

**REPORT TITLE: Our Cultural Heart, part of the Huddersfield Blueprint,
 Phase 2 Gateway 4**

Cabinet date	9th September 2025
Cabinet Member Portfolio: Finance and Regeneration	Cllr Graham Turner
Key Decision	Yes
Eligible for Call In	Yes
<p>Purpose of Report</p> <p>This report builds on the approvals and delegations previously given by Cabinet and seeks permission to draw down funding from the Our Cultural Heart budgets as allowed for in the council’s capital plan.</p> <p>Phase 2 (combined museum & art gallery, public realm and basement) is the main focus of this report where work continues on the Gateway 3 to Gateway 4 process, and further approvals and delegations are sought to sign off the conclusion of the Pre Contract Services Agreement (PCSA) and Gateway 4 and then to award the JCT construction contract and start construction works on site.</p> <p>There is also an update on Phase 1 (library, food hall, public square/public realm, and basement) outlining the contractor’s progress on site.</p> <p>Proposals are also brought forward for the demolition of the remaining retail units in preparation for delivery of the park as the next phase (Phase 3) and this report seeks approvals and delegations to procure and award the retail demolition contract.</p> <p>There is also an overview of the remaining phases of the master plan with work being funded from the previously approved feasibility budget including the ongoing review of the venue and the feasibility study to develop one of the options for the Queen Street plot as a multi storey car park.</p> <p>With regard to the Capital Development Budget for project management, design and contractor costs (collectively the Construction Budget) and previous reallocations this report outlines further reallocations from this budget including the outcome of the Budget Council on 5th March 2025.</p> <p>In addition to the construction activity there is an update on the budgets for the council’s operational and support services pre and post-opening costs in preparing for the opening and ongoing operation of the facilities within Our Cultural Heart (OCH). These costs will continue to be reviewed and refined.</p>	

Recommendations:

1. That Cabinet notes the contents of this report

2. Conclusion of Phase 2 Gateway 4 & Enabling Works

To agree to delegate authority to the Executive Director of Place, in consultation with the Portfolio Holder for Finance & Regeneration to sign off the conclusion of Phase 2 Gateway 4 including the contractors design proposals, planning and listed building consent matters, the RIBA 4 design, the construction programme, the construction contract and the contract sum and if required to maintain the optimum programme and subject to approval of Recommendation 6 to instruct any necessary enabling works from the Phase 2 Construction Budget during the PCSA period prior to the conclusion of Phase 2 Gateway 4.

3. Construction Partner, Phase 2, JCT Construction Contract

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 to make the decision to award the JCT construction contract and start works on site. If the award would exceed the Phase 2 Construction Budget then the matter will be brought back to Cabinet.

4. Demolition Partner, Retail Demolition Contract

To agree to delegate authority to the Executive Director of Place, in consultation with the Service Director Finance, the Head of Procurement and the Portfolio Holder for Finance & Regeneration to make all necessary preparations to secure vacant possession of the Piazza Shopping Mall including serving notice on the remaining tenants and occupiers and ending all contracts, procure and then award the demolition contract either as part of Phase 2 or as a separate contract and start works on site. If the award would exceed the Retail Demolition Budget then the matter will be brought back to Cabinet.

5. SDP, Architect and Engineer Services, Extension of Appointments

Subject to agreement on fees and in line with the council's procurement process and Contract Procedure Rules to agree to continue the services being provided by the Client construction delivery team (SDP, architect and the engineer) to progress Phase 2 to Gateway 5 and the procurement and completion of the retail demolition. The same delivery team is providing the necessary services on Phase 1 and the rest of the feasibility work on the master plan.

6. Construction Budget for, Phase 1 Gateway 5, Phase 2 Gateway 5, Retail Demolition & Master Plan Allowances

To approve subject to approval of the recommendations above the further draw down of £58.228m thereby increasing the committed funding for the programme from £78.957m to £137.185m.

7. Reallocation of Budget to Operational Services

To approve subject to no other sources of funding being available the reallocation of funding from the Construction Budget to fund the West Yorkshire Archive Service (£265k) archive cleaning pre-opening capital costs as part of Phase 1 and IT costs (£200k) for Phase 2.

