees Cultural Heart,**

## **part of the Huddersfield Blueprint – Phase 1 Gateway 4**

### **Summary**

The council adopted a refresh Council Plan in July 2023, containing 4 key priorities to focus the business of the council. One of the four key priorities was “continuing to invest in our future – investing in the regeneration of our towns and villages, so that our economic recovery is as quick and secure as possible.” This report directly delivers against this key priority.

Despite the challenging financial context affecting Local Government, it is widely recognised that stimulating economic growth is vital, to not just create opportunities for local residents but increasingly to generate the future local tax base that can help meet the increasing cost of delivering local authority services.

We know that Kirklees is defined by its distinctive towns and villages and that, within that, Huddersfield town centre currently underperforms economically to the determinant of the whole district and wider area. Prioritised investments that retain ambition for our local places and enable long term economic opportunity, whilst being alive to the pressures upon Local Government resources, is therefore of critical importance.

Launched in June 2019, the Huddersfield Blueprint (blueprint) aims to help transform the town centre. As one of six key elements of the blueprint vision, Our 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 Our Cultural Heart will celebrate the heritage of Huddersfield while offering new cultural experiences for residents and visitors alike.

The council’s investment in Our Cultural Heart will create core facilities and stimulate the provision of ancillary facilities, services, and opportunities by private, third and academic sectors, working in partnership with the council, 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 Our Cultural Heart being matched by Huddersfield University on their National Health Innovation Campus where construction is well underway and will be significantly enhanced by the £1.5 billion Transpennine Route Upgrade works by Network Rail.

As a major transformational programme, progress on Our 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 delivery, 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.

In this report Cabinet is asked to consider, note, and approve the items set out below to facilitate the next stage of delivery of Our Cultural Heart,

- Phase 1, design & build contract
  - Pre-Contract Services Agreement
    - Construction contract sum negotiations
    - Delivery programme
    - Design development
    - Enabling works

- Works on site, construction contract
- Phase 2, museum & gallery combined option and timing
- Queen St plot
- Extensions to the appointments of the delivery team
  - Strategic Delivery Partner/Project Manager (Turner & Townsend)
  - Architect (Fielden Clegg Bradley)
  - Multi-disciplinary Engineer (Arup)
- The required Capital Development Budget for Phase 1 and to progress Phase 2 to Gateway 3 and any other necessary preparations for future phases.

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

### **1.1 Master Plan**

The RIBA 3 for the master plan and the individual assets within it was completed in early 2023 and approved at the Gateway 3 Cabinet in June 2023. At the same Cabinet approval was given to,

- phase the delivery of the master plan,
- modify the master plan by combining the museum & gallery into one asset (the old library),
- progress discussions with third parties for the use of the Queen St plot.

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

The planning and listed building consent (Queensgate Market & the library/art gallery) application for the RIBA 3 master plan scheme was submitted and approved by the Strategic Planning Committee on the 2<sup>nd</sup> March 2023 with the formal decision notices being issued on the 21<sup>st</sup> July 2023 following completion of the associated conditions.

### **1.3 Phase 1, Design & Build Contract**

Phase 1 is the planned repurposing of the Queensgate Market following its closure towards the end of last year and the adjoining Piazza retail units. The Phase 1 delivery will therefore be,

- New library,
- Food hall (3<sup>rd</sup> party operator, procurement to commence Q1 2024)
- Events square/public realm and the associated service areas.

See Appendix 1 Phase 1 plan, red line boundary (public)

At the Gateway 3 Cabinet report (June 2023) approval was given to appoint BAM Construction Limited (BAM) as the preferred design and build contractor for Phase 1 under the Pre-Contract Services Agreement (PCSA)

#### **1.3.1 Phase 1 PCSA Period**

The appointment of BAM is for a limited period up to Gateway 4 to facilitate the necessary preparations for the construction period and the start on site. The works on site will be under a separate NEC construction contract following the PCSA period.

In addition to concluding the NEC construction contract the two principal activities under a PCSA are to take the design from RIBA 3 to RIBA 4 whilst at the same time agreeing the associated construction contract sum. BAM's assessment of the Phase 1 construction costs was in excess of the budget and as part of the process BAM, working with the delivery team, have made a number of design proposals to make the necessary savings.

