

**REPORT TITLE: Our Cultural Heart, part of the Huddersfield Blueprint,  
 Phase 2 Gateway 3**

<b>Cabinet date</b>	<b>21<sup>st</sup> January 2025</b>
<b>Cabinet Member Portfolio: Finance and Regeneration</b>	<b>Cllr Graham Turner</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Eligible for Call In</b>	<b>Yes</b>
<p><b>Purpose of Report</b></p> <p>The purpose of this report is to seek approval and delegations to progress the design and pre-construction works for Phase 2 (combined museum &amp; art gallery, public realm and basement) from Gateway 3 to Gateway 4.</p> <p>There is also an update on Phase 1 (library, food hall, events square/public realm and basement) now that construction has started on site, and an overview of the remaining phases within the rest of the master plan.</p> <p>With regard to the Capital Development Budget for design and construction (construction budget) of £262m allocated in the councils capital plan the report outlines reallocation of some of this budget.</p> <p>In addition to the construction activity there is an early update on the budgets for pre and post-opening costs being developed by the councils operational and support services involved in preparing for the opening of, and ongoing operation of the facilities within Our Cultural Heart. These costs will continue to be reviewed and refined as update reports are brought to Cabinet.</p> <p>The programme has previously been considered by the Cabinet on five separate occasions with the last report being in December 2023 (Phase 1 Gateway 4). Similarly, the programme has been the subject of consideration at the Growth and Regeneration Scrutiny Panel on several occasions, with the last report being considered in September 2024. Members of the Scrutiny Panel also attended a site visit on Monday the 4<sup>th</sup> November 2024.</p> <p>The previous approved Cabinets reports are available through the links in Section 8 of this report.</p>	
<p><b>Recommendations:</b></p> <p><b>1. Combined Museum &amp; Gallery, Phase 2 RIBA 3</b>          To delegate authority to the Executive Director of Place in consultation with the Leader and the Portfolio Holder for Finance &amp; Regeneration to approve the Royal Institute of British Architects stage 3 design (RIBA 3) for the museum and gallery.</p>	

**2. Combined Museum & Gallery, Phase 2 Gateway 4 Budget**

To note the museum and gallery construction budget and to agree to approve the funding to progress from this Gateway 3 to Phase 2 Gateway 4.

**3. Construction Partner, Phase 2, Pre Construction Services Agreement (PCSA)**

To agree to delegate authority to the Executive Director of Place in consultation with the Portfolio Holder for Finance & Regeneration, the Director of Legal Governance & Commissioning, the Service Director Finance and the Head of Procurement to make the decision to enter into the Pre-PCSA and subsequently award the PCSA and instruct any surveys and enabling works that may be necessary prior to the contract sum being agreed subject to compliance with Contract Procedure Rules.

**4. SDP, Architect and Engineer Services, Phase 2 Gateway 3 to Gateway 4**

Subject to agreement on fees and in line with our procurement process and Contract Procedure Rules to agree to continue the services being provided by the Client delivery team (SDP, architect and the engineer) to progress from this Gateway 3 to Phase 2 to Gateway 4. The same delivery team is providing the necessary services on Phase 1 and the rest of the master plan.

**5. Construction Capital Development Council Resources**

To allocate the necessary council staff and resources to support the construction programme and to note that in the absence of sufficient internal resources that additional external resources will be sourced from the existing appointments and/or from existing/future framework agreements subject to compliance with procurement process and the Contract Procedure Rules.

**6. Construction Budget, Phase 1 Gateway 5, Phase 2 Gateway 4 & Master Plan Allowances**

To approve subject to approval of the recommendations above the further drawdown of £5.663m (Phase 2, £5.413m & Master Plan, £250k) thereby increasing the committed funding for the programme from £73.329m to £78.992m.

**7. Reallocation of Budget to the Combined Museum & Gallery Service Pre-opening Capital Costs**

To approve subject to no other sources of funding being available the reallocation of funding from the Our Cultural Heart construction budget future phases to fund the museum and gallery pre-opening capital costs including the fit out of the building.

**8. Reallocation of Budget to Operational Services**

To approve subject to no other sources of funding being available the reallocation of funding from the Our Cultural Heart construction budget future phases to fund the West Yorkshire Archive Service (£371k) and the Events team (£50k) pre-opening capital costs.

**9. Replenish the Construction Budget**

To agree to delegate authority to the Executive Director of Place, in consultation with the Portfolio Holder for Finance & Regeneration, the Service Director for Culture and Visitor Economy and the Service Director Finance to explore ways of replenishing the construction budget following any reallocation of budget without exposing the council to any additional capital borrowing commitments.