8. Reallocation of Budget for Internal Staff Costs and Property Costs

To approve subject to no other sources of funding being available the reallocation of funding from the Construction Budget to fund the council's internal staff costs associated with the construction delivery (£2m) and property costs (£750k) as set out in Section 3.2.

9. Deliver the Programme to Phase 1 Gateway 5 (end of construction), Phase 2 Gateway 5 (end of construction) , Retail Demolition & Develop the Master Plan

Subject to approval on the matters above to agree to delegate authority to the Executive Director of Place to work within approved budgets to deliver the project management, design and construction of the programme to Phase 1 Gateway 5, Phase 2 Gateway 5, retail demolition and develop the master plan.

10. Complete the Agreement to Lease and the Lease for the Phase 1 Food Hall Tenant

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 to conclude the tenant selection process, negotiate the commercial terms and complete the Agreement to Lease and the Lease.

11. Operational Services Additional Budgets Phase 1 & Phase 2

In addition to recommendations in items 7 and 8 above and the requests in sections 2.1.2 and 2.2.2 of this report to agree that the Executive Directors of Place, Deputy Chief executive and Executive director Public Health and Corporate Resources in consultation with the Service Director - Finance to review and monitor 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 the requests and estimates are added to the Council's Medium Term Financial Plan and be further refined as updated information becomes available.

12. That authority be delegated to the Service Director – Legal, Governance and Commissioning to negotiate, agree, enter into all agreements and enter into and execute any documents necessary to enable the delivery of the Our Cultural Heart project to proceed.

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 consider the recommendations and decide the future direction of each of the phases.

As Phase 2 is now progressing towards Gateway 4 certain decisions are required from Cabinet in terms of agreeing to enter into the next stages of delivery for the design, contractor contract award, securing the ongoing services of the Client construction delivery team and the associated funding to be drawn down.

In parallel with the progress on Phase 2 construction continues on site for Phase 1 where there is a request to replenish the contingency, draw down is also requested to fund the demolition of the remaining retail units and feasibility work continues on the

remaining phases including the review of the venue to reaffirm the operating model within affordability limits and investigating the viability of the Queen St plot for the development of a multi storey car park.

Recommendation 9 is to allow day to day decisions to be made to progress the programme and Recommendation 10 is to allow completion of the letting/lease with the Phase 1 food hall tenant in a timely manner for a Summer 2026 opening.

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 11 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 council's Client construction delivery team is made up of external consultants with the necessary range of skills. The cost of the delivery team is included in the budgets for each phase.

Previous approvals have secured the funding for this team to deliver Phase 1 to completion, Phase 2 to Gateway 4 and other work on the master plan. This report requests the necessary further draw down of construction funding to progress Phase 2 to the completion of construction, the demolition of the remaining retail units in preparation for construction of the park, and the continuing work on the master plan. All funding requested in this report is allowed for in the council's capital plan.

The programme has interfaces with many services and staff associated with the council's operational facilities and the built environment who the delivery team consult and engage with on the programmes design and construction. To support the services, it is proposed that up to £2m will be reallocated from the Construction Budget to cover these internal staff costs associated with the construction delivery.

In parallel the services are also preparing for the opening of the operational facilities to coordinate with the completion of construction of each phase.

The human resource and financial implications associated with this report are set out in more detail in sections 2.1.1, 2.1.2, 2.1.3, 2.2.1, 2.2.2, 2.2.3, 2.3, 2.4, 2.5 and 3.2.

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

David Shepherd, 28th August 2025

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

Kevin Mulvaney, 29th August 2025

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

Samantha Lawton, 28th August 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.

Certain appendices included in Section 9 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.

The private appendices are numbers 2,4,6,9,10b,11 and 12.

Has GDPR been considered? Yes

1. Introduction

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 and leisure 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,

which sits adjacent to Huddersfield University, the Town Hall, Lawrence Batley Theatre and Kingsgate Shopping and Leisure Centre, also means that there are many attractions/facilities 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 local 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 is progressing 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 or approve delegated authority and decide whether and how to move forward.