The majority of the design proposals have been adopted, and the associated cost savings targeted. This proactive partnering approach with BAM is the best way of controlling costs within the overall limits previously set by Cabinet. See Appendix 2, Phase 1 Contractors Design Proposals (public) and Appendix 3 Phase 1 Contractors Design Proposals Savings Budget (private).

Some of these changes will need incorporating into the RIBA 3 design and then will need to be submitted to the planning and conservation teams for review, and to allow this process and the RIBA 4 design and construction contract sum negotiations to conclude, this report will request that the PCSA period be extended to June 2024, this report will also request delegated authority to further extend the PCSA period if necessary (see Section 5.2).

The PCSA budget is £6.180m, including reallocation of some costs to later phases and £0.56m to complete this stage. See Appendix 4 Phase 1 Pre-Contract Services Agreement Budget (private).

With regard to surveys BAM have adopted the work carried out during the earlier design stages and are assessing where any additional survey work is necessary.

BAM are also proposing that certain enabling works like asbestos removal, strip out, early orders of materials, utility disconnections and site set-up will be beneficial to maintain the programme timeline and the current completion date and that these works should commence in Feb/March 2024.

The practicalities associated with proceeding with these enabling works, prior to the construction contract sum being agreed, are being reviewed and this report will request delegated authority (see Section 5.3) to make the decision to carry out the enabling works during the PCSA period. If the enabling works are not carried out during the PCSA period then the Phase 1 completion will be delayed. The budget for the enabling works is £1.105m and is included in the PCSA budget. See Appendix 5 Phase 1 Enabling Works Budget (private).

### **1.3.2 Phase 1 Works on Site, NEC Construction Contract**

Following any authorised enabling works the steps to commence work on site will be,

- Conclusion of the RIBA 4 design March/April 2024
- Agreement with BAM on the construction contract sum, construction programme, and the contract documents. May/June 2024
- Contract award/start on site June/July 2024

Subject to approval of this report to extend the PCSA period to provide the necessary time to agree the above matters this report will request delegated authority to sign off the conclusion of Gateway 4 (see Section 5.4) and to make the decision to award the NEC construction contract to BAM and start works on site subject to working within the Construction Period Budget (see Section 5.5). See

Appendix 6 Phase 1 Construction Period Budget (private). If the figure cannot be achieved the matter will be brought back to Cabinet.

Demolition will only include those parts of the master plan that are needed to facilitate Phase 1 with the remainder continuing to be used by retailers and meanwhile uses until the implementation of future phases.

#### **1.4 Master Plan Delivery & Future Phases.**

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 the opportunities that has been taken and is being progressed, following approval of the Gateway 3 Cabinet report (June 2023) 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 frees up a plot on Queens Street for other partner and commercial uses further enhancing the mix of complementary uses in the development. Both these proposals would be part of future phases and not Phase 1.

Demolition and any enabling works will generally take place with each phase but if strategically beneficial selected works may be done in advance to prepare for future phases.

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

Also, the procurement of any third party operators will be coordinated with each respective phase.

For future phases gateways will be repeated.

##### **1.4.1 Museum & Gallery**

With the current budget constraints this report recommends that the RIBA 3 scheme with planning and listed building consent is implemented as Phase 2, and that the combined museum and gallery offer is re-modelled to fit within this smaller footprint.

The capital development budget to deliver this facility is £36.6m with delivery by Q3 2027 subject to approval of this report. See Appendix 7, Phase 2 Museum & Gallery Capital Development Budget (private).

This report requests approval to progress to Phase 2 Gateway 3 (further design and contractor procurement) for the combined museum and gallery in the sum of £2.88m from the £36.6m development budget. See Appendix 8, Phase 2 Gateway 3 Budget (private).

##### **1.4.2 Queen St Plot**

Moving the gallery into a combined facility with the museum has freed 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.

A budget allowance for design fees and investigative work to take opportunities on this plot (and development of the master plan) forward is included in the Capital Development Budget included in this report (see Section 1.7).

The council is currently in discussions with Greenhead College who have expressed an interest in developing the site for a Further Education facility.

There are a number of alternative potential uses for the plot which may also include a hotel or residential.

### **1.4.3 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 delivery 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 a short term basis for meanwhile uses.

## **1.5 Capital Delivery Resources**

### **1.5.1 Work Streams**

Across the master plan there are a number of different work streams that require a range of services from the existing delivery team (project management and design) that have been working on the programme from the beginning. This 'Client' team is made up of the Strategic Delivery Partner (Turner & Townsend), Architect (FCB) and Engineer (Arup). The delivery team are all separately appointed under the NHS Shared Business Services Construction Consultancy Services Framework.