#### **10. Phase 5 Venue and Car Park Review.**

To agree to delegate authority to the Executive Director of Place, in consultation with the Service Director Finance and the Portfolio Holder for Finance & Regeneration and subject to agreeing the terms of reference to utilise part of the master plan feasibility budget to carry out the review of Phase 5.

#### **11. Deliver the Programme to Phase 1 Gateway 5, Phase 2 Gateway 4, & Develop the Master Plan**

Subject to approval on the matters above to delegate authority to the Executive Director of Place to work within approved budgets to deliver the design and construction of the programme to Phase 1 Gateway 5, Phase 2 Gateway 4 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.

#### **12. Operational Services Additional Budgets Phase 1 & Phase 2**

In addition to recommendations in items 7 and 8 and sections 2.1.2 and 2.2.2 of this report to agree that the Executive Directors of Place, Adults and Health and Corporate Resources in consultation with the Service Director - Finance to work to identify the relevant service pre and post opening costs of the various phases of the Our Cultural Heart programme. The Service Director – Finance shall ensure that estimates are added to the Council's Medium Term Financial Plan and be refined as updated information becomes available.

#### **Reasons for Recommendations:**

At the outset of the Our Cultural Heart programme it was determined that at key points in the development delivery process (gateways) the programme would be brought back to Cabinet to decide the future direction of each of the phases.

As Phase 2 has now reached Gateway 3 certain decisions are required from Cabinet in terms of agreeing to enter into the next stages of delivery for the design, contractor procurement, securing the ongoing services of the Client delivery team and the associated funding to be drawn down from the allocated budget.

The reallocation of budget to fund service capital costs is in line with the council's Medium Term Financial Plan approved in September 2024 to limit any additional borrowing. At the same time, it is important to recognise that to deliver all the phases of the master plan in a timely manner, ways of replenishing the construction budget should be investigated or the master plan be reviewed to remain within limits of affordability.

In parallel with the Phase 1 construction progressing on site and the next stages of Phase 2, funding is also requested to continue feasibility work on the remaining phases including the review of Phase 5 to reaffirm the operating model within affordability limits.

Recommendation 11 is to allow day to day decisions to be made to progress the programme and if necessary to appoint the food hall operator outside the normal gateway Cabinet cycle so that the opening date for Phase 1 can be maintained.

Whilst there are proposals within this report regarding the service budgets for Phase 1 and Phase 2 it is recognised that some further discussions are needed to conclude the precise figures and Recommendation 12 provides for this.

**Resource Implications:**

With construction programmes of the scale of Our Cultural Heart a significant resource, outside the normal day-to-day business of the council, is needed and so the councils Client construction delivery team is made up of external consultants with the necessary range of skills.

Previous approvals have secured the funding for this team to deliver Phase 1 to completion and Phase 2 to this Gateway 3. This report requests the necessary further funding to progress the construction of Phase 2 to Gateway 4 and other work on the master plan.

The programme has interfaces with many services and staff associated with the design and construction of the operational facilities and the built environment who the delivery team consult and engage with.

In parallel the services are also preparing for the delivery of the operational facilities to coordinate with the completion of construction of each phase and updates of progress will be given in future gateway reports.

In addition to the resource implications previously approved associated with Phase 1 as set out in Section 2.1.1 the resource implications associated with this report are set out in more detail in sections 2.1.2, 2.2.1, 2.2.2, 2.3, 2.4, 3.6.2.1 and 3.6.2.2

**Date signed off by Strategic Director,  
Executive Director for Place • Growth &  
Regeneration**

**David Shepherd, 19th December 2024**

**Is it also signed off by the Service  
Director for Finance?**

**Kevin Mulvaney, 10th January 2025**

**Is it also signed off by the Service  
Director for Legal Governance and  
Commissioning?**

**Samantha Lawton, 9<sup>th</sup> January 2025**

**Electoral wards affected:** Our Cultural Heart is located in the Newsome ward. However, in terms of the council’s strategic ambitions the programme is of importance to all wards in Kirklees.

**Ward councillors consulted:** As part of preparing for the public consultations for the master plan planning and listed building applications ward councillors were given a briefing and then a preview session of the public consultation material.

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

**Has GDPR been considered?** Yes

## 1. Introduction

The Kirklees Council Plan contains 4 key priorities to focus the business of the council. One of the four key priorities is 'Continue to invest and regenerate our towns and villages to support our diverse places and communities to flourish' with Our Cultural Heart being one of the named programmes. In bringing forward the next steps for the programme 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.