Also to coordinate with the completion of construction the council's operational and support 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 were previously being coordinated through the Town Centre Operational Management Board and are now being managed by the Our Cultural Heart Mobilisation Steering Group. Progress and updates on these budgets are set out below in sections 2.1.2 and 2.2.2 and will be subject to ongoing review.

The programme has previously been considered by the Cabinet on six separate occasions. Similarly, the programme has been the subject of consideration at the Growth and Regeneration Scrutiny Panel on several occasions, with the last update being considered in August 2025.

The previously approved Cabinet reports are available through the links in Section 8 of this report.

2. Information required to take a decision

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

2.1 Phase 1

2.1.1 Construction

Phase 1 is the repurposing and upgrading of the Grade II listed former Queensgate Market and adjoining Piazza Shopping Centre retail units following their closure and includes the delivery of,

- New library, including West Yorkshire Archive
- Food hall (operated by a tenant)
- Public square/public realm
- Basement service areas.

See Appendix 1, Phase 1 Red Line Boundary Plan (public)

BAM Construction Limited (BAM) were selected as the preferred design & build contractor and appointed under the Pre Construction Services Agreement (PCSA) in mid-2023 and then subsequently awarded the JCT construction contract for Phase 1 in August 2024 with construction completion due in Spring 2026 and opening in Summer 2026.

The initial focus of work that is now nearing completion included the demolition of the retail units and elements of the structure and basements. The substantive elements of this work took longer than expected and have delayed the contractor by nine weeks. After a review an extension of time was granted for the nine weeks with BAM taking responsibility for costs associated with three weeks.

Works in the current period include replacement of the drainage, casting replacement concrete floors and installing the high level glazing and the structural framing for the large glass perimeter and solid walls to the food hall.

The Clients construction 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 for Phase 1 from Gateway 3 (June 23) to completion of construction includes a contingency but due to unexpected costs on a number of items (further concrete repairs, commerce sculpture repairs/hanging, etc) this report requests a further draw down of £500k (included in Recommendation 6) to cover the cost of these known extras. This would take the approved budget for Phase 1 to £58.370m which is allowed for in the council's capital plan.

See Appendix 2, Phase 1 Construction Budget (private).

2.1.2 Operational Services

This section provides a review and refinement of the estimated additional budgets for Phase 1 that were approved at the last Cabinet in January 2025 and subsequently allowed for in the council's Medium Term Financial Plan (MTFP).

The costs set out below are included Recommendation 7 (capital) and Recommendation 11 (revenue).

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 provider will be a third party as set out in Section 2.1.4.

Support services such as Corporate Landlord, IT, and Highways & Streetscene will provide their usual input as with any asset.

Phase 1 is expected to be operational in Summer 2026.

This report sets out the further additional budget requirements and revisions for Phase 1 as set out below. Also, for the figures in tabular form see Appendix 3, Phase 1 Services Additional Budgets (public).

2.1.2.1 **Libraries**

Post-opening costs,

- **Revenue** 80k contingency budget, spread across two financial years as set out below
 - 26/27 55k
 - 27/28 25k

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 several different stores which would be vacated once this new facility is available.

Pre-opening costs,

- **Capital** WYAS requested £265k for the preparation of the archive to move into the OCH. This has been factored into the council's capital plan and is to be funded from the Construction Budget.

2.1.2.3 **Events**

Post- opening costs,

- **Revenue** An increase of £60k is requested in addition to the current events budget of £100k, this is to fund an Event Officer who will.
 - Enhance collaboration with other Huddersfield sites and partners.
 - Inform future requirements and planning.
 - Evaluate learning from the first 12-18 months of post opening to inform future budgets.
 - To note – the development of The Councils events offer has a dependency on our ability to deliver our wider cultural ambitions for Kirklees.

2.1.3 **Support Services**

Post-opening costs, annual.

- **Revenue** A revised Corporate Landlord budget of £412 k is required, an increase of 96k, due to the refinement of ongoing maintenance costs and an increase of the National Non- Domestic rates for the library.

2.1.4 **Food Hall**

Alongside the other facilities the food hall is another important part of Our Cultural Heart adding to the sense of community by creating a space for social interaction, collaboration and gatherings for families, friends and visitors alike.