The financial commitment for the services required from the delivery team are included in the budgets in sections 1.3 and 1.4 and are set out separately in Appendix 9 (private).

#### **1.5.1.1 Phase 1 PCSA Period**

Through the Gateway 3 Cabinet report (June 2023) the financial commitment for the existing project management and design delivery team, for the PCSA period up to December 2023 was approved and will need extending to conclude.

#### **1.5.1.2 Phase 1 Works on Site, NEC Construction Contract**

Subject to approval of this report the appointments of the existing delivery team will need to be adapted and extended to cover Phase 1 construction works on site, up to completion at Phase 1 Gateway 5.

#### **1.5.1.3 Master Plan/Future Phases**

The appointments will also need to accommodate progressing any necessary preparation for future phases, including working towards Phase 2 Gateway 3 for the museum & gallery.

### **1.5.2 Strategic Development Partner (SDP)**

Turner & Townsend continue to be responsible for cost, development and programme management, and other support services including planning across Phase 1, Phase 2 and the master plan.

### **1.5.3 Architectural**

As required FCB architects will monitor the Phase 1 contractors architectural design proposals including landscape design, access and heritage and conservation. They will also provide design work for Phase 2 and feasibility support for the master plan. The services provided by FCB, and the associated fee will vary to meet the demands of the programme.

### **1.5.4 Multi-Disciplinary Engineer**

As required Arup engineers will monitor the Phase 1 contractors engineering design proposals including civils, structures, services, fire safety, facades, acoustics, wind, security/counter terrorism measures and other specialist elements. They will also provide design work for Phase 2 and feasibility support for the master plan. The services provided by Arup and the associated fee will vary to meet the demands of the programme.

### **1.5.5 Others,**

**1.5.5.1** Sustainability Consultant – to review and comment on the contractor's Phase 1 design and input to preparation for future phases.

**1.5.5.2** BREEAM – to lead the BREEAM assessment process on behalf of Kirklees Council, with the Phase 1 contractors BREEAM advisor feeding into the process throughout the projects remaining development and delivery and input to preparation for future phases.

**1.5.5.3** Various – building control fees, consultations, branding, marketing, legal, surveys, etc

### **1.5.6 Capital Delivery Council Resources**

With regard to council staff resources, as the delivery team are providing the resources for the programme the council resources currently permanently engaged in the development are limited. However, regular review meetings continue with the various council service teams. 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 Council Services**

### **1.6.1 Phase 1**

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

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

The proposal is that the food hall will be operated by a third party with the procurement process to commence in Q1 2024. The form of the commercial arrangement with the operator will be influenced by the market engagement, the procurement process and negotiations with the preferred operator, and likely have the opportunity to be reviewed as the other phases are delivered.



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

The assumptions associated with council service budgets for Phase 1, remain as set out in the Gateway 3 Cabinet report (June 2023). These costs are not currently included in the Council's Medium Term budgets and the strategy has been adopted to manage out these costs, work within existing budgets or savings will have to be made from elsewhere within the council's budget as previously approved at Gateway 3.

The opportunities to manage out the costs include working with partners and or attracting third party funding to reduce the councils direct costs. Therefore, at the appropriate time the services will bring forward Cabinet reports or the services annual budgets will be updated.

For ease of reference the text associated with the service budgets from the Gateway 3 Cabinet report (June 2023) is included at Appendix 10 Phase 1 Service Budgets (public).

### **1.6.2 Phase 2**

The council services that will operate facilities in Phase 2 of Our Cultural Heart are,

- Museums
- Galleries

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

The strategy for the councils service's pre-opening and operational costs is the same as for Phase 1 where costs will be managed out, work will be within existing budgets or savings will be made from elsewhere within the council's budget. As with Phase 1 this includes working with partners and/ or attracting third party funding.

After these opportunities to reduce the councils direct costs have been investigated and in coordination with further design work and the Phase 2 timeline the council services budgets for Phase 2 will be brought forward.

This report does not include any request for service capital or revenue budgets/costs associated with Our Cultural Heart.

### **1.7 Budgets**

To accommodate delivery of all the phases 1-5 the council multi-year capital budget plans include £262m capital cost for the programme, profiled over the years up to the 2030-31 period.