The ambition of Our Cultural Heart, as part of the Huddersfield Blueprint, is to help with the delivery of 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 between King Street and Queensgate 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 is a fundamental part of the regeneration of the town centre and will create core facilities and encourage 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.

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 will be 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.

It is also encouraging that 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 one facility has opened, and construction has commenced on the second and will be significantly enhanced by the £11.5 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 each phase of the programme. This approach allows Cabinet to take stock of progress and consider factors such as changing market conditions, phasing delivery and timing, 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.

Also to coordinate with the completion of construction the council's operator's and supporting services are preparing (pre and post opening) for the fit out, operation, facilities management,

maintenance, etc of the assets, service areas and public realm. This work and the associated budgets are being coordinated through the Town Centre Operational Management Board and progress to date on the budgets is set out below in sections 2.1.2 and 2.2.2 and will be subject to ongoing review.

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

Although the main subject of this report is Phase 2 the updates on the phases are set out in their chronological order.

### **2.1 Phase 1**

#### **2.1.1 Construction**

Phase 1 is the repurposing of the former Queensgate Market and adjoining Piazza retail units following their closure and includes the delivery of,

- New library, including West Yorkshire Archive
- Food hall (3rd party operator)
- Events square/public realm
- Basement service areas.

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

At the Phase 1 Gateway 4 (December 23) Cabinet report delegated authority was given to the Executive Director of Place and others on a number of matters including appointing BAM Construction Limited (BAM) as the design and build contractor for Phase 1 under the construction contract (main contract). The delegation was subject to the conclusion of the Pre-Contract Services Agreement including the RIBA 4 design and negotiation of the contract sum.

As previously reported at Phase 1 Gateway 4 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 and the council, agreed a number of design proposals through two rounds of value engineering to achieve the necessary savings that were then submitted and subsequently gained planning and listed building consent in June 2024.

In addition to the design proposals, whilst BAM were carrying out surveys during the PCSA, they uncovered asset related structural issues regardless of the end use of the building that were outside the original Phase 1 scope. Approval was given to include these works in the BAM contract and draw down funding from the overall Our Cultural Heart construction budget to deal with these structural issues, with savings to be made on later phases.

To accommodate the additional design work and the contract sum negotiations the PCSA period was extended to August 2024 to ensure sufficient time was allowed to get best value for money for the council. This prolongation alone is not expected to delay overall construction completion of the master plan due to the flexibility of when phases can be delivered. In addition, and as set out in the Phase 1 Gateway 4 report, to limit the impact on the Phase 1 programme, enabling works were instructed in March 2024, under the PCSA, to ensure an effective start to the main contract in August 2024. Construction is due to complete in Q2 2026.

The site compound has been established on the site of the former multi-storey car park, the hoardings erected around Phase 1 and the demolition work both internal and external is

progressing. Only those parts of the master plan that are needed to facilitate Phase 1 are being demolished at this time with the remainder continuing to be used by retailers and meanwhile uses until the implementation of future phases.

The delivery team continue to manage and monitor the progress of Phase 1 and report the same to the monthly Programme Board meetings.

The approved construction budget including the contractor (PCSA, enabling works & main contract), delivery team and other fees, etc for Phase 1 from Gateway 3 (June 23) to completion is £57.905m as set out in Appendix 2, Phase 1 Construction Budget (private).

This report does not request any further funding associated with delivering the construction of Phase 1.

### 2.1.2 Operational Services

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

- Libraries
- Creative Developments (Events)

West Yorkshire Archives will also be hosted within the library.

The food hall operator will be the subject of a procurement process.

There will then be the normal input from support services as with any other asset, including Corporate Landlord, iT, Highways & Streetscene, etc.

Phase 1 is expected to be operational in Summer 2026.

The estimates of additional budgets for Phase 1 are set out in Appendix 3, Phase 1 Services Additional Budget (public), and summarised below. The pre-opening period is approximately eighteen months.

Across all phases the opportunities to manage these costs also include working with partners and or attracting third party funding to offset a proportion of the council's direct costs.

It should be noted that no contingency is carried for other, as yet unknown, services costs and pressures other than those identified in Appendix 3.

The operational budgets will continually be refined and reported at future gateways.

#### 2.1.2.1 Libraries

The library service will fund most of their costs from within the service but do require some additional pre-opening budget.