The intention is that the food hall tenant will be a specialist company who will manage multiple independently operated food kitchens providing opportunities for local businesses to showcase their food offerings and be part of the economic growth and job creation.

A preferred tenant has been selected and the negotiations to conclude this property letting are currently ongoing with a target date for completion of contracts in Q4 2025.

This report requests delegated authority to conclude the tenant selection process, negotiate the commercial terms and complete the Agreement to Lease and the Lease.

The preferred food hall tenant's proposals are set out in Appendix 4, Food Hall Presentation (private).

2.2 **Phase 2**

2.2.1 **Construction**

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

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

See Appendix 5, Phase 2 Red Line Boundary Plan (public).

To carry out the works for Phase 2 it will be necessary to use the Queen Street plot (see Section 2.3 for the Our Cultural Heart Master Plan Layout) as a site compound.

As part of the last Cabinet report (21st January 2025) delegated authority was given to progress the Pre-Construction Services Agreement (PCSA) and pre-PCSA works for Phase 2 and BAM have been appointed using the Crown Commercial Services (CCS) framework. Phase 2 is currently in the pre-PCSA period and the delegated authority's already in place will be relied upon to award the PCSA contract.

The purpose of the pre-PCSA period is to de-risk the main construction works on site. As part of this the initial focus for BAM and their designers has been working with the museum & gallery service, to revisit the Royal Institute of British Architects Stage 3 design (RIBA 3) and carry out a value engineering(VE) exercise to mitigate the budget overage of £7m of which it has been possible to target a saving of £3m. The Leader (11/3/25) and the Portfolio Holder for Finance & Regeneration (18/3/25) were consulted on the sign-off of the VE proposals and the £4m budget allocation for the approved design.

Investigations of the building are also an important part of the pre-PCSA and therefore at the same time as the design work BAM carried out an intrusive asbestos and other deleterious materials survey which showed that there is more asbestos in the building than was

anticipated and needs removing prior to any further activity. Other surveys continue where possible including windows, etc.

Within the approved PCSA budget there was an allowance for some asbestos removal, but with the quantities discovered an extra £1,006,100 has been allocated to this task. The removal of the asbestos and associated works has commenced which will mitigate risk and disruption associated with further survey works and the execution of the future strip out, demolition and construction works.

Whilst this sum will apply to the overall cost of Phase 2, in the short term, the cost of the works has been funded from within the contractor portion (£5.413m) of the approved PCSA £8.152m budget. This has been achieved by reallocation and reprogramming of activities from the PCSA period into the main construction contract. Approval to reallocate the budget and progress the asbestos removal was given by the Executive Director of Place with the decision notice being published on the 5th June 2025.

The agreed design modifications are being incorporated into the revised RIBA 3 in parallel with the asbestos removal with the target to complete both by the end of November 2025 and then appoint BAM under the PCSA. Although the revisions do not significantly change the principles of the design they will require listed building and planning approval. Delegated authority's already in place (Cabinet report 21st January 2025) will be relied upon to sign off the RIBA 3 design.

Under the PCSA further surveys (structural, etc) will be carried out but it has already become evident that there are a number of potentially significant issues that will need dealing with and or mitigating. At the same time the RIBA 4 design will be progressed, and the JCT construction contract and the associated contract sum negotiated, with the target to conclude both during April 2026. In the interests of maintaining the programme it may be prudent to bring forward works (as enabling works) with match funding from the post PCSA period.

The appointment of BAM for the main construction works and the start on site is subject to the outcome of the PCSA and this report requests delegated authority to sign off the conclusion of Phase 2 Gateway 4 and then to award the JCT construction contract and the associated programme on the basis of not exceeding the Phase 2 Construction Budget. The target for completion of construction is Q1 2028 with opening in Q1/Q2 2029 after the museum & gallery fit out period.

This report requests further draw down for Phase 2 of £51.895m (included in Recommendation 6) as allowed for in the council's capital plan to fund the period from Gateway 4 to completion of construction. For the breakdown of this sum including contractors and delivery team costs etc see Appendix 6, Phase 2 Construction Budget (private). Included in this figure is £4m for the approved scheme, £1m for the asbestos removal and £5.5m extra contingencies to cater for the risks and any programme implications associated with the building. If the budget cannot be achieved the matter will be brought back to Cabinet.