Through the gateway process Cabinet has already approved expenditure of £18.055m.

Working within the capital budgets this report requests a further drawdown of £51.704m as set out below and previously described in sections 1.3, 1.4 and 1.5,

See Appendix 11 Capital Development Budget, Phase 1, Phase 2 & Master Plan Allowances (private)

### **1.7.1 Phase 1**

- Pre-Contract Services Agreement budget
- Enabling works budget
- Construction contract sum
- Delivery team fees
- Others fees

### **1.7.2 Phase 2**

- Combined museum and gallery budget, including fees and allowances to achieve Gateway 3.

### **1.7.3 Master Plan/Future Phases**

- Delivery team fees, master plan feasibility allowances
- Others fees, master plan feasibility allowances
- Survey budget allowances

As outlined in previous gateway reports the programme Capital Development Budget excludes any costs associated with council staff resource costs. It also excludes service capital and revenue costs including pre-opening staff and support costs, furniture, fixtures and equipment capital costs and post opening operational costs. However, estimates associated with these items are included in the Outline Business Case approved at Gateway 2. Also see Section 1.6 of this report.

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.

## **1.8 Town Centre Operational Management Board**

To complement the aspirations of the blueprint, including the operational and facilities management, etc of Our 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

## **1.9 Sustainability**

The Our Cultural Heart sustainability strategy has encompassed the council's 2038 Carbon Neutral Vision and policies encouraging sustainability and minimising the carbon footprint of the programme within affordability limits. 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. The Sustainability Summary was previously included with the Gateway 3 Cabinet report (June 2023).

### **1.10 Social Value**

Social Value(SV) has been an integral element of the Cultural Heart project from the outset both in terms of the end outcome and, important, the process of getting there. The intention has been to set the standard of what SV can be achieved during the design, delivery and legacy phases of the project. SV outcomes have been embedded in contracts at all stages and embraced by the wider project delivery team.

The SDP, architect and engineer are delivering their 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.

Since the appointment of BAM their SV proposals are being developed and as part of the procurement process all contractors will be expected to contribute to the social value aspirations of Our Cultural Heart.

In addition, the intention is to establish an Our Cultural Heart fund for cash contributions and the mechanism for administration of this fund is being further explored and finalised during the PCSA process. The strategy paper was previously included with the Gateway 3 Cabinet report (June 2023).

### **1.11 Risks**

The risk management strategy for Our 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 allows borrowing to be timed and matched with affordability.

As reported previously the project manager maintains a risk register for the master plan and Phase 1. The management of the risks associated with adopting the contractor's design proposals and the associated construction contract sum negotiations is part of the PCSA process and why the requested delegation to award the NEC construction contract adopts the principle of not exceeding the Construction Period Budget. If the budget cannot be achieved the matter will be brought back to Cabinet.

## **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 Our 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 Our Cultural Heart.

Phase 1 will include a food hall operator and in line with market expectations the process of operator selection will commence in Q1 2024.

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.

Both in delivery and in operation it is expected that there will be many opportunities and a necessity to work with partners to maximise the outcomes of Our Cultural Heart.

## **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 Our Cultural Heart. The buildings and spaces to be delivered as part of Our Cultural Heart create opportunity for wider use.

The Social Value Trust model (see Section 1.10) where it is proposed to establish an Our Cultural Heart 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**

Both Climate Change and Air Quality are key parts of the Our Cultural Heart 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 Our 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 Our Cultural Heart including the park, museum, art gallery, library, food hall and 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 Our 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 Our 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.

One of the key cornerstones of the blueprint and within it Our Cultural Heart is the regeneration of the town centre which 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.

## **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 In addition to the £18.055m Cabinet has already approved as part of the Gateway process this report requests formal commitment to drawdown a further £51.704m as set out in section's 1.3, 1.4 and 1.5. This will allow Our Cultural Heart programme to progress Phase 1 from Gateway 4 to Gateway 5, to progress Phase 2 to Gateway 3 and to progress feasibility support on the rest of the master plan.

2.7.1.3 The decision to award the NEC construction contract to BAM and start works on site will be subject to not exceeding the Construction Period Budget.