##### **Pre-opening costs,**

- **Revenue** Additional council funding for a project manager to support all the services, focusing initially on Libraries, will need to be provided for in future budgets.

### 2.1.2.2 West Yorkshire Archive Service (WYAS)

WYAS will be housed in the library with their operation including a new storage facility. At the moment WYAS keep the Kirklees archives in a number of different stores which would be vacated once this new facility is available.

#### **Pre-opening costs,**

- **Capital** WYAS have requested £371k including a high density storage system which is essential for hosting them within Our Cultural Heart and facilitating closure of other sites. This will be provided for from the Our Cultural Heart construction budget.
- **Revenue** WYAS have requested additional budget to deal with items including archive document cleaning & preparation. This is currently unallocated and requires further discussion with West Yorkshire partners.

#### **Post-opening costs, annual.**

- **Revenue** WYAS post opening costs are funded by the service, but they have requested £63k additional budget over the first two years after opening. Presently the Council is not able to identify any additional revenue funding for this activity.

### 2.1.2.3 Events

#### **Pre-opening costs,**

- **Capital** £50k from Our Cultural Heart construction budget is allocated to support the pre-opening costs of the events square.

#### **Post-opening costs, annual.**

- **Revenue** It is proposed to initially allocate an additional £100k p.a. to pump prime the events programme. This will provide money to develop and part fund an annual events programme, alongside other delivery organisations and private sector sponsorship. It will be necessary to recognise these costs in the refreshed Medium Term Financial Plan.

### 2.1.2.4 Support Services

#### **Pre-opening costs,**

- **Capital** £150k to be allocated from the existing £1m Library Capital Plan allocation to pay for all moving requirements.

IT infrastructure is currently being assessed. It is proposed this is also funded by the £1m Library Capital Plan allocation.

Other IT hardware costs will be required to be met from IT capital and revenue budgets. Discussions will continue with the service to test this assumption.



- **Revenue** Unless identified in this report, all other pre-opening revenue costs are proposed to be met from within existing services.

### **Post-opening costs, annual.**

- **Revenue** £316k Corporate Landlord costs to be partially met by the use of existing budgets following closure and disposal of other assets, made surplus by the opportunities created by the new space in Our Cultural Heart.

£90k p.a. is required for security costs which will benefit all future phases of Cultural Heart. It will be necessary to recognise these costs in the refreshed council's Medium Term Financial Plan.

Other revenue costs such as IT costs, water feature and public realm are to be borne by existing service budgets. This will be tested with the service.

#### **2.1.2.5 Food Hall**

For the food hall the working assumption is that it will be operated by a third party with the formal procurement process to commence in Q1 2025 and an appointment by Q4 2025. The form of the commercial arrangement (lease or management agreement) with the operator will be influenced by the market engagement (ongoing), the procurement process and negotiations with the preferred operator, and is assumed to be at net nil revenue cost to the council. The commercial arrangement may also need to include the opportunity for it to be reviewed as the other phases are delivered. If none of the third party offers seem attractive enough then the council could consider operating the facility itself. Further information about the financial implications of this will feature in a future Cabinet report.

## **2.2 Phase 2**

### **2.2.1 Construction**

Phase 2 is the repurposing of the former library building following its closure and includes the delivery of,

- Combined museum & art gallery,
- Public realm
- Basement service areas.

See Appendix 4, Phase 2 plan red line boundary (public)

Following the decision to combine the museum and gallery and work within the existing RIBA design stage 3 master plan planning approved envelope, the design work to sympathetically combine the two facilities recommenced in March 2024. Working with the museum & gallery service the designers revisited the internal design to determine the optimum layout and maximise the display space for both the museum and the art gallery.

The revised RIBA 3 design and submission for planning and listed building consent were both achieved in September 2024 with the listed building consent being granted recently and the planning approval expected shortly.

See Appendix 5 Phase 2 Summary of RIBA 3 Design Report (public). The full report, running to 431 pages plus appendices, can be made available to Cabinet members.

Working with the council's procurement team on the contractor procurement for Phase 2 it was decided early on that frameworks would be used for the appointment in line with procurement processes and options for appointment of a competent contractor be explored. As part of this process conversations have been held with BAM (contractor on Phase 1) to determine the suitability of appointing them directly. See Appendix 6, Value for Money Report (Phase 2) (private).

The BAM submission for the pre-PCSA period incorporates value engineering proposals to be incorporated into the RIBA 3 design and risk quantification surveys (asbestos) to mitigate the budget overage as much as possible prior to formally appointing BAM under the PCSA, subject to the outcome of the pre-PCSA.