2.2.2 Operational Services

As with Phase 1 this section provides a review and refinement of the estimated additional budgets for Phase 2 that were approved at the last Cabinet in January 2025 and subsequently allowed for in the council's MTFP.

The costs set out below are included Recommendation 7 (capital) and Recommendation 11 (revenue).

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

- Museum and Galleries

Support services such as Corporate Landlord, IT, and Highways & Streetscene will provide their usual input as with any asset.

The target for Phase 2 to become operational is Spring 2029.

This report sets out the further additional budget requirements and revisions for Phase 2 as set out below. Also, for the figures in tabular form see Appendix 7, Phase 2 Services Additional Budgets (public).

2.2.3 Support Services

Post-opening costs, annual

- **Revenue** A revised Corporate Landlord budget of £524k is required, an increase of £174k, due to the refinement of ongoing maintenance costs and an increase in the National Non-Domestic rates.
- **Capital** A provisional estimate of £200k is required for non-construction IT infrastructure and hardware costs, this would need to be accommodated by the reallocation of funds from the Construction Budget .

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 2nd March 2023.

The timing and order of the phasing is flexible to accommodate the needs of the council and the programme and is reassessed regularly. Prompted by the venue review, and as development opportunities for the Queen Street plot continue to be investigated, the outcomes of the most recent phasing review is the proposal to demolish the remaining retail units and that the construction of the park is progressed as Phase 3. One of the added benefits of this strategy is that the 'early' delivery of the park offers free amenity for all.

A feasibility budget allowance of £500k has previously been approved for design fees and investigative work to develop the master plan and consider opportunities including work on the Queen Street plot and the venue.

For the layout of the master plan and the associated phases see Appendix 8 Our Cultural Heart Master Plan Layout (public).

2.3.1 The Park

Before the park can be built the remaining Piazza Shopping Centre retail units need to be demolished. The council can control the timing of vacant possession, subject to the service of the appropriate notices.

Subject to coordination with Phase 2 it is proposed that demolition of the retail units is brought forward to follow on as soon as possible after Boots vacate to minimise the empty business rates and other costs of looking after and securing the buildings totalling c£600k per annum that the council as landlord would incur. Then to maintain the council's wider capital budget commitments the construction of the park (Phase 3) would follow on twelve months after the completion of the demolition as previously planned, however ways of closing this gap will be investigated.

To make best use of the empty units as retailers have vacated and prior to redevelopment some of the units are occupied by meanwhile uses and if they require assistance the council is investigating opportunities to find relocation sites for them and any remaining retailers within the town centre.

The coordination of the demolition with the Phase 2 works may mean that it is instructed as part of the Phase 2 contract or if it is a separate contract will either be from a framework or possibly a single stage tender rather than the two stage process that has been utilised for the more complex Phase 1 and Phase 2 refurbishments of the Grade II listed Queensgate Market and the Grade II listed former library and will be in accordance with the Procurement Act 2023.

To maintain the programme this report requests delegated authority to instruct the necessary preparations including project management, surveys, design work, procurement and then the award of the demolition contract on the basis of not exceeding the demolition budget of £5.834m (included in Recommendation 6). For the breakdown of this sum including contractors and delivery team costs etc see Appendix 9, Retail Demolition Budget (private) as allowed for in the council's capital plan. An enhanced allowance has been included to accommodate risk associated with asbestos surveys and then removal.

Based on the current programme the target is to start demolition during May/June 2026 and complete by Q1 2027. If Boots vacate sooner the works may commence earlier. The construction of the park would then start in Q1 2028 with a target completion of Q2 2029.

2.3.2 The Venue

Due to the council's changed financial position and the reallocation of funds from the original Construction Budget (substantially from the venue phase) a review of the business case associated with the venue and car park is being carried out by IPW who developed the original Our Cultural Heart business case.