2.7.1.4 In preparation for setting multi-year revenue and capital budgets for 2024/25 onwards, all existing capital projects and programmes are being reviewed including the phasing of the Our Cultural Heart programme. Whilst total programme costs remain unaltered the updated phasing for the Master Plan (on which this report is based) amends the current published spend profile, as per the Council Outturn & Rollover Report, in that £6.8m of planned capital spend moves back from 2023/24 into 2024/25, and £7.4m is brought forward into 2024/25 and 2025/26. However, in the period 2023/24 to 2025/26 the nett impact of this on capital borrowing costs is a total saving of £0.1m. Then in 2026/27 £17.9m is profiled earlier which increases the cost of borrowing by a total of £1.5m over the two year period 2026/27 to 2027/28.

2.7.1.5 The council service budgets for Phase 1, as part of preparing for the opening of the facilities and post opening operational costs, remain as set out in the Gateway 3 Cabinet report (see Appendix 10). The assumption relating to these costs, and those associated with Phase 2 Gateway 3, is that each service will bring forward their own Cabinet report or update their annual budgets to set out their strategy. Any costs over and above existing budget provision will have to be met from savings elsewhere within the Service's budget or factored into future year budget proposals.

## **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 stage.

There are also occupiers outside the boundaries of the site who have certain rights including the 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, including 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.**

A two stage Integrated Impact Assessment (IIA) has been undertaken to assess the impact of the proposed Our Cultural Heart programme and what needs to be considered in the design of the master plan. 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 IIA was previously included with the Gateway 3 Cabinet report (June 2023).

### 3 **Consultation & Engagement**

Consultees are referred to earlier at section's 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 20<sup>th</sup> November 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 and delivery of phases.

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

The key milestones and Gateways for Our Cultural Heart programme are as set out below. As each next phase is progressed gateways 3, 4 & 5 will be repeated.

#### **Master Plan**

4.1 Programme Initiation		22 <sup>nd</sup> June 2021
4.2 Gateway 1 –	SOC for master plan	16 <sup>th</sup> November 2021
4.3 Gateway 2 –	OBC for master plan RIBA 2 design & master plan	21 <sup>st</sup> September 2022
4.4 Gateway 3 –	RIBA 3 design & master plan	27 <sup>th</sup> June 2023

#### **Phase 1**

	<ul style="list-style-type: none"><li>➤ Scope of works</li><li>➤ Preferred design &amp; build contractor</li></ul>	
4.5 Gateway 4 –	Phase 1 <ul style="list-style-type: none"><li>➤ RIBA 4 design</li><li>➤ Construction contract Sum</li><li>➤ Award design &amp; build contract</li></ul>	Q4 2023 to Q2 2024 target
4.6 Start on site –	Phase 1 <ul style="list-style-type: none"><li>➤ Demolition</li><li>➤ Construction</li></ul>	Q2 2024, target
4.7 <b><u>Completion –</u></b>	<b><u>Phase 1</u></b>	Q4 2025, target

#### **Phase 2**

4.8 Gateway 3 –	Phase 2 <ul style="list-style-type: none"><li>➤ Design development</li><li>➤ Scope of works</li><li>➤ Preferred design &amp; build contractor</li></ul>	Q1/Q2 2025, target
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## **5 Officer recommendations and reasons**

Cabinet is requested: to approve the following,

### **5.1 Phasing**

To agree to delegate authority to the Strategic Director Growth & Regeneration, in consultation with the Portfolio Holder for Finance & Regeneration, decisions on the programme timeline and sequencing of phasing so that Our 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.

### **5.2 Construction Partner, Phase 1, Pre-Contract Services Agreement (PCSA)**

To agree to delegate authority to the Strategic Director for Growth and Regeneration, in consultation with the Service Director Finance and the Portfolio Holder for Finance & Regeneration to extend the PCSA contract for a period necessary to conclude the RIBA 4 design and the construction contract sum negotiations.

Reason: To ensure timely progress on Phase 1 of the development and that the information is available for the NEC construction contract.

### **5.3 Construction Partner, Phase 1, Enabling Works**

To agree to delegate authority to the Strategic Director for Growth and Regeneration, in consultation with the Service Director Finance and the Portfolio Holder for Finance & Regeneration to instruct the enabling works.

Reason: To ensure timely progress on Phase 1 of the development.

### **5.4 Conclusion of Phase 1 Gateway 4**

To agree to delegate authority to the Strategic Director for Growth and Regeneration, in consultation with the Portfolio Holder for Finance & Regeneration to sign off the conclusion of Gateway 4 including the contractors design proposals, planning and listed building consent matters, the RIBA 4 design, the construction programme, the contract documents and the construction contract sum.