The process of preparing for construction on site will be the same as Phase 1 where initially a contractor is appointed under a PCSA to progress the RIBA stage 4 design and negotiate the contract sum. It is then at Phase 2 Gateway 4 (target Q4 2025) that a report will be brought back to Cabinet requesting approval to commence the main construction works on site.

As with Phase 1 it will be necessary to carry out surveys to inform the design and to facilitate this it is anticipated that asbestos removal will be required. It may also be in the council's best interest to carry out similar enabling works (soft strip, other asbestos removal, internal demolition, temporary weathering, etc) during the PCSA to minimise or maintain the construction programme and the Phase 2 target completion date of third quarter 2027. To be in a position to implement these works this report requests delegated powers to be able to instruct any of these works.

Through the gateway process Cabinet has previously approved expenditure for Phase 2 of £2.739m to March 2025. This report requests approval to draw-down a further £5.413m to progress Phase 2 to Gateway 4. This is to fund the contractor and its design team during the PCSA including the works set out above and the Client's delivery team fees, etc. For the cost breakdown of the funding request see Appendix 7, Phase 2 Construction Budget (private).

Appendix 7 also gives an update of the overall construction budget for Phase 2.

### 2.2.2 Operational Services

The council services that will operate the combined facility in Phase 2 of Our Cultural Heart are,

- Museums
- Art gallery

There will then be the normal input from support services as with any of the council's other assets including Corporate Landlord, iT, Highways & Streetscene, etc.

Following construction completion there will be a significant operational fit out with an expected target opening date of Q1 2029.

The estimates of additional operational budgets for Phase 2 are set out in Appendix 8, Phase 2 Services Additional Budgets (public), and summarised below. Where any existing budgets are

available the services have included them to offset some of the costs. The operational budgets will continually be refined and reported at future gateways.

### 2.2.2.1 **Museum and Gallery**

The museum & gallery service have developed a detailed financial forecast that the figures in this report have been drawn from.

**Pre-opening costs**, whilst the preparations are over four years other than staff the majority of the costs occur in the eighteen months (to be further defined at Phase 2 Gateway 4) prior to opening.

- **Capital** £14.480m, including display and exhibition fit out, FF&E, capitalised staff costs and collections preparation, move and storage. Subject to no other sources of funding being available, up to this figure will be met by reallocation of funding from the Our Cultural Heart construction budget.

At this stage it is prudent to plan for funding the museum and gallery capital costs from the construction budget to provide certainty of delivery of Phase 2. However, the service is investigating other potential sources of funding to minimise the reallocation of funding from the construction budget.

- **Revenue** £381k, including staff, ancillary and storage costs. These one off costs cannot be capitalised and require an additional budget to be recognised in the council's Medium Term Financial Plan.

**Post-opening costs**, annual.

- **Revenue** An initial amount of an additional £800k has been allowed for in the council's Medium Term Financial Strategy from 2028/29, to include staff, ancillary and storage costs. However, this will be subject to refinement.

### 2.2.2.2 **Support Services**

**Pre-opening costs**, whilst the preparations are over four years other than staff the majority of any pre-opening costs are estimated to occur in the twelve months prior to opening and substantially during 2028/29.

**Post-opening costs**, as with Phase 1, where possible, additional service pressures will be met from existing budgets for IT, public realm etc. Other elements such as security are covered in Phase 1 costs. The main additional post-opening service cost that is outside current revenue budget provision is for Corporate Landlord, who estimate £350k additional annual costs for facilities management and maintenance. This will be a pressure for the council's Medium Term Financial Strategy for the second half of 2028/29 onwards. However, as with other revenue costs, this figure will be reviewed, and the challenge will be to identify existing Corporate Landlord budgets from surplus assets. Further details will be provided at Phase 2 Gateway 4 prior to construction starting on site.

## 2.3 **Master Plan**

Planning and listed building consents for all the phases of the RIBA design stage 3 master plan were approved by the Strategic Planning Committee on the 2<sup>nd</sup> March 2023.

The timing and order of the phasing is flexible to accommodate the needs of the council and the programme and is reviewed regularly. One of the current considerations is swapping the delivery timescale of the Queen St plot with the park. This matter will be brought back to Cabinet at a later date.

The councils changed financial position, recent events in the local events venue market and the reallocation of funds from the construction budget warrants a review of the business case associated with Phase 5, the venue and car park, including the scope, design and wherever possible making efficiencies to minimise the required construction budget.

IPW who developed the original business case for the Our Cultural Heart master plan, including the venue and car park have been asked to submit a proposal to support the review.