Stage 1 of the review revisited tenant/operator demand through soft market testing and also reassessed the catchment, competition and content. The findings confirm support for a flexible multi-purpose venue with a capacity of 1,200 in a fully seated mode and a maximum capacity of 2,000 using a standing floor and seated balcony, maintaining the ability to split the auditorium into two spaces and with the addition of flexibility to accommodate theatre productions to attract new touring content.

Stage 1 was completed and signed off in June 2025 and Stage 2 is due to conclude in Q4 2025. See Appendix 10a, Kirklees OCH Venue Feasibility Stage 1 Report (public). In the public appendix parts have been redacted including the names of the interested operators. For the private report see Appendix 10b.

Stage 2 is underway and will further test the interest from operators and will consider in more detail the mix, identity and quantity of content for a typical programme of events investigating the opportunity to bring regional audiences to Huddersfield who might not have otherwise come to the town. This will inform the concepts for the venue redesign, the associated costings, the customer numbers, business plan, the programme for delivery and operator selection process. Following Stage 2 the outputs of the full review will be brought back to Cabinet.

In the interests of achieving the most cost effective design and affordability any necessary car parking provision will need to be separate from the venue and be self-financing with the Queen Street plot being one possible option subject to viability assessments as set out below. Following the various reallocations from the original Construction Budget (as set out in Section 3.2) not enough budget remains to deliver the venue and new sources of funding/grants will be investigated.

2.3.3 Queen Street Plot

In parallel with the venue review a car park specialist is being engaged to further investigate proposals to develop the site for a multi storey car park including soft market testing to explore third party developer interest. There are, however, some challenges with the layout of the site and its setting within the master plan, which impact the car park footprint and design and the associated development costs. In addition, the basement servicing strategy will need reviewing.

To understand the car parking requirements of Our Cultural Heart a review of parking demand and capacity will be undertaken.

In addition to car parking the other potential uses for the plot are typical of a town centre site including residential, hotel and office. There is a budget allowance for clearing and preparing the site (infrastructure costs), but any development proposals will need to be supported by their own source of funding separate from the council's resources.

Also, all the options have a viability gap in their high level appraisals, but this improves with lower interest rates and the possibility of future rounds of strategic intervention funding (i.e., successors to levelling up, Town Fund, Future High Streets Fund) to assist in closing the gap for each of the options.

2.4 Client Construction Delivery Team

The council's commissioned Client construction delivery team working on the project management, 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 and as approved through

previous Cabinet reports, 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 and the master plan feasibility budget.

2.5 Our Cultural Heart Mobilisation Steering Group

To complement the work of the Town Centre Operational Management Board, that focuses on the whole of the Huddersfield Town Centre, the OCH Mobilisation Steering Group was established at the beginning of the year to specifically focus on coordinating the operational and support services preparations for the openings within Our Cultural Heart including the associated pre and post opening budgets. The details of these costs are set out in sections 2.1.2 and 2.2.2.

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 the built environment 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 outcomes and the process of getting there and SV outcomes have been embedded in contracts at all stages and embraced by the wider project 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.

Since starting the construction contract on site in August 2024 BAM have been delivering SV and making payments into the Our Cultural Heart SV fund. Quarterly meetings have been established with the council to facilitate BAM's activities and share knowledge. 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 Council Plan

The Kirklees Council Plan contains areas of focus to prioritise the business of the council. One of these areas of focus is 'Investment and Place' with Our Cultural Heart being one of the named programmes. In bringing forward the next steps and the recommendations for this

regeneration programme this report directly delivers against the council's plan to transform the experience within the town centre for residents and visitors alike and act as a catalyst for future investment.

3.2 Financial Implications

The council's existing multi-year revenue and capital medium term budget plans and financial strategies for 2025/26 and future years, approved at Budget Council on 5th March 2025, continues to acknowledge that Our Cultural Heart is a significant strategic investment priority commitment to deliver major long term sustainable regeneration for the borough.

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 capital delivery across the council and most of the council services that will operate in Our Cultural Heart. To mitigate the situation, in the last Cabinet report dated 21st January 2025 defined amounts of funding were reallocated from the programme's original Construction Budget to support elements of the service's capital costs which meant that of the original £262.64m Construction Budget £237.94m remained following the January Cabinet.