Reason: So that the design and programme implementation for Phase 1 can continue to next the next stage.

### **5.5 Construction Partner, Phase 1, NEC Construction Contract**

To agree to delegate authority to the Strategic Director for Growth and Regeneration, in consultation with the Service Director Finance and the Portfolio Holder for Finance & Regeneration to make the decision to award the NEC construction contract to BAM and start works on site in accordance with Section 1.3.2. If the award would exceed the Construction Period Budget then the matter will be brought back to Cabinet.

Reason: To ensure timely progress on Phase 1 of the development.

### **5.6 SDP extension of appointment**

To agree to extend the appointment of the Strategic Development Partner (project manager) to Phase 1 Gateway 5, Phase 2 Gateway 3 and master plan feasibility support and to delegated authority to the Strategic Director for Growth and Regeneration to enter into a new agreement via NHS/SBS framework that allows for continuation of the SDP services through the various Phases and gateways (and in line



with cabinet approvals and authority) until the completion of the Our Cultural Heart programme, subject to satisfactory performance in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To continue the programme management services, 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 Phase 1 Gateway 5 for the monitoring roles, Phase 2 Gateway 3 and master plan feasibility support in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To continue the architectural and engineering services, retain knowledge gained, monitor the design & build contractors design and to maintain the programme to deliver the strategic objectives as soon as is practical.

#### **5.8 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.

#### **5.9 Museum & Gallery, Phase 2 Gateway 3**

To note the museum and gallery capital development budget and to agree to approve the expenditure to fund work to progress to Phase 2 Gateway 3.

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

#### **5.10 Queen St Plot**

To agree to explore interest from and negotiate with development partners to promote the alternative complementary 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 complementary uses incorporated into the master plan.

#### **5.11 Capital Development Budget, Phase 1 Gateway 5, Phase 2 Gateway 3 & Master Plan Allowances**

To approve the expenditure of £51.704m to progress Phase 1 to Gateway 5 , to progress Phase 2 to Gateway 3 and to progress feasibility support on the rest of the master plan. This request is in addition to the £18.055m already approved.

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

#### **5.12 Council Services Budgets**

To agree to delegate authority to the Strategic Directors for Growth and Regeneration, and for Adults and Health, in consultation with the Service Director for Finance, to determine the service budgets associated with Phase 1 and Phase 2 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 and progress Phase 2.

### **5.13 Social Value**

To agree to delegate authority to the Strategic Director for Growth and Regeneration in consultation with the Portfolio Holder for Finance & Regeneration to conclude the social value strategy for Our Cultural Heart. This is to include the mechanism for administration of the Our Cultural Heart Fund.

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

### **5.14 Deliver the Programme to Phase 1 Gateway 5, Phase 2 Gateway 3, & Develop the Master Plan**

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 Phase 1 Gateway 5, Phase 2 Gateway 3 and develop the master plan including appointing third parties which for Phase 1 includes the food hall operator in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: So that the Our Cultural Heart programme can achieve the next stages.

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

Cllr Graham Turner, the Cabinet Portfolio Holder for Finance & Regeneration, supports the recommendations and was briefed on the 9<sup>th</sup> November 2023 and made the following comments.

Our Cultural Heart is the flagship regeneration project for Huddersfield.

And this report if approved by cabinet takes us another step closer to the start of onsite construction of phase one.

Whilst this has been delayed slightly due to rephrasing and design changes the end date for the handover of phase one remains the same.

The proposals in the report are a very significant step forward for the project, subject to cabinet approval, they will enable the relevant officers and portfolio holder to reach a suitable agreement with the main contractor to proceed on site.

The allowing of some enabling works to proceed in advance of the agreement will enable the project to proceed quicker.

As we have always made clear, there is a budget that is agreed which we won't go over, despite the challenges created by rising inflation and interest rates.

Using a gateway model has allowed the design to be tweaked and altered as required as the project has moved forward to reflect these challenges.

So, I fully support all the recommendations in this report and would like to thank the team for getting us to a point where we can look forward to seeing spades in the ground by the middle of next year.

## **7 Contact officer**

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## **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>
- **June 2023**, Cabinet Report - Cultural Heart, part of the Huddersfield Blueprint - Gateway 3.  
<https://democracy.kirklees.gov.uk/documents/s52438/Cabinet%20Report%2027.6.23%20public.pdf>

## **9 Service Director responsible**

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