A feasibility budget allowance of £250k for design fees and investigative work to develop the master plan and consider opportunities was approved at Phase 1 Gateway 4 (December 23 report). Whilst this remains largely unspent the proposal is that this budget is increased to £500k to include the Phase 5 review which will take place during Q1/Q2 2025.

### **2.3.1 Queen St Plot**

Greenhead College have withdrawn their interest in the Queen St plot. At the appropriate time the site will be marketed and other alternatives considered (residential, hotel, office, etc) with the viability improving with lower interest rates and future rounds of strategic intervention funding (i.e. successors to levelling up, Town Fund, Future High Streets Fund) to assist in closing the viability gap.

Any proposals for this plot will need to be supported by their own source of funding separate from the council's resources.

### **2.3.2 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. Where appropriate, available retail units are being used on a short term basis for meanwhile uses.

## **2.4 Client Construction Delivery Team**

The councils outsourced Client delivery team working on the design and construction capital delivery across all the phases and workstreams have worked on the programme from the beginning and is made up of the Strategic Delivery Partner (Turner & Townsend), Architect (FCB) and the Multi-Disciplinary Engineer (Arup). The team is supplemented with other specialists as and when required. The delivery team are all separately appointed by the council under the NHS Shared Business Services Construction Consultancy Services Framework. Retaining this team, subject to agreement on fees for each phase and or stage within a phase, is important to retain the knowledge gained and achieve efficient delivery for the council.

The fees associated with this team are included in each of the phase budgets.

## **2.5 Town Centre Operational Management Board**

To complement the aspirations of the blueprint, including the operational and facilities management, etc of Our Cultural Heart pre and post opening, the Town Centre Operational Management Board is reviewing the management of the town centre, coordination of the service budgets and those associated with Our Cultural Heart. The scope associated with the management of our town centres includes,

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

## **2.6 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 for the master plan includes no gas on site, reduced rainwater run-off and the target for Phase 1 remains BREEAM Excellent.

## **2.7 Social Value**

Social Value(SV) has been an integral element of the Our Cultural Heart programme from the outset both in terms of the end outcome and 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 continue to deliver their SV commitments across the programme 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.

Following the delegation at Phase 1 Gateway 4 (December 23) the BAM proposals have been signed off including the Our Cultural Heart fund and now that the main contract has commenced BAM have started to deliver on their commitments. BAM have met with the council a number of times to establish the working relationship on SV. The fund will be administered through the One Community Foundation.

Subject to lessons learned the same approach to SV will be used on future phases.

### **3. Implications for the Council**

#### **3.1 Working with People**

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

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

As part of initial development work into options around the core projects 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.

#### **3.2 Working with Partners**

Collaboration and working together with partners are the key to ensuring the council get the best outcomes for citizens, communities, and Kirklees as a whole. In addition to the consultations already undertaken and the ongoing work with stakeholders, and whilst the majority of the facilities in Our Cultural Heart will be operated by the council, there will also be third party operators (like in the food hall) as part of Our Cultural Heart.

Both in delivery and in the longer term when in operation across the range of assets it is expected that there will be numerous opportunities and a necessity to work with partners to maximise the outcomes of Our Cultural Heart.

#### **3.3 Place Based Working**

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

Also, cash from the SV fund can be used to 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.

The facilities to be delivered in Our Cultural Heart will enhance the town centre, encourage collaboration and contribute to meeting the needs of people working and visiting the town.

#### **3.4 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, the sustainability strategy 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.

### **3.5 Improving outcomes for children**

The blueprint includes within it a key objective of providing a family friendly town centre. This means that uses, streets, and places will favour all age groups including children. Part of the strategy to renew the town is to bring in new uses that attract families and young people in a way the town does not at present. This means that the introduction of cultural activities and associated food and beverage offers that are part of Our Cultural Heart 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 and gallery, library, West Yorkshire Archive, food hall and the venue will provide opportunities for children to explore, learn and have fun.

### **3.6 Financial Implications**

#### **3.6.1**

The council's existing multi-year revenue and capital medium term budget plans and financial strategies for 2024/25 and future years, approved at Budget Council on 6th March 2024 and the Medium Term Financial Plan (MTFP) approved in September 2024, continue to acknowledge that this scheme is a significant strategic investment priority commitment to deliver major long term sustainable regeneration for the district.

Since the inception of the Our Cultural Heart programme, and as well documented, the council's overall financial position and the cost of borrowing for capital has worsened and continues to be under pressure. This has led to reduced budgets for most of the services and limits the scope for any additional funding for the services that will operate in Our Cultural Heart.