In addition to these reallocations, on the 5th March 2025 Full Council approved the further reallocation of £37.36m from the Construction Budget for use in other capital projects across Kirklees. Also, in this report other reallocations are proposed to cover costs that were originally excluded from the Construction Budget including council staff resource associated with the construction delivery (£2m) and an allowance for property costs (£750K) associated with leases coming to an end etc. Together with the further reallocation to WYAS (£265k) for archive cleaning, this leaves a current Construction Budget of £197.56m.

For the overall master plan budget including the reallocations of budget see Appendix 11, OCH Master Plan Budget Summary (private) that sets out the construction budgets for each phase and the funding that remains to contribute to the construction costs of the venue.

The cashflow is regularly reviewed with the finance team for incorporation into the council's overall capital plan considering where any pressures can be smoothed out, which in the interests of affordability may impact on the timing of the later phases of Our Cultural Heart.

3.2.1 Budgets

3.2.1.1 Construction

The previously approved construction expenditure for the programme is a total of £78.957m for the period up to May 2026 and this report requests approval to the new draw down as set out below totalling £58.228m as set out in section's 2.1.1 and 2.2.1 and as allowed for in the council's capital plan.

£57.905m was previously approved for Phase 1 but then £35k of the fee budget was transferred to Phase 2 leaving £57.870m allocated to Phase 1 which is the figured used below.

	New Draw Down £	Previously Approved £	Total £
<u>PHASE 1</u> Library, food hall & public square • To construction completion	500k	57.870m	58.370m
<u>PHASE 2</u> Museum & gallery • Gateway 4 to construction completion	51.894m	8.152m	60.046m
MASTER PLAN • Gateway 3	--	12.435m	12.435m
• Retail demolition	5.834m	--	5.834m
• Feasibility work ➤ Venue review ➤ Queen Street plot	--	£500k	£500k
TOTAL	£58.228m	£78.957m	£137.185m

See Appendix 12, Construction Budget, Phase 1, Phase 2, Retail Demolition & Master Plan Allowances (private), which gives a breakdown of the £137.185m that, subject to approval, will be committed for project management, design and construction costs.

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 the reallocations, from third party investment or external funding applications but without increasing the council's capital borrowing commitments.

The reallocations from the Construction Budget have substantially been from the later phases and so subject to the conclusion of the ongoing venue review new sources of funding will be required to provide the total funds to deliver the venue and any associated car parking requirements.

3.2.1.2 Operational Services

The estimated total revenue budget for Phase 1 including the amounts approved in January and those included in this report is £673k in financial year 26/27, rising to £722k in 29/30.

Likewise, the indicative figures for Phase 2 are £127k in 26/27, rising to £1.314m in 30/31.

These are the current best estimates, and the operational budgets will continually be refined and reported at future gateways. 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.

See Appendix 13, Additional Revenue Budgets Phase 1 & Phase 2 (public)

3.3 Legal Implications

Legal Services 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, are advising in the property letting process and contractual arrangements with the food hall tenant and will be involved with future tenants and other third parties.

The Council must comply with its duty under the Public Services (Social Value) Act 2012 as noted in Section 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 in relation to Goods, Works and Services.

Section 123 of the local Government Act 1972 provides the legal power to enter into the agreement for lease and lease with the food hall operator for the best consideration reasonably obtainable

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

3.5.1 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. Similarly, the OCH Mobilisation Steering Group maintains a risk register for the council services.

Subject to budget being reallocated and not being replenished or alternative sources of funding found there is a risk that the full master plan cannot be delivered without modifying the scope as set out in section 3.2.

3.5.2 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 14 (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 and into 2025. This process will be repeated as and when any further modifications are required for planning.

There is regular consultation and engagement with the council services with regard to design development of the assets within each phase and for Phase 1, working with the OCH

Mobilisation Steering Group, this has now also moved 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. This is supported by our public engagement including,

- the website [Our Cultural Heart - Home](#)
- regular newsletters with the recent summer edition [OCH Summer Newsletter 2025](#) which also includes an online questionnaire to let the council know how you plan to use Our Cultural Heart
- and events like,
 - sponsoring the recent Kirklees Pride 2025
 - Huddersfield Unlimited Business Forum on site in June
 - upcoming Heritage Open Day in September where you will be able to see first-hand progress on site.