The original strategy for the services was that any additional funding for Our Cultural Heart would be expected to come from within each service or from other areas of the council's budget. However, now that these opportunities are restricted as savings have to be made to existing budgets to balance the here and now.

To mitigate the situation, it is proposed that subject to no other sources of funding being available defined amounts of funding will be drawn from the programme's construction budget to support elements of cost that are defined as 'capital'.

To understand the implications of any different timing of this reallocated expenditure the cashflow will be considered and factored into the council's budgets considering where any pressures can be smoothed out, which may need to include rephasing.

Also, on the 5<sup>th</sup> November 2024 Cabinet approved the reallocation of £9.8m of funding from the Our Cultural Heart construction budget to the George Hotel development.

## 3.6.2 Budgets

### 3.6.2.1 Construction

The previously approved construction expenditure for the programme is £73.329m and this report requests approval to drawdown a further £5.663m as set out in section's 2.2.1 and 2.3 and the table below. In parallel with Phase 1 this additional funding will allow Phase 2 to progress to Gateway 4 and feasibility support on the rest of the master plan and the review of Phase 5.

	<b>New Drawdown £</b>	<b>Previously Approved £</b>	<b>Total £</b>
<b>PHASE 1</b>	--	57.905m	57.905m
<b>PHASE 2</b> • Gateway 3 to 4	5.413m	2.739m	7.870m
<b>MASTER PLAN</b> • Gateway 3	--	12.435m	12.435m
• Feasibility work • Phase 5 review	250K	250k	500k
<b>TOTAL</b>	£5.663m	£73.329m	£78.992m

See Appendix 9, Construction Budget, Phase 1, Phase 2 & Master Plan Allowances (private) which summarises the total design and construction funding requested to date.

Whilst the construction budget for delivery of the assets within the master plan is budgeted to be funded from council prudential borrowing, phasing provides time for ways of replenishing the construction budget, following any reallocation of budget to provide resource to complete fit out etc of the Library and Museum & Gallery, from third party investment or external funding applications but without increasing the council's capital borrowing commitments.

To deliver the current master plan the construction budget of £262m is required. However, to accommodate the reallocations and considering the existing OCH budget pressures the overall construction budget that will remain to deliver all the phases, without the budget being replenished (subject to success with value engineering), is £238m - 233m. The Phase 5 review will be part of mitigating this as will the scoping of the other remaining phases beyond Phase 2.

As outlined in previous gateway reports the programme construction budget excludes any costs associated with council staff resource costs and any pre and post opening service costs other than those noted in this report.

### 3.6.2.2 Operational Services

The table below provides an indicative summary of the additional revenue budgets required pre and post opening costs of Phases 1 and 2. Pre-Opening costs will be phased over a number of financial years.



	Pre-Opening Costs (£000)	Annual Post Opening Costs (£000)
Phase 1	£100k	£506k
Phase 2	£381k	£1,150k

### 3.7 Legal Implications

Legal Services, and Addleshaw Goddard LLP (an external framework firm), are involved in the procurement process and appointment of the consultants and contractors.

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 through the gateway process.

There are also a number of 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 provide any necessary advice 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 advise in the procurement process and contractual arrangements with the third party operators.

The Council must comply with its duty under the Public Services (Social Value) Act 2012 as noted in 2.7 above the Council will consider how services/works are procured to improve economic, social and environmental wellbeing of the area.

The Council has a duty of Best Value under section 3 of the Local Government Act 1999 to make arrangements for continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council in carrying out its functions must comply with the Public Sector Equality duty under section 149 Equality Act 2010 before exercising any decision on a particular policy or strategy is taken ; namely it must have due regard to the need to eliminate unlawful discrimination, harassment, victimisation; advance equality of opportunity between persons who share protected characteristics and those who do not, and foster good relations between those who share protected characteristics and those who do not.

Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes.

The Council will comply with its Contract Procedure Rules and Financial Procedure Rules; and the Public Contracts Regulations 2015 and/or the Procurement Act 2023 when brought fully into force in relation to Goods, Works and Services.

### 3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

#### 3.8.1 Risk

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 SDP/project manager maintains a risk register for the construction programme and the active phases within it.

Subject to budget being reallocated and not being replenished there is a risk that the full master plan cannot be delivered without modifying the scope as set out in Section 3.6.2.1.

### **3.8.2 Integrated Impact Assessment**

A two stage Integrated Impact Assessment (IIA) was 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 and the assets within it. 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) and is considered appropriate for this report. It is included here at Appendix 10. (public)

## **4. Consultation & Engagement**

A number of consultations took place in 2018 and 2019 as part of developing the Huddersfield Blueprint and then building on this work further consultations took place for the Our Cultural Heart master plan proposals and in preparation for the master plan planning and Listed Building applications in 2022.

Further consultation was also part of the design modifications process, and the subsequent planning and Listed Building applications associated with Phase 1 and more recently Phase 2 during 2024. This process will be repeated as and when any further modifications are required for planning.

There is regular consultation and engagement with the services with regard to design development of the assets within each phase and for Phase 1 this will now move into supporting the transition from construction to operational facilities.

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

## **5. Options**

The options around the built form and the scope of the master plan, Phase 1 and Phase 2 were decided in previous Cabinet reports. The previous approved Cabinets reports are available through the links in Section 8 of this report.

Phase 1 is in the construction stage and Phase 2 is in the design and contractor procurement stage.

The combining of the museum and gallery into one building was approved at Cabinet in June 2023. Then the option to utilise the already planning approved museum envelope was approved at Cabinet in December 2023 to provide the most cost effective solution in terms of capital spend and operational costs. At the same time the internal layout of the building has been significantly redesigned to maximise the available useable floor/wall and display space.

As part of the design and budgeting process, it is natural to consider options and then discount or adopt them on the basis of meeting the brief, deliverability, value for money and affordability.

## 6. Next steps and timelines

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

The programme commenced on the 22<sup>nd</sup> June 2021 and achieved Gateway 3 including planning and Listed Building consents for the entirety of the master plan in June 2023.

Following the introduction of phasing construction is expected to complete in 2030/31.

### Phase 1 Key Dates

<b>Gateway 3</b>	PCSA		June 2023
		RIBA 4 design	December 2023
		Surveys & enabling works	March 2024
		Contract sum negotiation	
		PCSA concludes	
<b>Gateway 4</b>			
	D&B main contract award	Substantial start on site	August 2024
	Food hall operator award		Q4 2025
<b>Gateway 5</b>	Construction completion		Q2 2026
	Open to public		Summer 2026 (target)

### Phase 2 Key Dates

<b>Gateway 3</b>	PCSA	RIBA 3 design complete	
		Procure D&B contractor for PCSA	Q1 2025
		RIBA 4 design	
		Contract sum negotiation	
		Surveys & enabling works	
<b>Gateway 4</b>	D&B main contract award	Substantial start on site	Q1 2026

<b>Gateway 5</b>	Construction completion		Q3/Q4 2027
	Open to public		Q1 2029 (target)

## 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%20Assembling.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%2020%20-%20071%20-%202020-02-25%20Cabinet%20Huddersfield%20Blueprint%20-%20Next%20Steps%20Final.pdf>
- **September 2020** - Cabinet report Dewsbury and Huddersfield Town Centre Finance.  
<https://democracy.kirklees.gov.uk/documents/s37506/Town%20Centre%20Finance%200%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%202022.6.21%20002.pdf>
- **November 2021** - Cabinet report, Cultural Heart, part of the Huddersfield Blueprint, Gateway 1.  
<https://democracy.kirklees.gov.uk/documents/s43757/PUBLIC%20CULTURAL%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%200public.pdf>

- **December 2023** - Cabinet Report – Our Cultural Heart, part of the Huddersfield Blueprint – Phase 1 Gateway 4.  
<https://democracy.kirklees.gov.uk/documents/s54749/Signed.%20OCH%20GW4%20Cabinet%20Report%2021.12.23%20public.pdf>
- **July 2024** – Decision – Our Cultural Heart Phase 1, Structural works to former Queensgate Market.  
<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?Id=12075>

## 9. **Appendices**

**The appendices to the Cabinet report are set out below.**

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 Construction Budget (private)

Appendix 3, Phase 1 Services Additional Budgets (public)

Appendix 4, Phase 2 plan red line boundary (public)

Appendix 5, Phase 2 Summary of RIBA 3 Design Report (public)

Appendix 6, Value for Money Report (Phase 2) (private)

Appendix 7, Phase 2 Construction Budget (private)

Appendix 8, Phase 2 Services Additional Budgets (public)

Appendix 9, Construction Budget, Phase 1, Phase 2 & Master Plan Allowances (private)

Appendix 10, Final. 220519 IIA stage-2 v3\_Redacted (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.

## 10. **Service Director responsible**

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