5. Options

The option around the preferred way forward and the built form and the scope of the master plan was approved at Cabinet in September 2022 with the associated £262m Construction Budget being approved in June 2023.

As the programme has developed and options arisen (as with this report) choices have been made and approved at the Cabinet reports preceding this one and the previous approved Cabinet 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 pre-construction stage with a target to start construction on site in April/May 2026 as set out in sections 2.1.1 and 2.2.1.

The concept and design for Phase 2 developed through the optioneering for the combining of the museum and gallery into one building. The principle of combining the operations 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. During 2024 the internal layout of the building was significantly redesigned to maximise the available useable floor/wall and display space. Then again the design has been revisited during 2025 to make budget savings.

As set out in Section 2.3 the options for the next phase of construction have been considered and it is proposed that the park is progressed as Phase 3 and to prepare for this the remaining retail units need demolishing. The target date to start the demolition is May/June 2026.

The options associated with the venue (Section 2.3.2) are being considered through the ongoing review and the use of the Queen Street plot (Section 2.3.3) for a multi storey car park is being investigated.

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

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 22nd June 2021 and achieved Gateway 3 including planning and Listed Building consents for the entirety of the master plan in June 2023. These consents have been re-submitted for phases as modifications have been incorporated into the designs.

Phase 1 Key Dates

Gateway 3	PCSA	PCSA starts	June 2023
		RIBA 4 design complete	December 2023
		Surveys & enabling works	March 2024
		Contract sum negotiation	
		PCSA concluded	July 2024
Gateway 4			
	D&B JCT construction contract award	Substantial start on site	August 2024
	Food hall letting		Q4 2025
Gateway 5	Construction completion		Q2 2026
	Open to public		Summer 2026 (target)

Phase 2 Key Dates

Gateway 3			Jan 2025
	Pre-PCSA	Procured D&B contractor	Q1 2025
		Asbestos survey	Q2 2025
		Asbestos removal and minor works start	June 2025
		Asbestos removal complete	November 2025
		Conclude RIBA 3 redesign	October 2025
	PCSA		Q4 2025
		RIBA 4 design	
		Contract sum negotiation	
Gateway 4	D&B JCT construction contract award	Substantial start on site	Q2 2026

Gateway 5	Construction completion		Q1 2028
	Open to public		Spring 2029 (target)

Retail Demolition Key Dates

	Preparation		Q3/Q4 2025
	Procurement		Q1 2026
	Retail demolition contract award	Substantial start on site	Q2 2026
	Demolition completion		Q1 2027
	Park construction		Q1 28 to Q2 29

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%20%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%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>
- **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>
- **January 2025** – Cabinet Report – Our Cultural Heart, part of the Huddersfield Blueprint – Phase 2 Gateway 3
<https://democracy.kirklees.gov.uk/documents/s61864/Our%20Cultural%20Heart.%20Cabinet%20Report.%2021.1.25.pdf>

9. Appendices

The appendices to the Cabinet report are set out below.

Certain appendices 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.

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

- App 1. Phase 1 Red Line Boundary Plan (public)
- App 2. Phase 1 Construction Budget (private)

- App 3. Phase 1 Services Additional Budgets (public)
- App 4. Food Hall Presentation (private)
- App 5. Phase 2 Red Line Boundary Plan (public)
- App 6. Phase 2 Construction Budget (private)
- App 7. Phase 2 Services Additional Budgets (public)
- App 8. Our Cultural Heart Master Plan Layout (public)
- App 9. Retail Demolition Budget (private)
- App 10a. Kirklees OCH Venue Feasibility Stage 1 Report v3 (public)
- App 10b. Kirklees OCH Venue Feasibility Stage 1 Report FINAL (private)
- App 11. OCH Master Plan Budget Summary (private)
- App 12. Construction Budget, Phase 1, Phase 2, Retail Demolition & Master Plan Allowances (private)
- App 13. Additional Revenue Budgets Phase 1 & Phase 2 (public)
- App 14. Final. 220519 IIA stage-2 v3_Redacted (public)

10. Service Director responsible

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